

2017 Economic Contribution Report



Teck

Contents

About This Report.....	1
Introduction from the CEO.....	2
Total Payments to Governments and Economic Contribution at a Glance.....	3
Approach to Transparency and Tax.....	4
Overall Economic Contribution.....	5
Economic Contribution (by Country).....	6
Canada.....	7
Chile.....	8
United States.....	9
Economic Contribution (by Operation).....	10
Basis of Report.....	12
2017 Total Payments to Governments.....	16
Income and Resource Taxes Paid.....	20
Auditor's Report.....	22
Cautionary Note on Forward-Looking Statements.....	23
Corporate Directory.....	23
Contact.....	23

About This Report

We believe it is important to provide information about our activities so that communities of interest have a clear understanding of the economic benefits generated by mining and our payments to governments.

Teck has a long history of providing detail and disclosure on our tax and economic contribution. Through our Annual and Sustainability Reports, Teck discloses taxes accrued and paid in accordance with applicable accounting standards and has supplemented this with additional voluntary disclosure.

Our annual Economic Contribution Report provides greater detail on our payments to governments and other economic contribution, including wages and supplier spending. In this report, we provide an analysis of our tax payments in 2017 by type, country and level of government. We also include additional detail on the value Teck generates for the communities, including Indigenous communities, in which we operate through wages, payments to suppliers and contractors, and other economic activities. This report complements our annual reporting under the *Extractive Sector Transparency Measures Act (ESTMA)*, which was released in May 2018 on [our website](#) and on the [Natural Resources Canada website](#).

This report covers all of the operations managed by Teck and, where appropriate, exploration projects, development projects, joint venture operations and legacy properties. Data included in this report is from January 1 to December 31, 2017, across our steelmaking coal, copper, zinc and energy projects and operations in Canada, the United States (U.S.), Chile and Peru.

For the 2017 ESTMA report, it is the first year that payments to Canadian Indigenous governments are required to be disclosed under ESTMA regulation, starting June 1, 2017. As such, our payments to Canadian Indigenous governments in ESTMA cover only June 1, 2017 to December 31, 2017 while this voluntary report includes the full year from January 1, 2017 to December 31, 2017, in aggregated amounts. Moving forward, our ESTMA filing will also cover the full year of payments from January to December.

All dollar values are in Canadian currency unless otherwise stated. A description of key terms and an explanation of the scope of reporting and the definitions applied for each type of tax payment is provided on page 12.

Total payments to governments in accordance with ESTMA of \$971 million included in the report have been audited by PricewaterhouseCoopers LLP. For their independent auditor's report, see page 22.

\$10.3 billion
In economic contribution

\$7 billion
In payments to suppliers

\$1.6 billion
In taxes and other payments to governments

\$1.5 billion
Paid to employees in wages and benefits

Introduction from the CEO



Mining has an incredible capacity to contribute to the prosperity of people, families and communities. At Teck we are proud of the economic benefits that we generate in the countries and communities where we operate, and we are committed to taking an open and transparent approach to reporting on our activities. This 2017 Economic Contribution Report is an important part of that reporting, and it provides extensive detail on the range of economic benefits generated by our activities, including jobs, wages and taxes paid to governments.

Commitment to Transparency

We believe that transparency is an essential part of responsible resource development. Transparently reporting our contributions throughout the mining life cycle can help stakeholders to understand the economic benefits generated by our activities, and how those benefits are distributed for local, regional and national economic and social development. We therefore provide regular information to investors, communities, Indigenous Peoples, policy makers, employees and civil society on our approach to tax and taxes paid.

This report complements our Canadian *Extractive Sector Transparency Measures Act* (ESTMA) filing with the goal of disclosing accessible, practical information in a way that is more easily understood by stakeholders and society.

Year in Review

In 2017, our activities generated \$10.3 billion in total tax and economic contribution in the countries and communities where we operate. This includes \$1.5 billion paid in wages and benefits to our more than 10,000 employees worldwide and \$7 billion in payments to suppliers, which in turn supports jobs and economic activity. We paid \$1.6 billion in payments to various levels of government where we operate, including \$879 million in income and resource taxes. In comparison to 2016, our payments of income and resource taxes have increased by 223% primarily due to higher earnings arising from higher commodity prices. More information on our financial performance can be found in our 2017 Annual Report.

Sharing Benefits

For 105 years, Teck has been helping to build communities through the economic benefits generated by our work. Today, we are contributing to jobs, businesses and public revenues in communities around the world, while continuing to provide the metal and mineral products needed for modern society. Through our Community Investment program, we address community priorities that align with our business objectives to create shared benefits. Highlights of this work include: a US\$1 million contribution to UN Women to expand opportunities for skills development for Indigenous women in Chile; the opening of the Teck Acute Care Centre at B.C. Children's Hospital; and, continued investment in child health through our Zinc & Health program. Moving forward, we are committed to continuing to maximize the benefits of responsible resource development and providing information openly and transparently to our stakeholders.

A handwritten signature in black ink, appearing to read 'D. Lindsay'.

Donald R. Lindsay
President and Chief Executive Officer
Vancouver, B.C., Canada
July 3, 2018

Total Payments to Governments and Economic Contribution at a Glance

Teck's total payments to governments and economic contribution are significant in the areas where we operate. Our economic contribution includes taxes paid, employee wages and benefits, spending with local suppliers, and community investment. The total economic contribution was \$10.3 billion in 2017. Our total payments to government were approximately \$1.6 billion. Our payments to employees in wages and benefits were \$1.5 billion and our supplier spend was \$7 billion while our community investment was \$13 million. Our economic contribution occurs throughout the mining life cycle; however, the payments vary across the cycle.

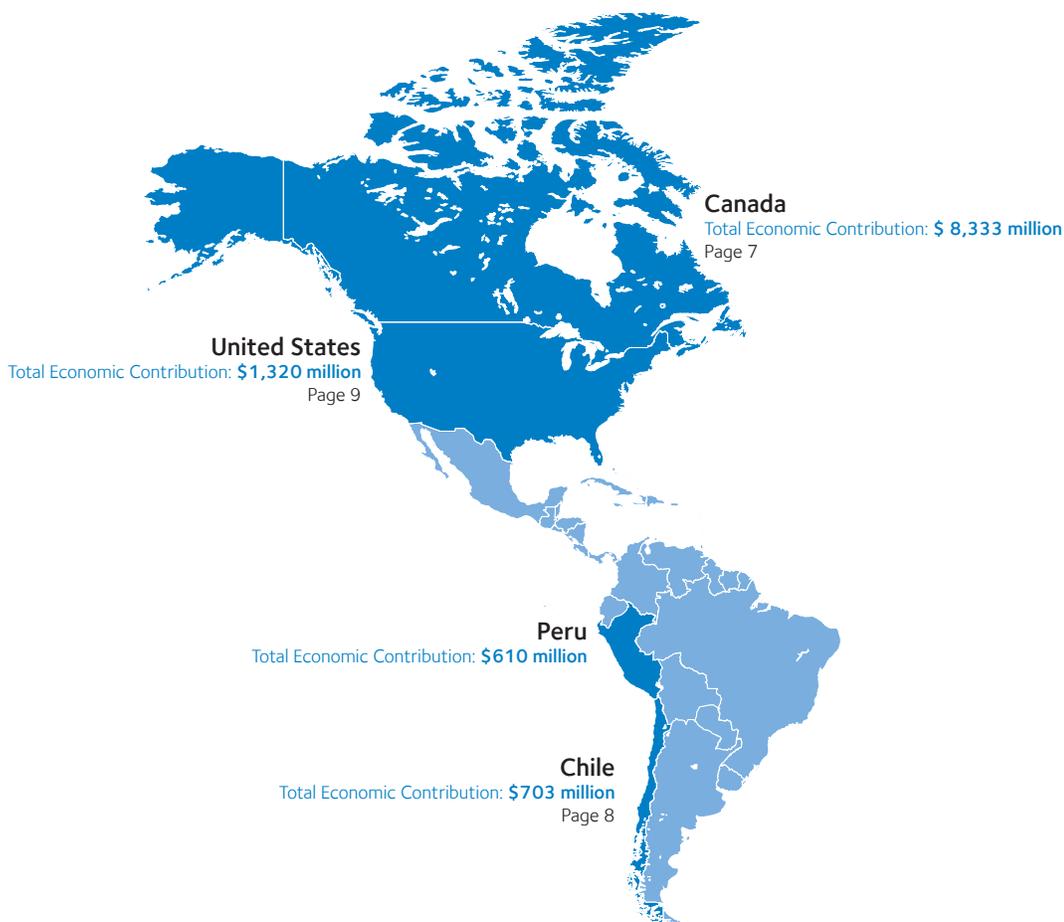


Table 1: Type and Number of Operations and Total Employees by Country⁽¹⁾

Canada		Peru ⁽²⁾	
Copper	1 Operation	Copper	1 Operation
Steelmaking Coal	6 Operations	Total Employees	30
Zinc	1 Operation		
Total Employees	7,900		
Chile		United States	
Copper	2 Operations	Zinc	2 Operations
Total Employees	1,300	Total Employees	800

(1) Approximate number of employees at the end of 2017 including temporary and permanent, working at Teck-operated mining and metallurgical operations and offices as reported in the 2017 Sustainability Report.

(2) Total employees in Peru does not include the Antamina mine.

Approach to Transparency and Tax

Mining is a capital intensive business. Significant initial capital investment is required to construct a mine. It may then take many years to generate a return on investment. We believe in paying legislated taxes on profits in the country where value is created over the course of the mining life cycle. We advocate for tax systems that consider the long-term contribution from the mining industry and that are effective, competitive and that support economic growth, job-creation and sustainable tax contributions. Our approach to taxation is aligned with our [Code of Ethics](#) and our approach to business and sustainability. That approach is outlined in our [Tax Policy](#).

We voluntarily provide information on our tax payments in our principal operating countries on a country-by-country basis in our [Sustainability Report](#) and have done so since 2006. Our other (or "non-tax") payments to governments are also reported to the Canadian government by country and on a project-by-project basis as required under the *Extractive Sector Transparency Measures Act*. Teck is a member of the Extractive Industries Transparency Initiative (EITI), which is a voluntary global initiative that promotes transparency in payments to governments and revenues for extractive industries. Our aim is to clearly disclose our payments to governments and to highlight our role in providing social and economic benefits in the areas where we operate.

Our Tax Policy

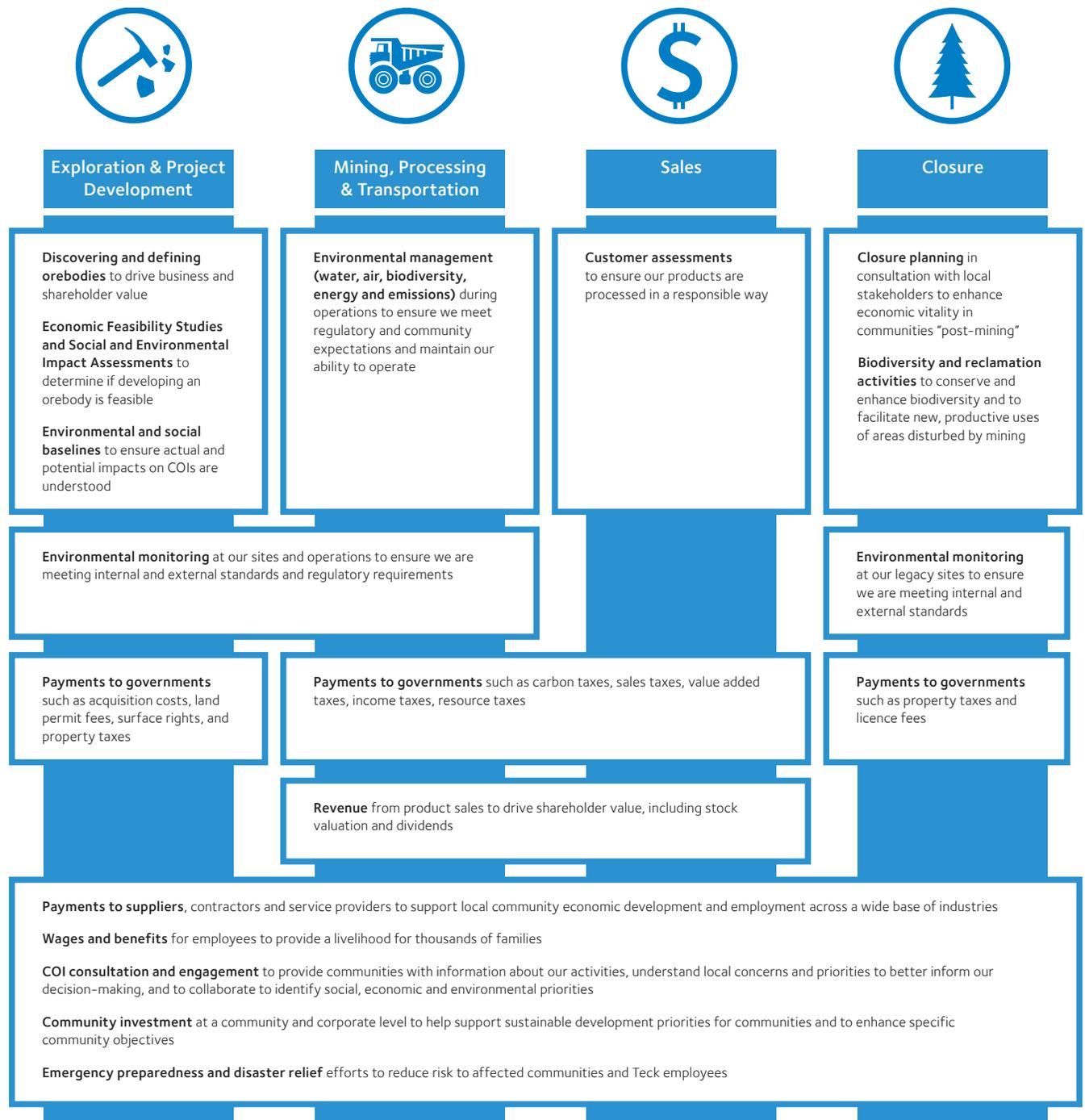
1. In all tax matters Teck is compliant, transparent, cooperative and ethical. Teck files all required tax returns and tax information slips on an accurate and timely basis. Teck pays its taxes on time and in full.
2. Teck responds openly and fully on a timely basis to all government requests for information pertaining to our legal structure, our financial results and our taxes in the course of their audits. Teck does not engage in tax planning that relies on the non-disclosure of activity or ownership in tax havens or secrecy jurisdictions.
3. Teck seeks to build open and trusting relationships with the tax authorities in all jurisdictions in which it operates, building on the common interest it has with the authorities in efficiently reaching a timely and accurate determination of its financial responsibilities for taxes. Where a dispute does arise, Teck will work with the authorities to reach an agreed statement of the relevant facts so that the issue can be resolved efficiently.
4. Teck undertakes tax planning in accordance with applicable laws and tax policy in relation to matters that arise in the ordinary course of Teck's business. The goal is to support the growth and development of Teck's business in a way that reflects its legal obligations and its commitments to its people, its shareholders, and to the communities in which it operates. Teck's Code of Ethics is always considered and respected.
5. Material transfers of goods and services between companies in the Teck group are effected at arm's length prices and on arm's length terms in accordance with the substance of the commercial transaction and in compliance with international transfer pricing standards such as the Organisation for Economic Co-operation and Development (OECD) guidelines.
6. Teck has a limited presence in offshore financial centres. This currently includes a financing affiliate that finances active mining operations outside of Canada and an insurance affiliate that insures our worldwide mining operations. In accordance with our Tax Policy, our activities in any such jurisdictions are fully disclosed to all relevant tax authorities in accordance with applicable law, and are conducted on arm's length terms in accordance with applicable transfer pricing rules, and are related to the ordinary course of our business. These activities are also fully compliant with the tax laws and policy applicable in the relevant financial centre and in the operating jurisdiction which has received financing or insurance.
7. The tax consequences of material transactions are the subject of written analysis supported, where appropriate, by written external opinions and/or local government authority advance tax rulings.
8. Where there is a clear, unambiguous and material error in a filed tax return, Teck will disclose the error to the relevant tax authority if the error is discovered before the completion of the relevant tax audit cycle.
9. The Vice President, Tax, reports regularly to the CFO and to the Audit Committee of Teck's board. Taxes are a material cost of Teck's business, and the payment of our taxes is an important part of Teck's obligations to the communities in which it operates. Tax planning is monitored to ensure that it does not create inappropriate financial risk and that it is consistent with our commitment to the communities in which we operate.

Overall Economic Contribution

Payments and Contributions throughout the Value Chain and Mining Life Cycle

Teck works to generate value from the extraction, processing and sale of mineral, steelmaking coal and metal resources (Figure 1). This requires our operations to be economically viable across a range of commodity prices. We achieve this by focusing on maximizing the cost-efficiency of our operations and ensuring we receive full value for our products. This in turn helps to ensure the longer-term sustainability of our operations and their economic contribution to communities, including employment, procurement, capital investment, payments to governments and Indigenous Peoples, community investment and dividends to shareholders. We focus on facilitating long-term economic opportunities through local hiring and procurement, coupled with strategic community investments, to encourage lasting mutual benefits for our communities of interest (COIs).

Figure 1: Creating Value throughout the Mining Life Cycle



Economic Contribution (by Country)

In 2017, we generated approximately \$12 billion in revenue and distributed \$10.3 billion in economic value as defined by the Global Reporting Initiative. We paid \$1.6 billion to various levels of government in the areas where we operate, including \$879 million in income and resource taxes, and we paid approximately \$7 billion to suppliers and \$1.5 billion in employee wages and benefits. Additionally, we contributed \$13 million through our community investment program towards partnerships with communities, governments, the non-profit sector and Non-Governmental Organizations locally, nationally and globally in support of community development, environmental protection, human health and education. In 2017, we achieved a profit attributable to shareholders of \$2.5 billion. See our [Annual Report](#) for more detailed information on our financial performance.

The table below summarizes economic value that Teck generated and distributed in 2017, broken out by the countries in which we operate.

Table 2: 2017 Economic Contribution by Country (CAD\$ millions)

	Economic Value Generated	Economic Value Distributed							Economic Value Retained	
	Revenues ⁽¹⁾	Payment to Suppliers ⁽²⁾		Employee Wages and Benefits ⁽³⁾		Payments to Providers of Capital ⁽⁴⁾	Income and Resource Taxes ⁽⁵⁾	Community Investments ⁽⁶⁾		Total
		Operating Costs	Capital Expenditures	Operating Costs	Capital Expenditures					
U.S.	\$1,865	\$792	\$76	\$161	\$6	-	\$284	\$1	\$1,320	\$545
Canada	9,182	4,573	1,287	1,073	9	988	396	7	8,333	849
Chile	731	407	173	106	12	-	1	4	703	28
Peru	905	253	58	101	-	-	198	-	610	295
Other	-	8	-	8	-	-	-	1	17	(17)
Inter-segment elimination ⁽¹⁾	(635)	(635)	-	-	-	-	-	-	(635)	-
Total	\$12,048	\$5,398	\$1,594	\$1,449	\$27	\$988	\$879	\$13	\$10,348	\$1,700

(1) Revenues are presented based on an accrual basis. Internal cross-border sales are eliminated as shown.

(2) Operating costs include operating expenses at our mining and processing operations and our general and administration, exploration and research and development expenses and costs relating to production stripping. Operating costs exclude depreciation, and employee wages and benefits, which are specified separately. Capital expenditures are payments for purchases of property, plant and equipment, excluding the component relating to capitalized wages and benefits, which is specified separately.

(3) Wages and Benefits reflects total amounts paid to employees relating to wages and benefits, including payroll taxes.

(4) Payments to providers of capital include dividends paid to shareholders, interest paid to debtholders, and payments for share repurchases less issuance of shares.

(5) Income and resource taxes include amounts paid less any refunds received in the year.

(6) Community investments include voluntary donations paid during the year.

Canada

Teck is the world's second-largest seaborne exporter of steelmaking coal, with six operations in Western Canada with significant high-quality steelmaking coal reserves. Steelmaking coal is an essential ingredient in the primary production of steel. Also called metallurgical or coking coal, it is necessary for building infrastructure, such as rail, bridges and schools, and for improving the quality of life for people around the world. Steel, and the steelmaking coal used to make it, are also required for everything from clean energy infrastructure like wind or solar power to low carbon transportation alternatives like rapid transit, buses and hybrid vehicles. Trail Operations is one of the world's largest fully integrated zinc and lead smelting and refining complexes, located in southern British Columbia. Highland Valley Copper Operations is a copper and molybdenum operation located in south-central British Columbia.

Total tax and economic contribution to the Canadian economy in 2017

\$8.3 billion

Number of Employees

7,900



The Twin Sisters Native Plants Nursery

Case Study

Growing Opportunities: Twin Sisters Native Plants Nursery

In 2010, the West Moberly and Sauteau First Nations recognized British Columbia's need for a leader in native plant propagation and distribution in the province. The two groups began working together to create an Indigenous-operated nursery called Twin Sisters Native Plants.

Teck was one of the primary investors in the nursery and when it opened in 2014, our steelmaking coal operations in B.C. were one of their first customers. Teck purchased almost 20,000 tree seedlings to plant at our Quintette project's reclamation areas in northeast B.C.

An important aspect of the nursery's work is in seed collection to preserve native plants. Teck's Quintette project is engaged with Twin Sisters on seed collection projects. These native seeds are then propagated into new plants that will support reclamation at the Quintette site over the next decade.

Today, the nursery is thriving, with about \$460,000 in sales in the first year, and now with the opening of a second greenhouse. Twin Sisters now also acts as a training facility in an effort to support sustainable, full-time employment opportunities for Indigenous Peoples.

In October 2017, the Twin Sisters Native Plants Nursery won the Aboriginal-Industry Business Partnership of the Year award at the BC Aboriginal Business Awards in Vancouver.

Chile

In Chile, our Carmen de Andacollo and Quebrada Blanca operations produce copper—a commodity with increasing importance in meeting the world’s growing demand for infrastructure, and one that also is a vital component in the world’s transition to a low-carbon economy, including for power generation and transmission, construction, clean technology, and electronics. Quebrada Blanca Phase 2 is a development project that aims to develop the hypogene resource at Quebrada Blanca, to substantially increase annual copper production and extend the mine’s production life by more than 25 years. NuevaUnión, located in central Chile, is a 50/50 joint venture between Teck and Goldcorp. The project is one of the largest undeveloped copper-gold-molybdenum projects in the Americas.

Total tax and economic contribution to the Chilean economy in 2017

\$703 million

Number of Employees

1,300

Case Study

UN Women and Teck Extend Partnership to Empower Indigenous Women

In April 2018, UN Women and Teck announced the extension of their partnership and the development of a new training centre to empower Indigenous women in northern Chile, funded through a US\$1 million investment from Teck.

The investment will extend the Originarias program and support the goal of providing Indigenous women in northern Chile with access to high-quality, culturally relevant, flexible training programs with a focus on economic development, entrepreneurship and business management skills.

“Teck is focused on helping to empower women and Indigenous Peoples in the areas where we operate so they can fully share in the economic benefits created by responsible resource development,” said Don Lindsay, President and CEO, Teck. “We are proud to build on our partnership with UN Women to provide access to education and training that will strengthen women and Indigenous communities, and create a more diverse and thriving regional economy.”

From 2016 to 2018, the Originarias program undertook research and engagement involving over 250 women in the region. This research identified access to education and training as a key factor for improving socio-economic opportunities for women in northern Chile.

The next phase for the Originarias program will be the development of a new training centre to provide education and capacity building to empower Indigenous women in the regions of Tarapacá, Antofagasta, Atacama and Coquimbo in Chile.



Carmen de Andacollo Operations, Chile

United States

We have two zinc operations in the United States, and we are one of the world's largest producers of mined zinc. Red Dog Operations, is one of the world's largest zinc mines and is located about 170 kilometres north of the Arctic Circle in Northwest Alaska. Pend Oreille is an underground zinc and lead mine located in northeastern Washington state. The primary uses of zinc are for galvanizing steel to protect against corrosion, for producing brass and bronze, and in die-casting to produce a wide range of metal products. Zinc can also increase crop yields and crop quality, and it is an essential nutrient in human development and disease prevention.

Total tax and economic contribution to the American economy in 2017

\$1.3 billion

Number of Employees

800

Case Study

Creating Economic Opportunities in Alaska's Northwest Arctic

Red Dog Operations, one of the world's largest producers of zinc concentrate, is located about 170 kilometres north of the Arctic Circle in Northwest Alaska. For more than 25 years, Red Dog and the people of the Northwest Arctic region have worked together to create jobs and opportunities to make the region stronger. Red Dog was developed under an innovative operating agreement between the landowner NANA, a Regional Alaska Native corporation, and Teck.

We work to engage with the local villages and continually demonstrate our ability to effectively manage environmental and social impacts while providing opportunities and mutually defined benefits throughout the mining life cycle. We recognize that the strength of our community relationships is vital to how we create long-term sustainable benefits for the local population.

Over \$5 billion in benefits have been realized in the region in the form of payments such as wages, taxes, royalties and community investments since the operation began. More than 715 jobs are directly supported by Red Dog, making the mine the largest source of non-government jobs in the region.

In addition to job creation, Red Dog undertakes a number of other projects to support the community, such as a scholarship program. Maggie Dunleavy has been working at Red Dog Operations for the past three years and has a long family history of working at the mine. Maggie began her employment as a college student, and upon receiving a scholarship from the operation, is now free of student debt.

Red Dog has also partnered with local schools to support job development. Dr. Annmarie O'Brien, Superintendent of the Northwest Arctic Borough School District, recognizes the impact of Red Dog on educational opportunities in the Northwest Arctic.

"Teck is instrumental in supporting the school's Career Technical Education Program, which has seen the second-highest increase in the high school graduation rate in the past five years for the entire state," said Dr. O'Brien. "My assistant's daughter and her son work at Red Dog, so I see first-hand the lives they're able to lead as a result of being able to get high-paying and high-quality jobs."

As the mine life is expected to continue to 2031, Red Dog and local governments are working together to build on a solid track record—one that supports both the mine and the communities of the region.



Red Dog Operations, Alaska

Economic Contribution (by Operation)

Our operations in Canada, Chile, the United States and Peru generate significant economic contribution for their local communities. Below is a summary of the major contributions—wages and benefits, payments to suppliers, income and resource taxes, and community investment—at each of our operations.

Table 3: 2017 Economic Contribution by Operation (CAD\$ millions)

Operation	Payments to Suppliers	Employee Wages and Benefits	Income and Resource Taxes	Total
Antamina	307	98	198	603
Carmen de Andacollo	286	51	2	339
Highland Valley Copper	438	206	14	658
Quebrada Blanca	289	63	(7)	345
Pend Oreille	63	43	-	106
Red Dog	798	116	284	1,198
Steelmaking Coal Operations ⁽¹⁾	2,466	566	377	3,409
Trail Operations	1,944	210	-	2,154

(1) Steelmaking coal operations include Cardinal River, Coal Mountain, Elkview, Greenhills, Fording River and Line Creek Operations.

Local Hiring and Procurement

Taxes and royalties are only one part of mining's overall contribution to countries and communities. Wages paid to employees, as well as capital investment and operating expenditures, also contribute considerably to the local economy.

We contribute to the long-term employability of the people near our operations by providing a range of career opportunities. In 2017, we employed approximately 10,000 people worldwide in a wide range of activities related to mining and mineral processing, including exploration, development, smelting, refining, health and safety, environmental protection, social performance, product stewardship, recycling and research. Sourcing local goods and services and hiring local people helps build community support for our activities, enhances our local knowledge, increases capacity, and mitigates business and social risks.

Local hiring and local procurement are a priority at Teck operations. Whenever possible, sites look for opportunities to utilize local suppliers, providing that they meet our standards and requirements. At a number of our sites, local suppliers also include those who self-identify as Indigenous Peoples. Commitments regarding procurement and hiring practices may also be included in agreements between Teck and Indigenous communities.

For more information on our local hiring and procurement practices, please visit [Local Hiring and Procurement](#) on our website.

Sharing Economic Benefits with Communities and Indigenous Peoples

In 2017, we started reporting on payments to governments in our principal operating countries (Canada, U.S., Chile and Peru), including taxes and other payment types, by country and on a project-by-project basis as required under the Canadian *Extractive Sector Transparency Measures Act* (ESTMA or the Act). ESTMA introduced new reporting and transparency requirements for the Canadian extractive sector with the aim of supporting global efforts against corruption in the sector. The Act included a two-year deferral for reporting payments to Indigenous governments in Canada. Under ESTMA, Teck is now required to report in May 2018, payments made to Indigenous governments during the period from June 1, 2017 to December 31, 2017. At Teck, developing strong and lasting relationships with Indigenous Peoples is a fundamental part of how we operate as a responsible resource company. This includes working with Indigenous communities to establish agreements that will allow them to help shape and benefit from resource development in their territories. Where we have agreements in place, the payments made to Indigenous groups under those agreements may vary. The agreements are developed based on a formalized process for negotiation where the nature of the Agreements with specific Indigenous groups are typically confidential. For more information, see pages 16–19.

Community Investment

Community investment is a key pillar of our company's overall commitment to the communities where we live and work. We contribute to community organizations to help build strong relationships and create lasting mutual benefits. Through community investment, we support local development priorities.

Our community investment program is guided by best practices from the International Finance Corporation, the London Benchmarking Group and Imagine Canada. We aim to contribute at least 1% of our pre-tax earnings on a five-year rolling average basis to community investment. With our target tied to earnings, our success as a company directly impacts our ability to invest in the communities where we operate. For more information, please visit [Community Investment](#) on our website. Our community investment expenditures in 2017 were \$13 million. For a detailed breakdown of community investments made from 2014 to 2017 by site, please see Table 14 on page 44 of our 2017 Sustainability Report.

Figure 2: What We Support

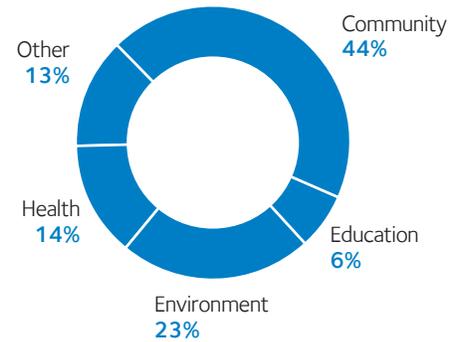


Figure 3: Community Investment—Where We Contribute

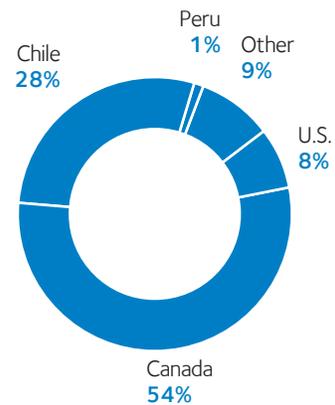
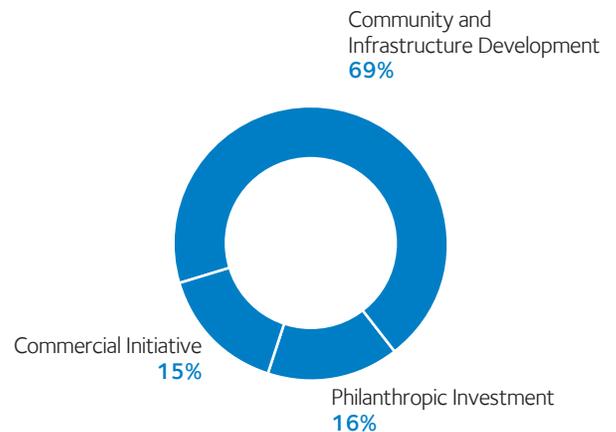


Figure 4: Community Investment—Why We Contribute



Basis of Report

We have prepared this report to provide a comprehensive view of the overall tax and economic contribution made by Teck.

Taxes, royalties and other payments to governments are presented in this report on a cash basis for the year ended December 31, 2017. The tax payments information is different from the tax expense amounts on our financial statements, which are prepared on an accrual basis in accordance with International Financial Reporting Standards. The tax provision in our financial statements represents an estimate of the taxes payable for the applicable reporting period including any resolutions of prior period provisions. See Table 5 on page 20 for the reconciliation of tax payments to tax expense for the year ended December 31, 2017. The tax payment information represents the net amount actually paid to governments within the reporting period.

This report includes all such payments paid by Teck Resources Limited and all of its subsidiaries. The data has been prepared on a 100% basis for all operations where we have a controlling interest and on a basis proportionate to our ownership interest in jointly controlled entities. Our significant controlled operating subsidiaries include Teck Metals Limited, Teck Alaska Incorporated, Teck Highland Valley Copper Partnership, Teck Coal Partnership, Teck Washington Incorporated, Compañía Minera Teck Quebrada Blanca S.A., and Compañía Minera Teck Carmen de Andacollo. In certain cases, our economic interest in these entities is less than 100%.

All payments to governments in this report have been presented in Canadian dollars. Payments denominated in currencies other than Canadian dollars are translated for this report at the closing exchange rate on December 31, 2017, as permitted by the ESTMA. A detailed list of exchange rates used can be found in our 2017 ESTMA Report. Any payment of \$100,000 or more made to a government payee are included in this report.

Table 2 on page 6 summarizes the total economic contribution in 2017, including consolidated amounts representing our payments to governments, including income and resource taxes, employer payroll taxes and other payments. These payments are outlined in greater detail on pages 16–19 where we report payments to governments under the ESTMA and other payments to governments. The following pages explain what is included in each category.

Payments to Governments—*Extractive Sector Transparency Measures Act*

This report is prepared taking into account the intent of the *Extractive Sector Transparency Measures Act* (ESTMA), the Global Reporting Initiative's Economic Standards and the International Council on Mining and Metals Transparency of Mineral Revenues Position Statement.

Our ESTMA report for the year ended December 31, 2017, is available on [this link](#):

For the year ended December 31, 2017, Teck has reported \$971 million in payments to governments under ESTMA (ESTMA payments). These payments are presented in Canadian dollars and have been prepared in accordance with ESTMA and the Natural Resources Canada (NRCan) Technical Reporting Specifications. The following is a summary of judgments and definitions that we have made for the purpose of preparing the ESTMA payments.

Cash and In-Kind Payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for in-kind payments, if any, has been disclosed in the notes section of the ESTMA Report.

Payments to the "same payee" that meet or exceed \$100,000 CAD in one category of payment are disclosed. Payments disclosed are rounded to the nearest \$10,000 CAD.

Payee

For the purposes of ESTMA, a payee is:

- a) Any government in Canada or in a foreign state;
- b) A body that is established by two or more governments; or
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.

Aboriginal and Indigenous groups and organizations may also be regarded as a payee under the Act. All payments to foreign Aboriginal governments are reported. Payments made to Aboriginal governments in Canada are reported effective from June 1, 2017. As a result only those payments made to Canadian Aboriginal governments in the period from June 1, 2017 to December 31, 2017 are included in the ESTMA report.

The individual department, agency or other body of the payee that received the payment has been disclosed in the notes section of the ESTMA Report.

Reportable Payments

A reportable payment for ESTMA purposes is one that:

- a) Is made in relation to the commercial development of oil, gas or minerals; and
- b) Totals, as a single payment or multiple payments, \$100,000 CAD or more in the year in one of the following prescribed seven payment categories.

Taxes

Taxes include corporate income taxes, resource taxes, property taxes, withholding taxes on cross-border dividends, and other levied taxes, excluding consumption and personal income taxes. Corporate income and resource taxes are payments to governments based on income, profits or production under legislated income tax rules in relation to the commercial development of oil, gas or minerals. In the Consolidated Statement of Income, prepared in accordance with International Financial Reporting Standards and included in our Annual Report, corporate income taxes and resource taxes are both presented as income tax. We report taxes net of credits or refunds where those amounts are adjusted for in determining the amount of taxes to be paid in cash. Refunds received separately in cash are excluded from reported payments.

Royalties

Royalties are paid to governments in relation to the rights to extract oil, gas and mining resources. In the Consolidated Statement of Income, prepared in accordance with International Financial Reporting Standards and included in our Annual Report, royalties are not presented as an income tax.

Fees

Fees are amounts levied on the initial or ongoing right to use a geographical area for commercial development of oil, gas and minerals. Fees include licence fees, permit fees, entry fees, regulatory charges and other payments for licences and/or concessions. Amounts paid for goods and services in the ordinary course of commercial transactions are excluded.

Production Entitlements

Production entitlements are the payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement. For the year ended December 31, 2017, there were no reportable production entitlement payments to a payee.

Bonuses

Bonuses are payments to governments for signing, discovery, production and any other type of bonus paid in relation to commercial development of oil, gas or minerals. For the year ended December 31, 2017, there were no reportable bonus payments to a payee.

Dividends

Dividends reportable under ESTMA are payments to governments with an ownership interest in Teck's subsidiaries, excluding payments to governments that are ordinary shareholders of Teck or its subsidiaries.

Infrastructure Improvement Payments

Infrastructure improvements are payments for the construction of infrastructure, such as public roads, libraries and hospital facilities, excluding payments made in circumstances where the infrastructure is expected to be primarily used for operational purposes. For the year ended December 31, 2017, there were no reportable infrastructure improvement payments to a payee.

Payments by Project Level

Payments have been reported at the project level as required by ESTMA. A "project" refers to the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project. "Substantially interconnected" refers to forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

We have determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and have reported payments related to each such area as a single project. We have considered geographical location and common infrastructure as two key indicators for making this determination.

Payments presented on a by project basis represent payments made by an entity when specifically attributable to a project. Payments that are not specifically attributable to projects are presented as Corporate or Head Office.

There are instances where two or more projects report and make payments under one tax entity, and the tax payment may not be attributable to a specific project. As permitted under the ESTMA Technical Reporting Specifications, when a payment is not attributable to a specific project, it may be reported without disaggregation by project and by reporting only at the payee disclosure level.

Commercial Development

ESTMA defines commercial development of oil, gas or minerals as:

- a) The exploration or extraction of oil, gas or minerals;
- b) The acquisition or holding of a permit, licence, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

Payments made to payees relating to the commercial development of oil, gas or minerals (commercial development) are disclosed in this report. The report excludes payments that are not related to commercial development activities. Commercial development does not include ancillary and preparatory activities, such as construction of an extraction site. Commercial development also excludes post-extraction activities, such as marketing, distribution, transportation, refining, smelting or processing of minerals once they have left the mine gate.

Significant Judgments

The preparation of the ESTMA Report in accordance with the ESTMA legislation requires the use of judgments and assumptions.

Joint Control and Attribution

ESTMA requires the reporting of payments made by entities that are controlled by the Reporting Entity. This report includes payments made by entities controlled by Teck, directly or indirectly as assessed under International Financial Reporting Standards. For payments made by joint arrangements, ESTMA and related guidance requires the reporting of payments to governments made directly by Teck or any such payments made on our behalf. Payments to governments made by our joint arrangements are reported under ESTMA as follows:

- a) Fort Hills Energy Limited Partnership ("Fort Hills"): We owned 20.89% of Fort Hills as of December 31, 2017. As Suncor Energy Inc. is the operator, it is reporting 100% of the payments to governments related to Fort Hills.
- b) Galore Creek Partnership: We own 50% of Galore Creek Partnership. As permitted under ESTMA guidance we are reporting 100% of the payments related to Galore Creek.

c) NuevaUnión and Antamina: We are reporting our proportionate share of payments to governments relating to our 50% ownership of NuevaUnión and our 22.5% ownership of Antamina.

Government Payee

Any payments to a payee that is not a payee under ESTMA are not reported. We have determined that Alaska Native Corporations (ANCs) created under the Alaska Native Claims Settlement Act are not considered a government payee based on the criteria in ESTMA. ANCs are for-profit corporations with shareholders of shared Indigenous heritage. ANCs do not assume any regulatory, licencing or taxing roles that would grant them the power, duty or function of a government. ANCs are also not federally or state recognized tribes by the United States Bureau of Indian Affairs. As such, payments made to ANCs, including NANA Regional Corporation, have been excluded from the ESTMA Report.

Corporate Social Responsibility (CSR) Payments

The ESTMA Report only includes CSR payments that we are obligated to make to a payee, or to another party under the direction of a payee, where the payee may control either the nature, timing or extent of the payment, relating to the commercial development of oil, gas or minerals.

Payments to Governments— A Comprehensive View

ESTMA and the similar disclosure requirements imposed in other countries provide transparency into the extractive resources sector. To supplement the mandatory disclosure and to provide a clearer and more comprehensive view of our economic contribution, we have voluntarily provided payments to government information beyond the scope of ESTMA. The total payments reported voluntarily as well as under ESTMA include \$1.6 billion of payments to governments and \$366 million of tax withholdings that Teck collected on behalf of its employees.

The significant categories of payments that we report voluntarily and that are not required under ESTMA are as follows:

Joint Arrangements

For payments made by joint arrangements, ESTMA and related guidance requires the reporting of payments to governments made directly by Teck or any such payments made on our behalf. For our voluntary report, to be consistent with the presentation of these joint arrangements in our financial statements, we are reporting our proportionate share such as, 20.89% share of payments to governments for Fort Hills Limited Partnership and 50% share of payments for Galore Creek Partnership.

Commercial Development

ESTMA applies only to payments made in connection with commercial development of oil, gas and minerals, which includes permitting, exploration, extraction, remediation and reclamation of a project. However, it excludes post-extraction activities, such as refining, smelting, marketing, distribution, transportation or export. In this voluntary report we have included payments to government relating to post-extraction activities. For instance, this includes any payments in relation to our refinery in Trail, B.C., Canada, and payments in relation to transportation paid to Alaska Industrial Development and Export Authority for our Red Dog Operations.

NANA Regional Corporation

Payments made by Teck to Alaska Native Corporation NANA Regional Corporation (NANA) are not reportable under ESTMA. However, we have included our payments to NANA in this report as we believe these payments are a significant socio-economic contribution to the NANA region.

Indigenous Government Payments

For 2017, transitional provisions in ESTMA requires the reporting of payments to Canadian Indigenous governments from June 1, 2017 to December 31, 2017. Our voluntary report also includes payments, in aggregate, to Canadian Indigenous governments from January 1, 2017 to May 31, 2017.

Indirect Tax

Payments made to governments in the nature of sales tax, value added tax, and non-refundable goods and services tax.

Employer Payroll Taxes

Employer's portion of payments to governments for employees in the nature of Social Security, Healthcare Premium, Unemployment Insurance, Pension and Workers' Compensation.

Employee Payroll Taxes Collected

Tax-related withholdings from wages and benefits paid to our employees that are then remitted to governments on behalf of our employees.

2017 Total Payments to Governments

Payments Made by Country and Level of Government

(CAD\$ thousands)	Payments as Defined by ESTMA				Total Payments as Defined by ESTMA
	Taxes	Fees	Dividends	Royalties	
United States	\$322,160	\$2,670	-	\$360	\$325,190
NANA Regional Corporation ⁽¹⁾	-	-	-	-	-
Government of United States	205,450	190	-	-	205,640
State of Alaska	69,300	1,720	-	-	71,020
District of Northwest Arctic Borough	46,110	10	-	-	46,120
State of Washington	-	30	-	360	390
State of California	910	-	-	-	910
Native Village of Kivalina	-	420	-	-	420
City of Pend Oreille	380	-	-	-	380
State of Minnesota	10	180	-	-	190
State of Ohio	-	-	-	-	-
Native Village of Noatak	-	120	-	-	120
State of Oregon	-	-	-	-	-
State of Arizona	-	-	-	-	-
Canada	417,820	14,820	-	-	432,640
Government of British Columbia	360,500	5,070	-	-	365,570
Government of Canada	14,270	3,640	-	-	17,910
Government of Alberta	26,790	450	-	-	27,240
District of Sparwood	12,480	-	-	-	12,480
Canadian Indigenous Governments ⁽²⁾	-	-	-	-	-
City of Trail	-	-	-	-	-
District of Logan Lake	3,450	-	-	-	3,450
Municipality of Wood Buffalo	-	-	-	-	-
Lower Nicola Indian Band	-	1,640	-	-	1,640
Fort McKay First Nation	-	1,600	-	-	1,600
Citxw Nlaka'pamux Assembly	-	530	-	-	530
Tahltan Nation	-	450	-	-	450
Alexis Nakota Sioux Nation	-	440	-	-	440
Metis Nation of Alberta Local 1935	-	280	-	-	280
Metis Nation of Alberta Local 1909	-	280	-	-	280
City of North Vancouver	-	-	-	-	-
Athabasca Chipewyan First Nation	-	240	-	-	240
Ktunaxa Nation Council	-	200	-	-	200
Government of Ontario	-	-	-	-	-
City of Kimberley	190	-	-	-	190
District of Tumbler Ridge	140	-	-	-	140
University of British Columbia	-	-	-	-	-
City of Richmond	-	-	-	-	-
City of Toronto	-	-	-	-	-
Town of Grand Falls-Windsor	-	-	-	-	-
Peru	134,500	8,280	-	-	142,780
Government of Peru	134,500	8,280	-	-	142,780
Chile	43,280	1,990	24,170	-	69,440
Government of Chile	41,020	1,080	24,170	-	66,270
Municipality of Andacollo	760	-	-	-	760
Municipality of Las Condes	760	-	-	-	760
Municipality of Pica	740	-	-	-	740
Quechua Indigenous Community of Huatacondo	-	620	-	-	620
Asociación Ganadera Indígena Yabricollita	-	170	-	-	170
Ecozona Matilla	-	120	-	-	120
Turkey	20	760	-	-	780
Government of Turkey	20	240	-	-	260
Province of Çanakkale	-	220	-	-	220
Province of Balıkesir	-	300	-	-	300
Australia	-	250	-	-	250
Government of Australia	-	250	-	-	250
Mexico	-	290	-	-	290
Government of Mexico	-	290	-	-	290
Ireland	-	100	-	-	100
Government of Ireland	-	100	-	-	100
Total payments to governments	\$917,780	\$29,160	\$24,170	\$360	\$971,470

(1) Payments to NANA Regional Corporation (NANA) were excluded from Teck's 2017 ESTMA Report as NANA does not meet the definition of government under ESTMA. We have included payments to NANA in our Economic Contribution Report as we believe they are a significant socio-economic contribution to the NANA region.

(2) For 2017, transitional provisions in ESTMA requires the reporting of payments to Canadian Indigenous governments from June 1, 2017 to December 31, 2017. Our voluntary report also includes payments, in aggregate, to Canadian Indigenous governments from January 1, 2017 to May 31, 2017.

Additional Payments					
Taxes	Fees	Royalties	Other Payments	Total Payments to Governments ⁽³⁾	Employee Withholding (Collected)
\$750	\$100	\$344,680	\$63,700	\$734,420	\$28,530
620	30	344,590	-	345,240	-
-	10	-	10,410	216,060	28,300
-	-	-	51,240	122,260	160
-	-	-	330	46,450	-
-	-	-	1,470	1,860	-
-	-	-	-	910	50
-	-	-	10	430	-
-	-	-	-	380	-
-	-	-	-	190	20
-	-	-	190	190	-
-	-	-	50	170	-
60	-	90	-	150	-
70	60	-	-	130	-
19,540	14,760	60	147,370	614,370	306,110
1,280	(10)	-	76,240	443,080	-
4,840	3,980	-	68,940	95,670	306,110
80	200	-	1,480	29,000	-
-	-	-	30	12,510	-
-	10,790	-	-	10,790	-
10,540	-	-	200	10,740	-
-	-	-	20	3,470	-
2,320	-	60	-	2,380	-
-	-	-	-	1,640	-
-	-	-	10	1,610	-
-	-	-	-	530	-
-	(230)	-	20	240	-
-	-	-	10	450	-
-	-	-	10	290	-
-	-	-	-	280	-
280	-	-	-	280	-
-	-	-	-	240	-
-	-	-	20	220	-
-	30	-	170	200	-
-	-	-	-	190	-
-	-	-	-	140	-
-	-	-	120	120	-
100	-	-	-	100	-
100	-	-	-	100	-
-	-	-	100	100	-
-	-	-	2,720	145,500	14,890
-	-	-	2,720	145,500	14,890
580	-	-	6,040	76,060	14,200
250	-	-	5,560	72,080	14,200
-	-	-	480	1,240	-
330	-	-	-	1,090	-
-	-	-	-	740	-
-	-	-	-	620	-
-	-	-	-	170	-
-	-	-	-	120	-
-	190	-	300	1,270	670
-	-	-	300	560	670
-	190	-	-	410	-
-	-	-	-	300	-
-	-	-	280	530	1,110
-	-	-	280	530	1,110
-	-	-	-	290	-
-	-	-	-	290	-
-	-	-	120	220	340
-	-	-	120	220	340
\$20,870	\$15,050	\$344,740	\$220,530	\$1,572,660	\$351,650

(3) Total 2017 net refunds from governments on income and resource taxes and fuel credits were \$78 million. These refunds are not included in the table above.

Payments Made by Country and on a Project-By-Project Basis

(CAD\$ thousands)	Payments as Defined by ESTMA				
	Taxes	Fees	Dividends	Royalties	Total Payments as Defined by ESTMA
United States	\$322,160	\$2,670	-	\$360	\$325,190
Red Dog	88,870	1,680	-	-	90,550
Corporate Office—U.S.	232,910	10	-	-	232,920
Pend Oreille	380	60	-	360	800
Noatak Project	-	700	-	-	700
Head Office—Canada	-	-	-	-	-
Mesaba	-	180	-	-	180
San Antonio	-	-	-	-	-
U.S. Exploration Property	-	40	-	-	40
Canada	417,820	14,820	-	-	432,640
Corporate Office—Coal ⁽⁴⁾	12,480	6,880	-	-	19,360
Fording River	106,860	10	-	-	106,870
Elkview	86,980	-	-	-	86,980
Greenhills	75,990	-	-	-	75,990
Highland Valley Copper	27,400	3,080	-	-	30,480
Line Creek	46,170	100	-	-	46,270
Trail	-	-	-	-	-
Coal Mountain	34,410	-	-	-	34,410
Cardinal River	26,390	790	-	-	27,180
Head Office—Canada	100	140	-	-	240
Frontier	370	2,960	-	-	3,330
Fort Hills	-	-	-	-	-
Neptune Bulk Terminals	-	-	-	-	-
Quintette	-	360	-	-	360
Duck Pond	210	40	-	-	250
Galore Creek	50	460	-	-	510
Bullmoose	200	-	-	-	200
Sullivan	190	-	-	-	190
Lease 421	20	-	-	-	20
Peru	134,500	8,280	-	-	142,780
Antamina	134,410	5,550	-	-	139,960
Peru Exploration Properties	40	2,670	-	-	2,710
Zafranal	50	-	-	-	50
Corporate Office—Peru	-	60	-	-	60
Chile	43,280	1,990	24,170	-	69,440
Carmen de Andacollo	37,920	130	24,170	-	62,220
Corporate Office—Chile	2,850	-	-	-	2,850
Quebrada Blanca	1,770	1,500	-	-	3,270
NuevaUnión	670	-	-	-	670
Chile Exploration Properties	70	290	-	-	360
Sierra Jardin	-	70	-	-	70
Turkey	20	760	-	-	780
Turkey Exploration Properties	-	470	-	-	470
Corporate Office—Turkey	20	110	-	-	130
TV Tower Au	-	-	-	-	-
Halilaga	-	160	-	-	160
Kavaklitepe	-	20	-	-	20
Australia	-	250	-	-	250
Australia Exploration Property	-	140	-	-	140
Reward/Teena	-	40	-	-	40
Yalco	-	30	-	-	30
Lennard Shelf	-	20	-	-	20
Nicholson	-	20	-	-	20
Mexico	-	290	-	-	290
San Nicolas	-	170	-	-	170
Alacran	-	100	-	-	100
La Verde	-	20	-	-	20
Ireland	-	100	-	-	100
Ireland Exploration Property	-	60	-	-	60
Limerick	-	20	-	-	20
Oldcastle	-	20	-	-	20
Total payments to governments	\$917,780	\$29,160	\$24,170	\$360	\$971,470

(4) Payments made under Corporate Office—Coal are lump sum payments made in relation to Teck's Coal projects including Fording River, Elkview, Greenhills, Coal Mountain, Line Creek, and Cardinal River. As these payments are not attributable to a specific project, they are reported in aggregate under Corporate Office—Coal.

Additional Payments					
Taxes	Fees	Royalties	Other Payments	Total Payments to Governments	Employee Withholding (Collected)
\$750	\$100	\$344,680	\$63,700	\$734,420	\$28,530
620	30	344,590	57,470	493,260	20,660
130	-	-	1,160	234,210	1,410
-	-	90	4,720	5,610	6,360
-	-	-	-	700	-
-	10	-	350	360	190
-	-	-	-	180	-
-	60	-	-	60	-
-	-	-	-	40	-
19,540	14,760	60	147,370	614,370	306,110
-	2,190	-	92,430	113,980	144,030
-	-	-	-	106,870	-
-	350	-	-	87,330	-
-	-	-	-	75,990	-
-	6,360	-	22,180	59,020	49,740
-	70	-	-	46,340	-
11,840	4,000	-	21,060	36,900	50,200
-	-	-	-	34,410	-
-	510	-	1,480	29,170	-
5,050	30	-	9,320	14,640	60,820
90	1,260	-	30	4,710	-
2,310	220	60	-	2,590	-
280	-	-	760	1,040	1,190
-	-	-	-	360	-
-	-	-	40	290	-
(30)	(230)	-	30	280	130
-	-	-	40	240	-
-	-	-	-	190	-
-	-	-	-	20	-
-	-	-	2,720	145,500	14,890
-	-	-	2,380	142,340	14,450
-	-	-	150	2,860	230
-	-	-	110	160	100
-	-	-	80	140	110
580	-	-	6,040	76,060	14,200
-	-	-	800	63,020	2,870
580	-	-	4,100	7,530	7,390
-	-	-	1,080	4,350	3,260
-	-	-	60	730	680
-	-	-	-	360	-
-	-	-	-	70	-
-	190	-	300	1,270	670
-	-	-	10	480	30
-	-	-	290	420	630
-	260	-	-	260	-
-	(70)	-	-	90	10
-	-	-	-	20	-
-	-	-	280	530	1,110
-	-	-	280	420	1,110
-	-	-	-	40	-
-	-	-	-	30	-
-	-	-	-	20	-
-	-	-	-	20	-
-	-	-	-	290	-
-	-	-	-	170	-
-	-	-	-	100	-
-	-	-	-	20	-
-	-	-	120	220	340
-	-	-	120	180	340
-	-	-	-	20	-
-	-	-	-	20	-
\$20,870	\$15,050	\$344,740	\$220,530	\$1,572,660	\$351,650

Income and Resource Taxes Paid

Table 4: Income and Resource Taxes Paid vs. Current Taxes Expensed

(CAD\$ in millions)	2017
Income and resource taxes paid	\$879
Total taxes paid	\$ 879
Current tax expense	\$999
Deferred tax expense	439
Total tax expense	\$ 1,438

Income and Resource Taxes Paid vs. Current Taxes Expensed

Current tax expense is the amount of corporate income and resource tax currently payable and attributable to the current year plus any adjustments to taxes payable in respect of previous years. Taxes paid in a particular year may not be equivalent to the current tax expense amount recorded on our financial statements for a number of reasons. These include legislated payment schedules which base initial tax installments on projected or historical profits rather than on the actual taxes due for any year with final payments occurring in the following year or years in the case of refunds. We are subject to assessments by various taxation authorities, who may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. The resolution of any assessments resulting in payments or refunds may occur after the year in which the items to which they relate occur.

For the year ended December 31, 2017, Teck recorded a current tax expense of \$999 million and made tax payments totaling \$879 million. Our current tax expense is higher than taxes paid primarily due to an increase in taxable income driven by higher overall earnings in 2017 and by the timing of tax payments, which are generally payable after the period where the corresponding tax expenses were incurred. Our net current taxes payable at December 31, 2017, were \$225 million, the majority of which were paid in the first or second quarter of 2018.

Table 5: Reconciliation of Taxes Paid to Taxes Expensed in 2017

(CAD\$ in millions)	2017
Income and resource taxes paid in the current year	\$879
Tax (payments) refunds (made) received relating to prior periods	(100)
Current year provision to be paid next year	225
Other	(5)
Current tax expense	999
Deferred tax expense	439
Total tax expense	\$1,438

Income and Resource Taxes Paid vs. Total Taxes Expensed

In addition to the items noted above, our overall tax expense recorded in our financial statements will differ from current taxes payable due to the timing of the recognition of certain income and expense items. Total tax expense include current tax expense and deferred tax expense. The timing of income and deductions is set for tax purposes by taxation authorities while recognition for financial statement purposes is based on International Financial Reporting Standards as required by Securities Regulators. This results in differences in the timing of when income is recognized and when the related taxes become payable, but not in the ultimate amount of taxes paid. These differences, which are the amount of corporate income and resource tax attributable to the current year but which will be included in future year taxable income, are recorded as deferred tax expense in our financial statements.

It should also be noted that the amount of taxes that we ultimately pay will be significantly higher than the taxes recorded as our tax expense in our income statement. Generally, the increment between the overall purchase price of a business acquisition and the underlying cost of the acquired assets is not deductible for tax purposes. On acquisition, we accrue for income taxes on the difference between our acquisition cost and the amount of the cost we are entitled to deduct for tax purposes. These additional taxes will eventually be paid over the life of the acquired assets and are effectively charged against the accrued deferred tax amount, rather than charged to the income statement.

At December 31, 2017, tax effect of the temporary differences giving rise to deferred tax assets and liabilities and the related amount of deferred tax expense charged (credited) to the income statement are shown in Table 6.

Table 6: Deferred Tax Assets and Liabilities

(CAD\$ in millions)	Deferred tax assets 2017	Deferred tax liabilities 2017	(Credited)/charged to the income statement 2017
Net operating loss carryforwards	\$58	(\$1,059)	\$133
Property, plant and equipment	(189)	7,390	775
Decommissioning and restoration provisions	78	(754)	(393)
U.S. alternative minimum tax credits	143	—	(31)
Unrealized foreign exchange	—	(135)	89
Withholding taxes	—	79	(10)
Retirement benefit plans	23	(22)	4
Other temporary differences	41	(101)	(128)
Total	\$154	\$5,398	\$439

Teck's Overall Effective Tax Rate

For operating profit, our effective income and resource tax rate is expected to be approximately 36%, depending on the tax rate in each jurisdiction and the proportion of our operating profit earned in that jurisdiction. This rate reflects the two levels of income tax (corporate income taxes and resource taxes on mining profits) to which our earnings are generally subject. Net head office corporate and finance expenses are generally only deductible against corporate income taxes and therefore reduce tax expense at the lower combined Canadian corporate income tax rate of 26%. We also note that some of our expenses, for example, stock option costs and meals and entertainment, are not deductible or are only partially deductible for income tax purposes in Canada or elsewhere. These limitations on the deductibility of our costs of doing business can cause our overall effective tax rate to be higher than 36%.

Reconciliation of income taxes calculated at the Canadian statutory corporate income tax rate to the actual provision for income taxes are shown in Table 7.

Table 7: Reconciliation of Income Taxes

(CAD\$ in millions)	2017	Tax Rate (%)
Profit before taxes	\$3,976	
Tax expense at the Canadian statutory income tax rate of 26.10%	1,038	26.1%
Tax effect of:		
Resource taxes	371	9.3
Resource and depletion allowances	(128)	(3.2)
Non-temporary differences including one-half of capital gains and losses	14	0.4
Recognition of previously unrecognized tax pools	(9)	(0.2)
Effect due to tax legislative changes	(19)	(0.5)
Withholding taxes	57	1.4
Difference in tax rates in foreign jurisdictions	129	3.2
Revisions to prior year estimates	12	0.3
Other	(27)	(0.6)
Provision for income taxes	\$1,438	36.2%

Independent Auditor's Report

May 29, 2018

To the Board of Directors and management of Teck Resources Limited

We have audited selected subject matter contained in the 2017 Economic Contributions Report (the "Report") of Teck Resources Limited ("Teck") related to total payments to governments. The 'selected subject matter' comprises the following data for the year-ended December 31, 2017:

Total payments as defined by ESTMA as included in the tables 'Payments Made by Country and Level of Government' on page 16 of the Report and 'Payments Made by Country and on a Project-by-Project Basis' on page 18 of the Report.

Management's responsibility for the Report

Management is responsible for the preparation of the selected subject matter in accordance with the basis of accounting described in the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 12–14, and for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the selected subject matter based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the selected subject matter is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the selected subject matter. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the selected subject matter, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the selected subject matter in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the selected subject matter.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the selected subject matter for the year ended December 31, 2017 is prepared, in all material respects, in accordance with the basis of accounting described in the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 12–14.

Basis of accounting

Without modifying our opinion, we draw attention to the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 12–14, which describes the basis of accounting.

Restriction on use

Our responsibility in performing our audit is to the management of Teck only and in accordance with the terms of engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on our report is entirely at its own risk.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, British Columbia

Cautionary Note on Forward-Looking Statements

Certain statements contained in this report constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) and comparable legislation in other provinces (collectively, “forward-looking statements”), concerning our business, goals, operations and strategy. Forward-looking statements in this report include, but are not limited to, statements relating to our targeted contribution levels, policy goals, operational and sustainability goals and plans and our expectations regarding those goals and plans, and our statements around expectations of our economic contribution to stakeholders. The forward-looking statements in this report are based on current estimates, projections, beliefs, estimates and assumptions of the management team and are believed to be reasonable, though inherently uncertain and difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience

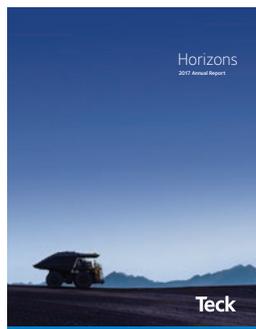
or achievements of Teck to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to the following: changes in Teck’s policies, regulatory action, changes in laws and governmental regulations, general business and economic conditions, and the future operation and financial performance of the company generally. Dividends are at the discretion of the Teck board. Certain of these risks and other additional risk factors are described in more detail in Teck’s Annual Information Form and its management’s discussion and analysis and other documents available at www.sedar.com and in public filings with the United States Securities and Exchange Commission at www.sec.gov. These statements speak only as of the date of this report. Teck does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

Corporate Directory

f Facebook: facebook.com/TeckResourcesLtd

t Twitter: twitter.com/TeckResources

in LinkedIn: linkedin.com/company/teck-resources-limited



2017 Annual Report



2017 Sustainability Report

Contact

Suite 3300, 550 Burrard Street
Vancouver, British Columbia, Canada
V6C 0B3
+1.604.699.4000 Tel
+1.604.699.4750 Fax
www.teck.com

