

Operations

Teck



Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentations contain certain 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 referred to herein as forward-looking statements). Forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variation of such words and phrases or state that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning: benefits and impact of our RACE21TM program; expectations regarding undertaking and scope of future innovation and transformation initiatives; expectation of continued improvements to cost, productivity, safety performance and other areas of the company; expectation of sustaining benefits from projects; Teck’s 2030 sustainability goal of reducing carbon intensity of all projects by 33%; Teck’s expectations for base metals growth; copper equivalent production targets; projected C1 costs; expectations regarding Teck’s copper growth portfolio and Teck’s positioning to realize value from those projects; projected QB2 strip ratio and AISC; statement that Antamina, Highland Valley and Carmen de Andacollo provide stable, low-cost operating foundation; mine life extension opportunities at Red Dog and strong portfolio of undeveloped zinc assets; a stable long term strip ratio in steelmaking coal; steelmaking coal transitioning to and achieving a 26-27 million tonnes long term run rate; Teck’s steelmaking coal reserves; Teck’s steelmaking coal operating strategy and our expectations of successfully implementing the strategy and its components; Elk Valley water treatment projections; expectation that our steelmaking coal will be more cost competitive with rising CO2 prices; the statement that our steelmaking coal business has strong margins in any market with exceptional cash generating potential; expectations regarding our Q42020+ product and sales strategy and record CFR China prices; forecast cost position in the 1st-2nd quartile by 2050; expectations for the steps taken to position for decarbonization; expectation of strong returns and cash flow generation potential for steelmaking coal; impact of commodity price change on annualized EBITDA and annualized profit; Teck’s ability to deliver on its plans to transform the cost structure and optimize margins; expectations regarding Neptune’s ramp up; the benefits of the Neptune facility upgrade, including but not limited to Neptune securing a long-term, low-cost and reliable steelmaking coal supply chain; Fort Hills resource estimates; expectation that operational problems are being addressed and will be resolved; expectation that Fort Hills can be a Best-in-class mineable oil sands asset; expectations and projections regarding Fort Hills financial outlook and EBITDA potential; the statement regarding Fort Hills significant EBITDA upside potential, and strong and steady cash flow for decades; Fort Hills debottlenecking and regional synergies potential and associated benefits; all guidance, including but not limited to, production, cost, sales, capital expenditure and operating expenditure guidance; and all other estimates and projections associated with our business and operations.

The forward-looking statements are based on and involve numerous assumptions, risks and uncertainties and actual results may vary materially. These statements are based on assumptions, including, but not limited to, the development of our copper projects, including but not limited to our QB2 project being in production by 2023; general business and economic conditions, interest rates, the supply and demand for, deliveries of, and the level and volatility of prices of, zinc, copper, coal, blended bitumen, and other primary metals, minerals and products as well as steel, oil, natural gas, petroleum, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations and new technologies, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to successfully implement our technology and innovation strategy, the performance of new technologies in accordance with our expectations, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees and business partners and joint venturers. Assumptions are also included in the footnotes or endnotes to various slides. Assumptions regarding our Elk Valley Water Quality Plan include assumptions regarding include assumptions that additional treatment will be effective at scale, and that the technology and facilities operate as expected. Assumptions regarding the benefits of the Neptune Bulk Terminals expansion include assumptions that the project is constructed and operated in accordance with current expectations, and upstream infrastructure is in place to support the additional capacity. Assumptions are also included in the footnotes or endnotes to various slides.

Factors that may cause actual results to vary materially include, but are not limited to, renewed or extended COVID-19 related suspension of activities and negative impacts on our suppliers, contractors, employees and customers; extended delays in return to normal operations due to COVID-19 related challenges; changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, challenges to intellectual property rights associated with our initiatives, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, and changes or further deterioration in general economic conditions. Fort Hills is not operated or controlled by Teck and our partners may make certain decisions affecting Fort Hills operations without our consent.

The forward-looking statements in this presentation and actual results will also be impacted by the effects of COVID-19 and related matters. The overall effects of COVID-19 related matters on our business and operations and projects will depend on how the ability of our sites to maintain normal operations, and on the duration of impacts on our suppliers, customers and markets for our products, all of which are unknown at this time. Continuing operating activities is highly dependent on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on business activities.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2020, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings, including but not limited to our quarterly reports.

QB2 Project Disclosure

The scientific and technical information regarding the QB2 project and Teck’s other material properties was prepared under the supervision of Rodrigo Marinho, P. Geo, who is an employee of Teck. Mr. Marinho is a qualified person, as defined under National Instrument 43-101.

Introduction

Red Conger
Executive Vice President and
Chief Operating Officer

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Andrew Milner
Senior Vice President and
Chief Transformation Officer

Greg Brouwer
Vice President, Transformation

Andrea Leroux
Director, Value Delivery



RACE - Teck's Path to Transformation

A journey kickstarted in 2019 to unlock the potential of technology and our people



Renew

the technology and data infrastructure

Automate

operations

Connect

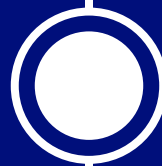
systems across the value chain

Empower

Teck's workforce through digital

... to reduce operating cost and significantly improve safety, sustainability, and productivity

**2019 PTV
target
\$150M**



2019

Demonstrate the
opportunity

**2019 PTV
target
\$150M**



We Stood up Domains

Across our operations to achieve this target



Mining Analytics



Automation



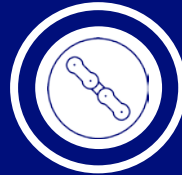
Processing Analytics



Ore Body Knowledge



Maintenance Analytics



Integrated Operations

Advanced Analytics

- Data in the cloud
- Computing power analyzes data
- Patterns and insights identified



**2019 PTV
Target
\$150M**



2019

Demonstrate the
opportunity



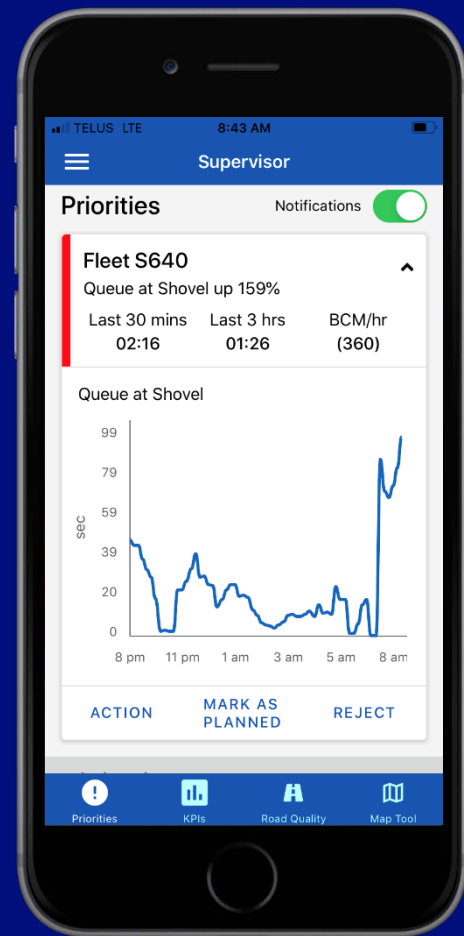
**Teck Pioneers Haul
Cycle Analytics
Program**



Haul Cycle Analytics

Data rich enabling rapid application of advanced analytics

- ✓ Established first **in-house digital and implementation team**
- ✓ **Partnered** with Fording River Operations team
- ✓ Efforts initiated in 2019 **targeting critical area of business**
- ✓ **Empowered our people** to make better and faster decisions
- ✓ **Significant productivity uplift** in September – December period at Fording River





Haul Cycle Analytics

*“These new insights have allowed our
frontline leaders to make better and
faster decisions to improve
operational results.”*

- Richard Whittington, GM, Fording River





2019

Demonstrate the
opportunity

**2019 PTV
Target
\$150M**



**Processing deploys
first product at
Highland Valley
Copper**



**Teck Pioneers Haul
Cycle Analytics
Program**

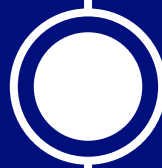


Processing Analytics

First solution deployed at Highland Valley Copper

- Significant flotation recovery improvement
- Early engagement generated excitement





2019

Demonstrate the
opportunity

**2019 PTV
Target
\$150M**



**Teck Pioneers Haul
Cycle Analytics
Program**

**Processing deploys
first product at
Highland Valley
Copper**



PTV \$150M
Value Realized



2020

Driving impact



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



2020

Driving impact



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



Our culture is
changing

*“How can we use data from haul trucks
and leverage haul cycle analytics to
address our #1 safety risk:
vehicle interactions?”*

- Robin Sheremeta, Senior Vice President, Coal



Reducing Risk of Vehicle Interactions

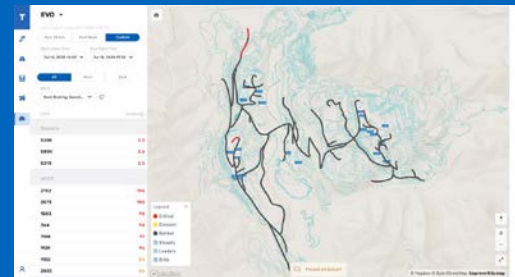
- Partnered with safety teams across Teck
- Reduced the risk associated with roads and people behaviour
- Optimizing Safe Production
- On-going development and implementation in Steelmaking Coal



Supervisor App
Safety Notification



Light Vehicle
Operator Safety
Scoreboard



Road Safety Tool



Truck Operator
Safety Scorecard



2020

Driving impact



Renewing
Infrastructure to support mining and processing analytics

Connecting
Our data and systems through the creation of new data pipelines



Renewing
Infrastructure to support mining and processing analytics

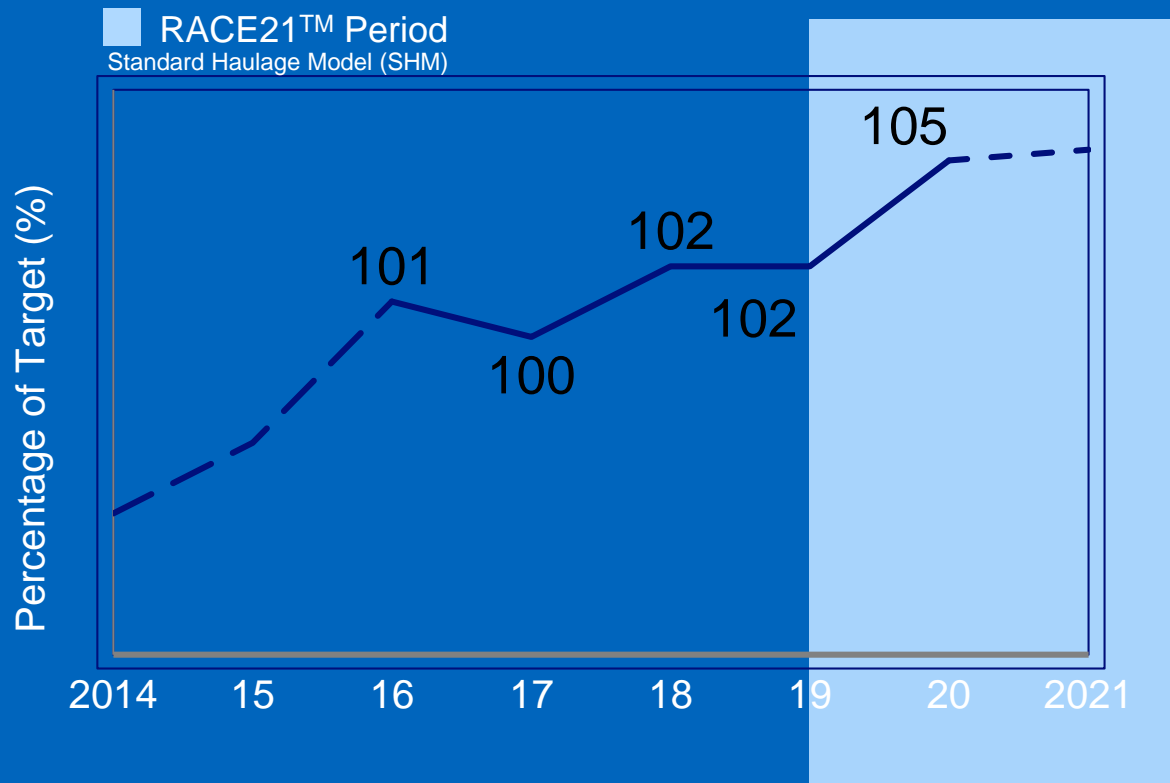
Connecting
Our data and systems through the creation of new data pipelines



Haul Cycle Analytics
contributing to record truck productivity



Haul Cycle Analytics



Access to insights that **empower our frontline people** to make better and faster decisions

Advanced analytics tools combined with performance management enabling **new ways of working** in our operations

These tools contribute to **record haul truck productivity and enable safety improvements** across all our operations in Steelmaking Coal



2020

Driving impact



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



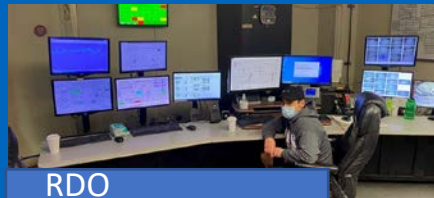
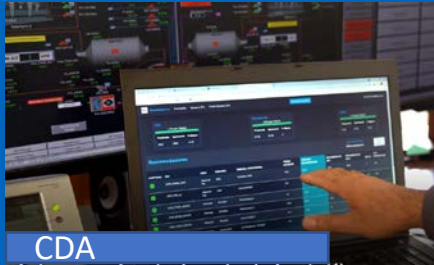
Haul Cycle Analytics
contributing to record
truck productivity

**Processing
Analytics scaled
across Teck**





Processing Analytics



Processing Analytics scaled to deliver significant impact

- Optimizing plant performance
- Six operations
- Critical tool for operators



Processing Analytics

"Analytics has helped us become more consistent operators"

- John Morrison, Operator

"It is really as simple as that"

- Kim Heyland, Operator





Processing Analytics

“RACE culture has empowered site teams to challenge the status quo - driving mill performance and throughput beyond what has historically been achievable.”

- *Shehzad Bharmal, Senior Vice President, Base Metals, North America & Peru*





2020

Driving impact



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines



Renewing

Infrastructure to support mining and processing analytics

Connecting

Our data and systems through the creation of new data pipelines

**Processing
Analytics scaled
across Teck**



**Haul Cycle Analytics
contributing to record
truck productivity**



**Leveraging Advanced
Analytics to advance
sustainability goals**



Water



Areas we're exploring

1

Enable identification and mitigation of water issues in near-real-time

2

Significantly accelerate speed of drawing insight from data

3

Improve water quality performance and reduces/eliminates permit non-compliance

4

Improve compliance and increase water usage efficiency via real-time insight

Building Digital Capability & Capacity

- Digital product development squads
- New product framework (Agile)
- New capacity and skills

Organizational digital literacy



**Optimizing the full
value chain**

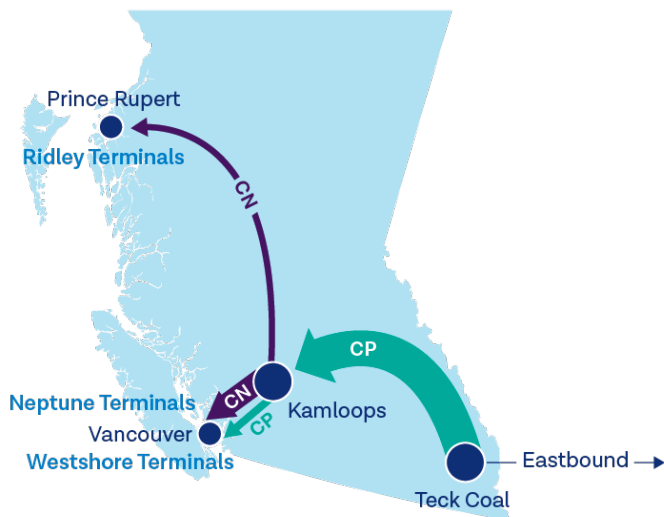


2021
Integration



Integrated Operations

Supporting the Steelmaking Coal supply chain transformation with a new pit-to-port tool



- Historical state is data rich
- Complex and frequently changing input parameters
 - Mine release
 - Clean coal and inventory on rail
 - Vessel arrivals and order
 - Specific vessel blends
 - Maximizing value
- Daily, weekly and monthly planning, blending and inventory management

Optimizing the full
value chain



2021
Integration



Copper and Zinc

Shehzad Bharmal
Senior Vice President
Base Metals, North America & Peru

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Significant Base Metals Growth

Expanding our high-quality Base Metals business

~100%

**Near-term copper
production growth¹**

>850kt

**Per year copper
equivalent
production by 2023²**

>50%

**Gross Profit Margin
before Depreciation
& Amortization³**

\$3.8B

**Illustrative EBITDA
from Base Metals
with QB2^{4,5}**

- High-quality operating assets with strong margins
- Substantial near-term growth from QB2
- Operational excellence underpins cost competitiveness
- Driving improved performance with RACE21™

Building on our foundation of quality assets and operating discipline

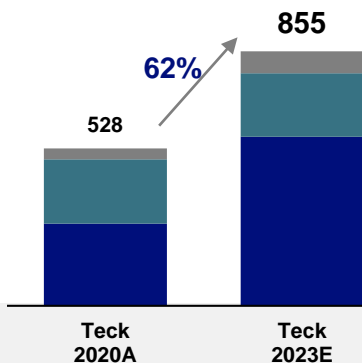
Significant Base Metals Growth

Teck's Base Metals business rivals leading copper peers

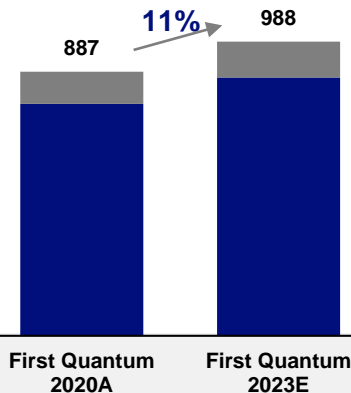
Consolidated Copper Equivalent Production ¹ (kt CuEq)

■ Copper ■ Zinc (CuEq) ■ Other (CuEq)

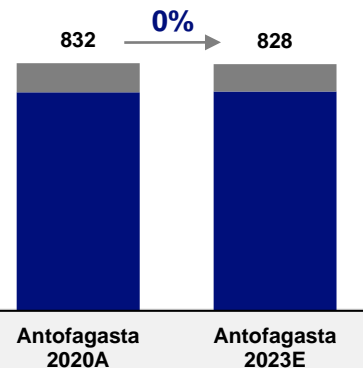
Teck



First Quantum



Antofagasta



Reserves²
M&I Res.²
Inferred Res.²
(CuEq Mt)

34.1
56.8
50.3

36.2
10.8
13.1

21.6
58.1
57.9

Operating
Jurisdictions

Canada, USA,
Chile, Peru

Zambia, Mauritania,
Panama, Spain, Turkey,
Finland

Chile

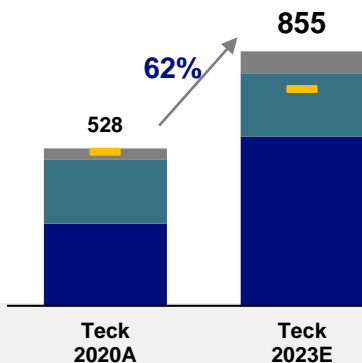
Significant Base Metals Growth

Teck's Base Metals business rivals leading copper peers

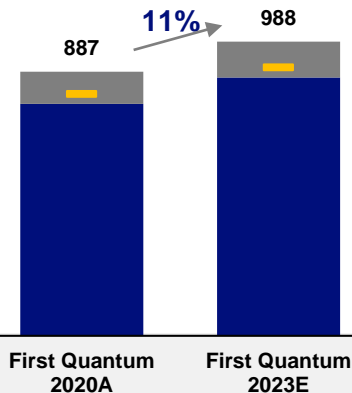
Consolidated Copper Equivalent Production ¹ (kt CuEq)

■ Copper ■ Zinc (CuEq) ■ Other (CuEq) ■ Attributable (CuEq)

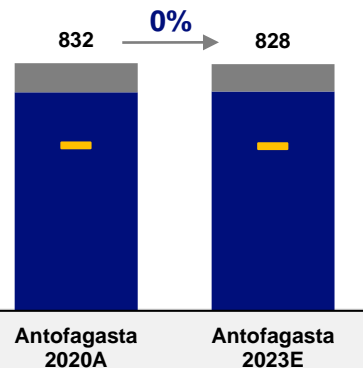
Teck



First Quantum



Antofagasta



C1 Cost²
(US\$/lb Cu)

\$1.28

\$1.16

\$1.21

\$1.33

\$1.14

\$1.14

Enterprise
Value³ (C\$B)

\$29.9

\$27.3

Industry Leading Copper Growth

Building on our foundation of quality assets and operating discipline

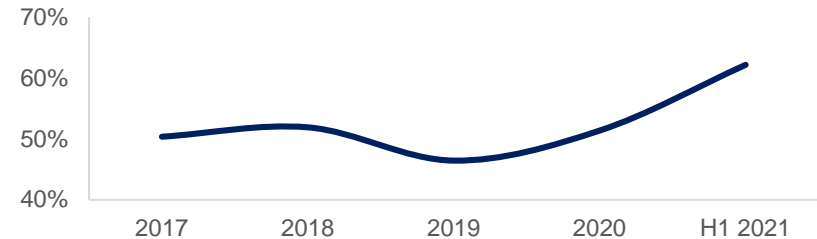
Quality assets with strong margins

- Antamina, Highland Valley and Carmen de Andacollo provide a stable, low-cost operating foundation
- QB2 has low strip ratio and AISC³ in second quartile
- Continuous improvement is core to operating philosophy

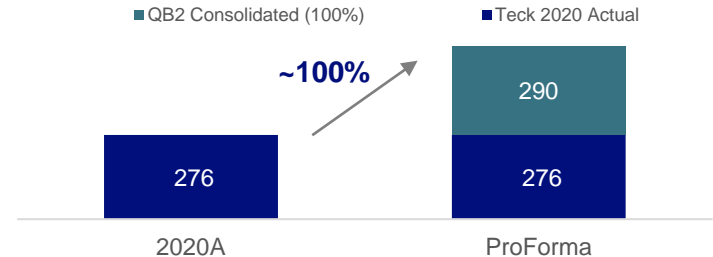
Significant near-term growth and options

- QB2 first production in the second half of 2022
- Teck is positioned to realize value from a robust pipeline of copper projects
- Multiple high-quality near-term (San Nicolas and Zafranal), medium-term (QB3 and Galore Creek) and mine life extension (HVC and Antamina) options

Gross Profit Margin Before Depreciation & Amortization from Operations Consistently ~45-55%¹



Teck Consolidated Copper Production² (kt Cu)



Continue to prudently advance the growth portfolio to increase the value and certainty of options

World Class Zinc Business

Large scale, low-cost integrated business

Quality assets with strong margins

- Red Dog is a first quartile cash cost operation
- Trail produces refined zinc, lead, and other products with clean, renewable power and strong recycling capabilities

Integrated business model

- Unique position as largest net zinc miner
- Exposure to price increases and market changes

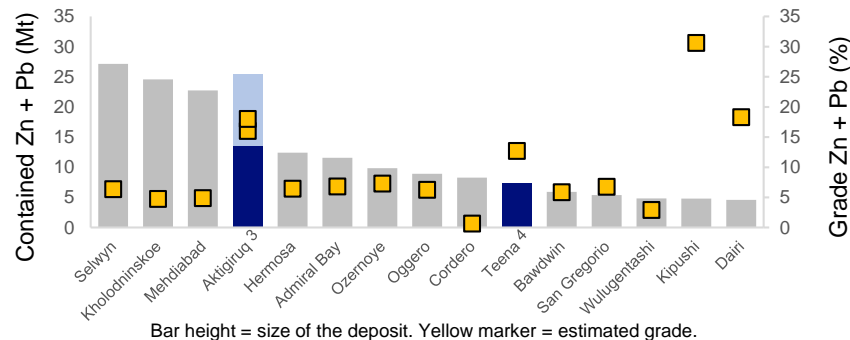
Attractive development opportunities

- Significant potential mine life extension in Red Dog district, with large, high grade mineralized system
- Several of the top next generation zinc assets

Gross Profit Margin before Depreciation & Amortization from Mining Operations Consistently >50%¹



Teck Has Several Large Undeveloped Zinc Assets²



Maximizing cash flows from quality assets

RACE21™ – Processing Analytics Journey

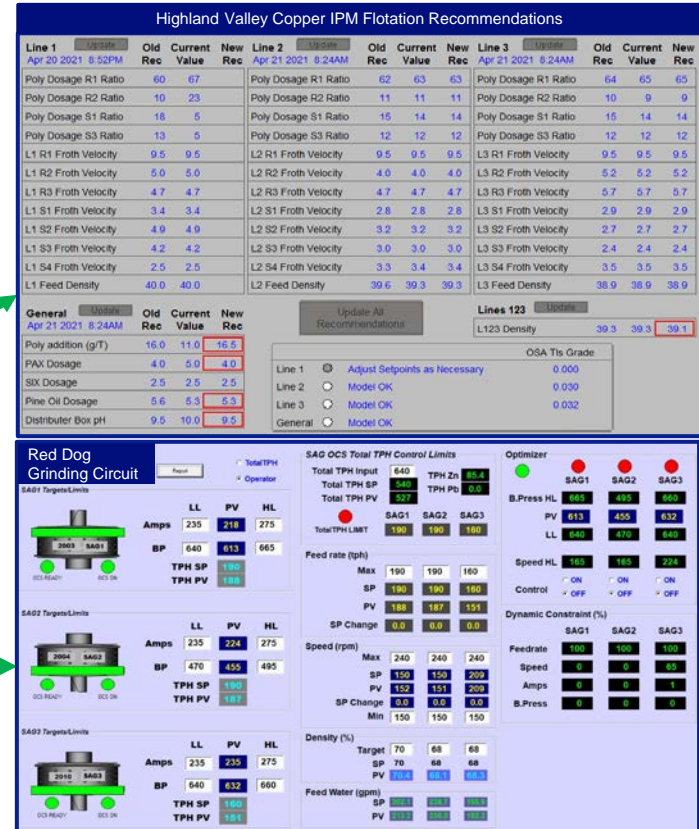
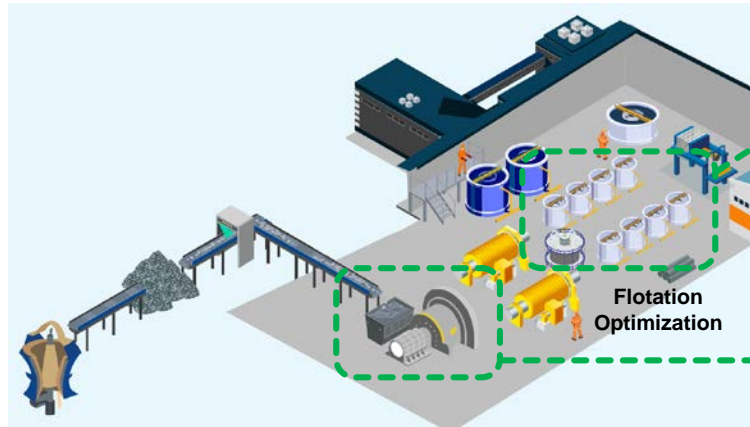
Significant improvements realized within our processing plants

Red Dog Operations

- Advanced grinding control has realized a ~9% increase in production rates¹

Highland Valley Copper

- Deployed real-time optimization models have realized a ~7% increase in copper production²



Significant Base Metals Cash Flow

Expanding our high-quality Base Metals business

- High quality, growing copper business
- World class zinc business
- Focus on operating discipline
- Significant improvements driven by RACE21™



Building on our foundation of quality assets and operating discipline

Steelmaking Coal

Robin Sheremeta
Senior Vice President, Coal

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Tier-One Steelmaking Coal Portfolio

49%

Steelmaking Coal
12-year Historical Average
Annual Impairment
Adjusted EBITDA Margin¹

\$2.2B

Steelmaking Coal
12-year Historical Average
Annual Impairment
Adjusted EBITDA¹

4

Fully Integrated
Operating Mines

~27

Mtpa
Steelmaking Coal
Production Capacity
(attributable)

- Diversified, long term customer base
- Stable long term strip ratio
- Long term production run rate of 26-27 million tonnes per annum
- Positive social license with a history of 50+ years of continuous operations
- Integrated operations and supply chain with dedicated market access

Proven commitment to responsible mining through innovation

Steelmaking Coal Operating Strategy

Optimized Supply Chain

- Improved market access and reliability for customers
- Pit to port integration maximizes short and long term Elk Valley synergies

Increase Margins Not Volumes

- Strategically replaced high cost tonnes with low cost tonnes – **Elkview Plant Expansion**
- Leveraging technology to lower unit costs and increase throughput – **RACE**

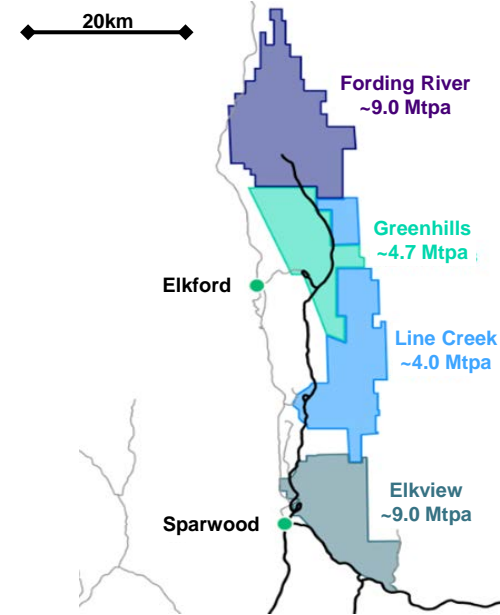
Innovation Drives Best in Class Productivity and Asset Utilization

- Leaders in haul truck productivity improvement
 - Record 2020 haul truck productivity
- Asset life cycle optimization to minimize capital investment requirements; Advanced plant & mining analytics

Commitment to Strong Social and Environmental Performance

- Improving water quality
- Reducing carbon footprint

Map and Production Capacity¹



~800 Mt of reserves² support long term production run rate of 26-27 million tonnes per annum

Executing on the Elk Valley Water Quality Plan

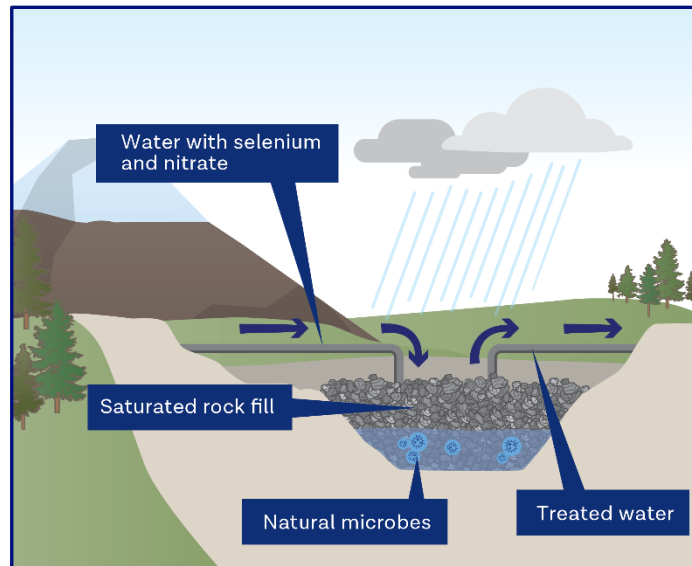
Active Water Treatment Facilities (AWTF)

- Tank based biological treatment process removes nitrate and transforms selenium into a solid form

Saturated Rock Fill (SRF)

- Uses naturally-occurring biological process in old mining areas that are backfilled with rock and saturated with water

Saturated Rock Fill (SRF)



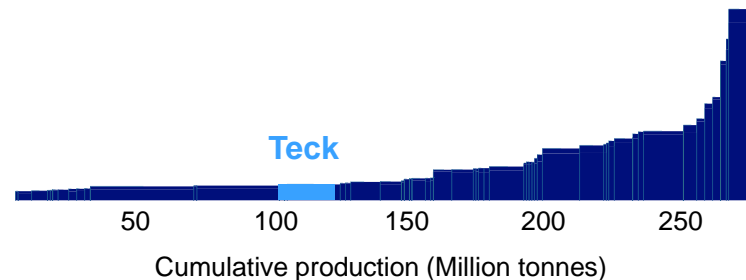
Tripling treatment capacity in 2021 >50 million litres per day; 90 million litres per day by 2025

Optimally Positioned For a Decarbonizing Future

- Teck's premium hard coking coal improves blast furnace efficiency and decreases CO₂ emissions per tonne of steel
- Within the lowest carbon performance of the commodity range, assisted by access to low carbon sources of electricity in B.C.
- Evaluating renewable and alternative energy sources and storage capabilities and introducing efficient and emissions-free fleet technology

Steelmaking Coal CO₂ Intensity Curve¹ (t CO₂e/t saleable coal)

Will be even more cost competitive
with rising CO₂ prices globally



Highest quality HCC leading to amongst the lowest CO₂ emissions in steelmaking coal

Proven Operator, Managing for Margin And Costs Through Cycles

Low Price Environment

Cost focus to protect margins and maximize Free Cash Flow¹

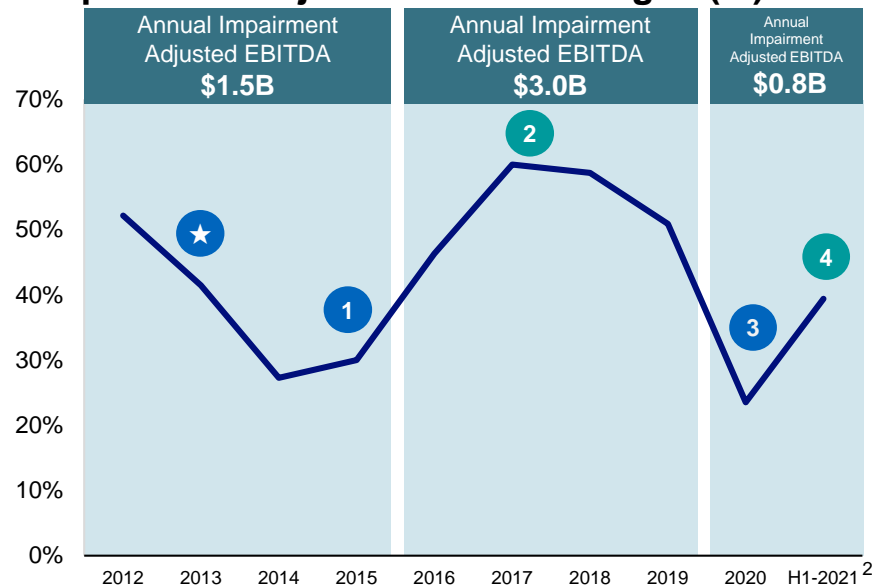
- ★ 2013: Cost Reduction Program (CRP) is introduced
- 1 2013-2016: Operating Excellence drives cost reduction and productivity improvement
- 3 2020: CRP in response to pandemic disruption

High Price Environment

Production focus to capture high margins and maximize Free Cash Flow¹

- 2 2016-2019: Historic bull-run focused on maximizing Free Cash Flow¹
- 4 Q4 2020+: Product and sales strategy to maximize record CFR China prices

Steelmaking Coal Impairment Adjusted EBITDA¹ & Impairment Adjusted EBITDA Margin¹ (%)



Strong EBITDA¹ and EBITDA Margin¹ generation potential through all cycles

Top Quartile Margins in Steelmaking Coal

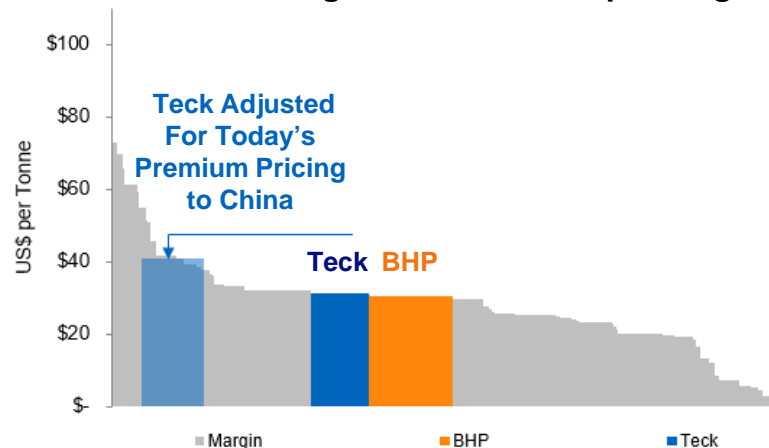
Managing our Core Business Drivers to Optimize Margins

- Neptune capacity increase and third-party logistics contracts
 - Lowering port costs, increase logistics chain flexibility and improved reliability
- RACE21™ transformation
 - Lowering operating costs and increasing EBITDA¹ potential
- Stable long term strip ratio, maintaining best in class truck productivity
- Strong margins in any market with exceptional cash generating potential

Strong Cash Flow Generation Potential²

	Clean Coal Production per Annum	Change	Estimated Effect on Annualized Profit ³	Estimated Effect on Annualized EBITDA ³
Coal	26 Mt	US\$50/t	C\$950M	C\$1,500M

Seaborne Steelmaking Coal Delivered Operating Margin⁴



Steelmaking coal competitively positioned to continue to deliver strong returns

Logistics

Réal Foley
Senior Vice President
Marketing and Logistics

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Steelmaking Coal Supply Chain

Logistics – Improved Reliability

- Port and rail optionality - leveraged capacity at Ridley Terminal to mitigate interruptions due to BC wildfires
- Mine inventory at healthy levels
- RACE21™ technology and tools being utilized to optimize coal supply chain performance

Neptune Terminal Upgrade – Executing on Ramp Up

- Major infrastructure work complete
- Neptune components performing consistently and achieving planned throughput rates
- Site wide ramp up in Q3 2021; on pace for >18.5 Mtpa rate in Q4 2021



Neptune upgrade secures a long-term, low-cost and reliable steelmaking coal supply chain

Neptune Terminal Upgrade

Control Room

September 2021

Teck



Neptune Terminal Upgrade

Tandem Dumper

August 2021

Teck



Neptune Terminal Upgrade

Shiploader Conveyor

August 2021



Neptune Terminal Upgrade

West Shiploader

September 2021

Teck



Neptune Terminal Upgrade

East & West
Shiploaders

May 2021

Teck



Energy

Kieron McFadyen
Senior Vice President, Energy

The Teck logo is displayed in a bold, dark blue, sans-serif font. It is positioned in the bottom right corner of the slide, which has a white background. The logo consists of the word "Teck" in a clean, modern typeface.

Fort Hills Oil Sands Mine

State of the art oil sands mining facility

Capacity
200+kbpd
(Dec 2018)

Low GHG
Intensity²

High Ore Quality¹
(11.4% bitumen grade)

Long Life
Resource¹
(550Mbbbls Teck share)

Fort Hills Operations Update

Operational problems being addressed, with continued focus on production ramp-up

- Mining contractors now on site to support ramp-up
- Major water inflows are capped
- Process underway to stabilize and maintain pit wall slope
- Recent operational performance show clear signs of improvements in mine productivity



Focus on transforming Fort Hills into a Best-in-Class¹ mineable oil sands asset

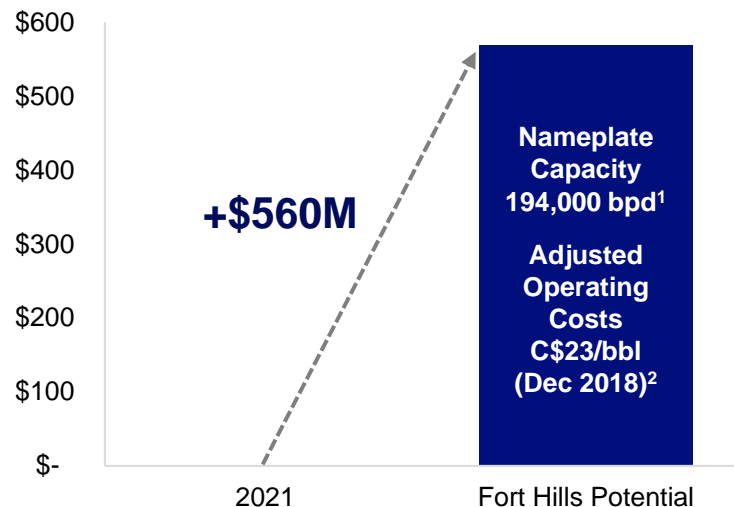
Fort Hills Financial Outlook

Financial performance improves once production is stabilized

Assumptions

	2021	Fort Hills Potential
NYMEX WTI	US\$67.93	US\$75.00
WTI-WCS differential	US\$13.01	US\$12.00
C\$/US\$ exchange rate	1.24	1.25
Production – barrels/day ¹	20,045	41,330
Adjusted operating costs ²	C\$43/bbl	C\$23/bbl

EBITDA³ – Teck's Share (C\$ million)



Improved financial performance expected with stable two-train production

Significant EBITDA Upside Potential

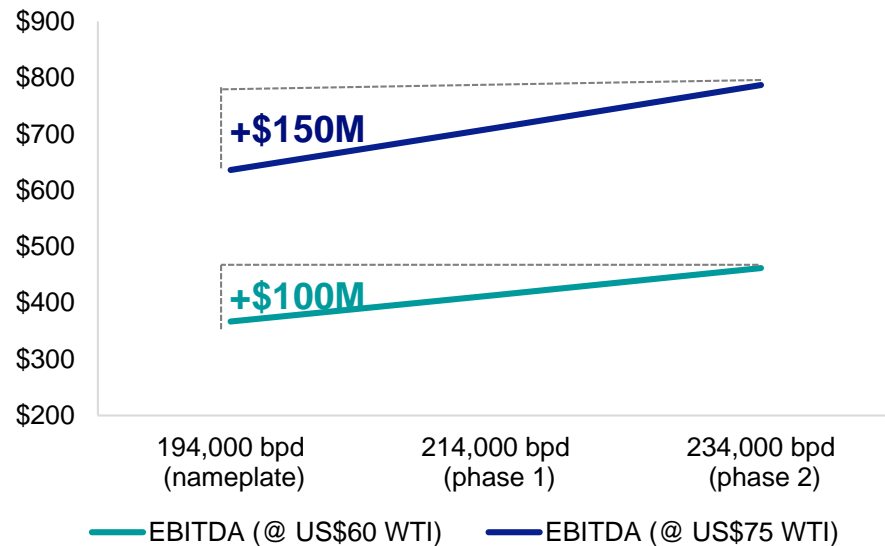
Providing the basis for strong and steady cash flow for decades

Assumptions

	WTI @ US\$75/BBL	WTI @ US\$60/BBL
WTI-WCS differential	US\$10.75	US\$10.75
C\$/US\$ exchange rate	1.25	1.25
Adjusted operating costs ²	C\$23/bbl	C\$23/bbl

- Debottlenecking could add incremental capacity of 20,000 – 40,000 barrels per day
- Regional synergies may provide further opportunities for cost efficiencies and production optimization

EBITDA¹ Potential – Teck's Share (C\$ million)



Potential annual EBITDA of \$300 million to \$700 million with debottlenecking

Appendix - Energy

Crude Oil Prices Supported by Supply Restraints

Demand-supply imbalance leading to price recovery

Demand returning to pre-COVID-19 levels

- Q4 2021 and 2022 annual forecast >100 Mbpd
- Prior to Hurricane Ida, US refinery capacity at 92%

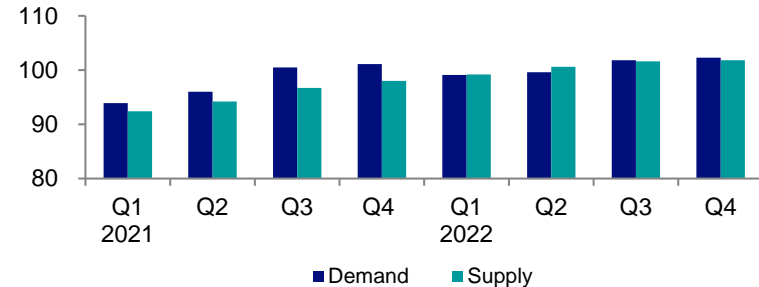
Supply restraint – inventory drawdowns

- US: 1.5 Mbpd below peak
- OPEC+: Managed/ratable return to market

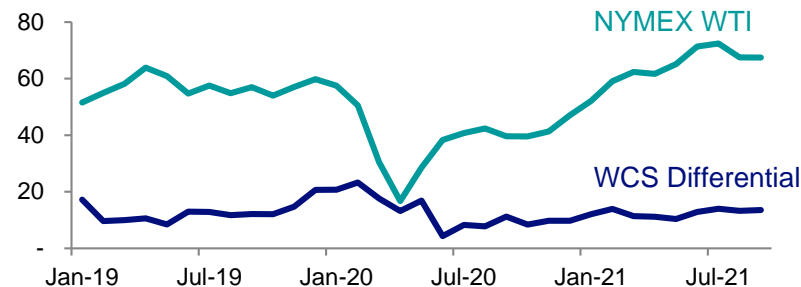
Canadian differentials steady; forecast to narrow on improved pipeline egress

- Enbridge Line 3: In-service Q4 2021
- TransMountain TMX: In service Q4 2022
- US/China/India largest heavy crude importers

Global Crude/Liquids Demand/Supply (Mbpd)



Benchmark Pricing (US\$/bbl)



Appendix – Guidance

Guidance - Production

Units in 000's tonnes (excluding steelmaking coal, molybdenum, and bitumen)	2020	2021 Guidance ¹	3-Year Guidance ¹ (2022-2024)
Copper^{2,3,4}			
Highland Valley	119.3	128-133	135-165
Antamina	85.6	91-95	90
Carmen de Andecollo	57.4	46-51	50-60
Quebrada Blanca ⁶	13.4	10-11	-
Total copper	275.7	275-290	275-315
Zinc^{2,3,5}			
Red Dog	490.7	510-530	510-550
Antamina	96.3	95-100	80-100
Total zinc	587.0	603-630	590-650
Refined zinc			
Trail	305.1	290-300	305-315
Steelmaking coal (Mt)	21.1	25.0-26.0	26.0-27.0
Bitumen³ (Mbbl)			
Fort Hills	8.4	6.6-8.1	14
Lead²			
Red Dog	97.5	90-100	80-90
Molybdenum^{2,3} (Mlbs)			
Highland Valley	3.8	1.2-1.8	3.0-4.5
Antamina	1.5	1.0-1.4	2.0-3.0
Total molybdenum	5.1	2.2-3.2	5.0-7.5

Guidance - Sales and Unit Costs

Sales	Q2 2021	Q3 2021 Guidance ¹
Zinc²		
Red Dog (kt)	39	180-200
Steelmaking coal (Mt)	6.2	6.0-6.4
Unit Costs	2020	2021 Guidance ¹
Copper³		
Total cash unit costs ⁷ (US\$/lb)	\$1.57	\$1.65-1.75
Net cash unit costs ^{4,7} (US\$/lb)	1.28	1.30-1.40
Zinc⁵		
Total cash unit costs ⁷ (US\$/lb)	0.53	\$0.54-0.59
Net cash unit costs ^{4,7} (US\$/lb)	0.36	0.35-0.40
Steelmaking coal⁶		
Adjusted site cash cost of sales ⁷	\$64	\$59-64
Transportation costs	41	39-42
Inventory write-down	3	-
Unit costs ⁷ (C\$/tonne)	\$108	\$98-108
Bitumen		
Adjusted operating costs ⁷ (C\$/barrel)	C\$31.96	C\$40-44

Guidance - Water Treatment

Excerpt from Teck's Q2 2021 Press Release

There is no change to our 2021 guidance on water-related spending. We expect capital spending of approximately \$255 million in 2021 on water treatment (AWTFs and SRFs) and water management (source control, calcite management and tributary management). By the end of 2021, we expect to increase total treatment capacity to more than 50 million litres per day. From 2022 to 2024, capital investment in water management and water treatment is expected to increase by approximately \$100 million to \$400 to \$500 million as we are advancing the timing of water treatment from future years to support continued mine development. The investment in water treatment will further increase treatment capacity to 90 million litres per day.

In addition to the capital set out above and as previously announced, the aggregate cost of the incremental measures required under the October 2020 Direction issued by Environment and Climate Change Canada (the Direction) is preliminarily estimated at \$350 to \$400 million between 2021 and 2030.

Operating costs associated with water treatment were approximately \$0.75 per tonne in 2020 and, as previously disclosed, are projected to increase gradually over the long term to approximately \$3 per tonne as additional water treatment becomes operational. Long-term capital costs for construction of additional treatment facilities are expected to average approximately \$2 per tonne annually.

Final costs of implementing the Plan and the Direction for managing water quality will depend in part on the technologies applied, on regulatory developments and on the results of ongoing environmental monitoring and modelling. The timing of expenditures will depend on resolution of technical issues, permitting timelines and other factors. Certain cost estimates are based on limited engineering and the feasibility of certain measures has not yet been confirmed. Implementation of the Plan also requires additional operating permits. We expect that, in order to maintain water quality, some form of water treatment will continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provides for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental impacts, technical issues or advances associated with potential treatment technologies that could substantially increase or decrease both capital and operating costs associated with water quality management, or that could materially affect our ability to permit mine life extensions in new mining areas.

Appendix – Endnotes

Endnotes: Copper and Zinc

Slide 2: Significant Base Metals Growth - Expanding our high-quality Base Metals business

1. Source: Wood Mackenzie base case copper production dataset. Consolidated production estimate was derived based on accounting standards for consolidation. Copper production growth estimate uses 2020 actual production and Wood Mackenzie data for 2023.
2. Production for 2023 is sourced from Wood Mackenzie asset models and is shown on a consolidated reporting basis. Copper equivalent production includes copper, zinc, molybdenum, lead and gold, considering production from Teck's Copper and Zinc mining assets only. Copper equivalent production is calculated using the following prices: US\$3.50/lb Cu, US\$1.15/lb Zn, US\$0.90/lb Pb, US\$10.50/lb Mo, US\$1.650/oz Au.
3. Mining operations only, and therefore excludes Trail. Calculated as Gross Profit Before Depreciation & Amortization divided by reported Revenue, sourced from Teck's public disclosures for the period of 2017 through the first half of 2021. Gross Profit Before Depreciation & Amortization Margin from Mining Operations is a non-GAAP financial measure.
4. Illustrative Base Metals EBITDA is H1 2021 Adjusted EBITDA for our Copper and Zinc Business Units annualized and price adjusted assuming prices of US\$3.50/lb Cu and US\$1.15/lb Zn. All other commodity prices are at H1 2021 actual average prices with a Canadian / U.S. dollar exchange rate of \$1.25. The sensitivity of our EBITDA to changes in commodity prices are: US\$0.01/lb change in copper price = C\$7 million EBITDA; US\$ 0.01/lb change in zinc price = C\$12 million EBITDA. EBITDA and Adjusted EBITDA are non-GAAP financial measures. See "Non-GAAP Financial Measures" slides.
5. QB2 EBITDA assumes a C1 cash cost of US\$1.28/lb, a Canadian/U.S. dollar exchange rate of 1.25 and annual copper sales of 290,000 tonnes. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

Slide 3: Significant Base Metals Growth - Teck's Base Metals business rivals leading copper peers

1. Production for 2020 reflects actuals sourced from company disclosures. Production for 2023 is sourced from Wood Mackenzie asset models, considering assets included in Wood Mackenzie's base case for each company. Production is shown on a consolidated reporting basis. Copper equivalent production for 2020 is calculated using annual average prices of: US\$2.83/lb Cu, US\$1.05/lb Zn, US\$0.85/lb Pb, US\$8.68/lb Mo, US\$1,779/oz Au, US\$20.70/oz Ag, US\$6.43/lb Ni. Copper equivalent production for 2023 is calculated using the following prices: US\$3.50/lb Cu, US\$1.15/lb Zn, US\$0.90/lb Pb, US\$10.50/lb Mo, US\$1.650/oz Au, US\$22.50/oz Ag, US\$6.90/lb Ni.
2. Teck's contained equivalent copper metal at 100% basis for all Copper and Zinc assets. See Teck's 2020 AIF for further information, including the grade and quantity of reserves and resources for these assets and the grade of the other metals used to determine the copper equivalent. Contained equivalent copper metal for peers are sourced from SNL Financial – S&P Global Market Intelligence. Copper equivalent is calculated using prices of: US\$3.50/lb Cu; US\$1.15/lb Zn; US\$6.90/lb Ni; US\$21/lb Co; US\$10/lb Mo; US\$1,400/oz Au; US\$18/oz Ag; US\$1,300/oz Pd; US\$1,200/oz Pt.

Slide 4: Significant Base Metals Growth - Teck's Base Metals business rivals leading copper peers

1. Production for 2020 reflects actuals sourced from company disclosures. Production for 2023 is sourced from Wood Mackenzie asset models, considering assets included in Wood Mackenzie's base case for each company. Production is shown on a consolidated reporting basis, except where noted as attributable for ownership. Copper equivalent production for 2020 is calculated using annual average prices of: US\$2.83/lb Cu, US\$1.05/lb Zn, US\$0.85/lb Pb, US\$8.68/lb Mo, US\$1,779/oz Au, US\$20.70/oz Ag, US\$6.43/lb Ni. Copper equivalent production for 2023 is calculated using the following prices: US\$3.50/lb Cu, US\$1.15/lb Zn, US\$0.90/lb Pb, US\$10.50/lb Mo, US\$1.650/oz Au, US\$22.50/oz Ag, US\$6.90/lb Ni.
2. 2020 C1 cash cost data is sourced from company disclosures and are for copper operations only. Expected 2023 C1 cash cost data is sourced from S&P Global Market Intelligence (formerly SNL Metals & Mining) cost curve database considering primary copper mines and total cash costs on a by-product basis for Teck and peers, and weighted on a consolidated production basis.
3. Enterprise Value, or Total Enterprise Value is as of market close on August 30, 2021 and is sourced from S&P Capital IQ.

Slide 5: Industry Leading Copper Growth

1. Calculated as reported Gross Profit before D&A divided by reported Revenue, sourced from Teck's public disclosures. Margin data from 2017-2020 are for the full year, while margin data for 2021 reflects available results through the first half of 2021 only. Gross Profit Before Depreciation & Amortization Margin from Operations is a non-GAAP financial measure.
2. We include 100% of production from our Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we do not own 100% of these operations, because we fully consolidate their results in our financial statements. We include 22.5% of production from Antamina, representing our proportionate ownership interest in the operation. QB2 is on a consolidated basis and is based on the QB2 Sanction Case first five full years of copper production.
3. All-in sustaining costs (AISC) are net cash unit costs (also known as C1 cash costs) plus sustaining capital expenditures. Net cash unit costs are calculated after cash margin by-product credits assuming US\$10.00/lb molybdenum and US\$18.00/oz silver. Net cash unit costs for QB2 include stripping costs during operations. AISC, Net cash unit cost and cash margins for by-products are non-GAAP financial measures which do not have a standardized meanings prescribed by International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles in the United States. These measures may differ from those used by other issuers and may not be comparable to such measures as reported by others. These measures are meant to provide further information about our financial expectations to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS. For more information on our calculation of non-GAAP financial measures please see our Management's Discussion and Analysis for the year ended December 31, 2018, which can be found under our profile on SEDAR at www.sedar.com.

Endnotes: Copper and Zinc

Slide 6: World Class Zinc Business

1. Mining operations only, and therefore excludes Trail. Calculated as Gross Profit before D&A divided by reported Revenue, sourced from Teck's public disclosures. Margin data from 2017-2020 are for the full year, while margin data for 2021 reflects available results through the first half of 2021 only. Gross Profit Margin Before Depreciation & Amortization from Mining Operations is a non-GAAP financial measure.
2. Sources: S&P Global Market Intelligence, SNL Metals & Mining Database, Teck Public Disclosures.
3. 80-150 Mt @ 16-18% Zn + Pb. Aktigiruiq is an exploration target, not a resource. Refer to press release of September 18, 2017, available on SEDAR. Potential quantity and grade of this exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.
4. Inferred resource of 58 Mt @ 11.1% Zn and 1.5% Pb, at a 6% Zn + Pb cut off, estimated in compliance with the Joint Ore Reserves Committee (JORC) Code. Excludes Myrtle.

Slide 7: RACE21™ – Processing Analytics Journey

1. Production rate increase is compared against a historical throughput baseline established for similar operating conditions when the tools were not in use.
2. Copper production increase is compared against a historical baseline established for similar operating conditions when the tools were not in use.

Endnotes: Steelmaking Coal

Slide 2: Tier-One Steelmaking Coal Portfolio

1. The 12-year historical average annual Impairment Adjusted EBITDA and Impairment Adjusted EBITDA Margin are for the 2009 to 2020 period, inclusive. Impairment Adjusted EBITDA and Impairment Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" slides.

Slide 3: Steelmaking Coal Operating Strategy

1. Metallurgical Clean Coal production capacity from Teck's 2020 Annual Information Form, shown on an attributable basis to Teck (80% Greenhills).
2. Metallurgical Clean Coal Mineral Reserves from Teck's 2020 Annual Information Form. Reserves is shown on a mine and property total and is not limited to Teck's proportionate interest, annual production supported by reserves is shown on an attributable basis to Teck (80% Greenhills).

Slide 5: Optimally Positioned For a Decarbonizing Future

1. Source: Skarn Associates, Q2 2021 update to 2020 dataset for global carbon intensity performance of steelmaking coal assets. Includes Scope 1 and 2 emissions.

Slide 6: Proven Operator, Managing for Margin and Costs Through Cycles

1. Free Cash Flow, EBITDA, Impairment Adjusted EBITDA, EBITDA Margin, Impairment Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" slides.
2. Annualized.

Slide 7: Top Quartile Margins in Steelmaking Coal

1. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
2. Sensitivities from Teck's 2020 Annual Report. The sensitivity of our annual profit attributable to shareholders and EBITDA to changes in the Canadian/U.S. dollar exchange rate and commodity prices, before pricing adjustments, based on a 26.0 million tonne production volume estimate, our current balance sheet, current commodity prices and a Canadian/U.S. dollar exchange rate of \$1.30. See Teck's Q4 2020 press release for further details.
3. The effect on our profit attributable to shareholders and on EBITDA of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes. Our estimate of the sensitivity of profit and EBITDA to changes in the U.S. dollar exchange rate is sensitive to commodity price assumptions. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
4. Source: Teck, Wood Mackenzie Seaborne Metallurgical Coal Cost Curve August 2021. Teck's total cost includes royalties normalized to Wood Mackenzie's 2021 FY FOB Australia HCC price assumption of US\$130.74 per tonne.

Endnotes: Energy

Slide 2: Fort Hills Oil Sands Mine

1. Source: Oil Sands Magazine. <https://www.oilsandsmagazine.com/projects/suncor-fort-hills-mine>
2. Source: Oil Sands Magazine. <https://www.canadianenergycentre.ca/this-oil-sands-crude-has-lower-ghg-emissions-than-the-u-s-average/>

Slide 3: Fort Hills Operations Update

1. Best-in-class (BIC) defined as >90% mine and plant availability and a competitive cost structure of <\$C23 per barrel.

Slide 4: Fort Hills Financial Outlook

1. Short-term outlook assumes production at nameplate capacity of 194,000 barrels per day, equating to 41,330 barrels per day for Teck share.
2. Short-term outlook assumes Teck's actual adjusted operating costs of C\$22.48 per barrel in December 2018. Adjusted operating costs is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
3. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

Slide 5: Significant EBITDA Upside Potential

1. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
2. Adjusted operating costs is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

Endnotes: Guidance

Slide 63: Production Guidance

1. As at July 26, 2021. See Teck's Q2 2021 press release for further details.
2. Metal contained in concentrate.
3. We include 100% of production and sales from our Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we do not own 100% of these operations, because we fully consolidate their results in our financial statements. We include 22.5% and 21.3% of production and sales from Antamina and Fort Hills, respectively, representing our proportionate ownership interest in these operations.
4. Copper production includes cathode production at Quebrada Blanca and Carmen de Andacollo.
5. Total zinc includes co-product zinc production from our 22.5% proportionate interest in Antamina.
6. Three-year guidance 2022-2024 excludes production from QB2.

Slide 64: Sales and Unit Cost Guidance

1. As at July 26, 2021. See Teck's Q2 2021 press release for further details.
2. Metal contained in concentrate.
3. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper net cash unit costs include adjusted cash cost of sales and smelter processing charges, less cash margins for by-products including co-products. Guidance for 2021 assumes a zinc price of US\$1.30 per pound, a molybdenum price of US\$14.00 per pound, a silver price of US\$25 per ounce, a gold price of US\$1,800 per ounce and a Canadian/U.S. dollar exchange rate of \$1.24.
4. After co-product and by-product margins.
5. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc net cash unit costs are mine costs including adjusted cash cost of sales and smelter processing charges, less cash margins for by-products. Guidance for 2021 assumes a lead price of US\$1.00 per pound, a silver price of US\$25 per ounce and a Canadian/U.S. dollar exchange rate of \$1.24. By-products include both by-products and co-products.
6. Steelmaking coal unit costs are reported in Canadian dollars per tonne.
7. Non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

Appendix – Non-GAAP Financial Measures

Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This document refers to a number of Non-GAAP Financial Measures which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States.

The Non-GAAP Measures described below do not have standardized meanings under IFRS, may differ from those used by other issuers, and may not be comparable to such measures as reported by others. These measures have been derived from our financial statements and applied on a consistent basis as appropriate. We disclose these measures because we believe they assist readers in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

Adjusted profit attributable to shareholders – For adjusted profit, we adjust profit attributable to shareholders as reported to remove the after-tax effect of certain types of transactions that reflect measurement changes on our balance sheet or are not indicative of our normal operating activities. We believe adjusted profit helps us and readers better understand the results of our core operating activities and the ongoing cash generating potential of our business.

Adjusted basic earnings per share – Adjusted basic earnings per share is adjusted profit divided by average number of shares outstanding in the period.

Adjusted diluted earnings per share – Adjusted diluted earnings per share is adjusted profit divided by average number of fully diluted shares in a period.

EBITDA – EBITDA is profit before net finance expense, provision for income taxes, and depreciation and amortization.

Adjusted EBITDA – Adjusted EBITDA is EBITDA before the pre-tax effect of the adjustments that we make to adjusted profit attributable to shareholders as described above.

Impairment adjusted EBITDA - Impairment adjusted EBITDA margin is EBITDA margin after impairments net of impairment reversal.

EBITDA margin – EBITDA margin is EBITDA as a percentage of revenue.

Impairment adjusted EBITDA margin - Impairment adjusted EBITDA margin is EBITDA margin after impairments net of impairment reversal.

The adjustments described above to profit attributable to shareholders and EBITDA highlight items and allow us and readers to analyze the rest of our results more clearly. We believe that disclosing these measures assists readers in understanding the ongoing cash generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends.

Gross profit before depreciation and amortization – Gross profit before depreciation and amortization is gross profit with the depreciation and amortization expense added back. We believe this measure assists us and readers to assess our ability to generate cash flow from our business units or operations.

Gross profit margins before depreciation and amortization – Gross profit margins before depreciation are gross profit before depreciation and amortization, divided by revenue for each respective business unit or operation. We believe this measure assists us and readers to compare margins on a percentage basis among our business units. All operations in the Copper BU are mining operations. Mining operations in the Zinc BU are Red Dog and Pend Oreille.

Unit costs – Unit costs for our steelmaking coal operations are total cost of goods sold, divided by tonnes sold in the period, excluding depreciation and amortization charges. We include this information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in the industry.

Adjusted site cash cost of sales – Adjusted site cash cost of sales for our steelmaking coal operations is defined as the cost of the product as it leaves the mine excluding depreciation and amortization charges, out-bound transportation costs and any one-time collective agreement charges and inventory write-down provisions.

Total cash unit costs – Total cash unit costs for our copper and zinc operations includes adjusted cash costs of sales, as described above, plus the smelter and refining charges added back in determining adjusted revenue. This presentation allows a comparison of total cash unit costs, including smelter charges, to the underlying price of copper or zinc in order to assess the margin for the mine on a per unit basis.

Net cash unit costs – Net cash unit costs of principal product, after deducting co-product and by-product margins, are also a common industry measure. By deducting the co- and by-product margin per unit of the principal product, the margin for the mine on a per unit basis may be presented in a single metric for comparison to other operations. Readers should be aware that this metric, by excluding certain items and reclassifying cost and revenue items, distorts our actual production costs as determined under IFRS.

Non-GAAP Financial Measures

Adjusted cash cost of sales – Adjusted cash cost of sales for our copper and zinc operations is defined as the cost of the product delivered to the port of shipment, excluding depreciation and amortization charges, any one-time collective agreement charges or inventory write-down provisions and by-product cost of sales. It is common practice in the industry to exclude depreciation and amortization as these costs are non-cash and discounted cash flow valuation models used in the industry substitute expectations of future capital spending for these amounts.

Adjusted operating costs – Adjusted operating costs for our energy business unit is defined as the costs of product as it leaves the mine, excluding depreciation and amortization charges, cost of diluent for blending to transport our bitumen by pipeline, cost of non-proprietary product purchased and transportation costs of our product and non-proprietary product and any one-time collective agreement charges or inventory write-down provisions.

Cash margins for by-products – Cash margins for by-products is revenue from by- and co-products, less any associated cost of sales of the by and co-product. In addition, for our copper operations, by-product cost of sales also includes cost recoveries associated with our streaming transactions.

Adjusted revenue – Adjusted revenue for our copper and zinc operations excludes the revenue from co-products and by-products, but adds back the processing and refining charges to arrive at the value of the underlying payable pounds of copper and zinc. Readers may compare this on a per unit basis with the price of copper and zinc on the LME.

Adjusted revenue for our energy business unit excludes the cost of diluent for blending and non-proprietary product revenues, but adds back crown royalties to arrive at the value of the underlying bitumen.

Blended bitumen revenue – Blended bitumen revenue is revenue as reported for our energy business unit, but excludes non-proprietary product revenue, and adds back crown royalties that are deducted from revenue.

Blended bitumen price realized – Blended bitumen price realized is blended bitumen revenue divided by blended bitumen barrels sold in the period.

Operating netback – Operating netbacks per barrel in our energy business unit are calculated as blended bitumen sales revenue net of diluent expenses (also referred to as bitumen price realized), less crown royalties, transportation and operating expenses divided by barrels of bitumen sold. We include this information as investors and investment analysts use it to measure our profitability on a per barrel basis and compare it to similar information provided by other companies in the oil sands industry.

The debt-related measures outlined below are disclosed as we believe they provide readers with information that allows them to assess our credit capacity and the ability to meet our short and long-term financial obligations.

Net debt – Net debt is total debt, less cash and cash equivalents.

Debt to debt-plus-equity ratio – debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity, expressed as a percentage.

Net debt to net debt-plus-equity ratio – net debt to net debt-plus-equity ratio is net debt divided by the sum of net debt plus total equity, expressed as a percentage.

Debt to Adjusted EBITDA ratio – debt to adjusted EBITDA ratio takes total debt as reported and divides that by adjusted EBITDA for the twelve months ended at the reporting period, expressed as the number of times adjusted EBITDA needs to be earned to repay all of the outstanding debt.

Net debt to Adjusted EBITDA ratio – net debt to adjusted EBITDA ratio is the same calculation as the debt to adjusted EBITDA ratio, but using net debt as the numerator.

Net debt to capitalization ratio – net debt to capitalization ratio is net debt divided by the sum of total debt plus equity attributable to shareholders. The ratio is a financial covenant under our revolving credit facility.

Non-GAAP Financial Measures

Reconciliation of EBITDA and Adjusted EBITDA

(CAD\$ in millions)	Three months ended June 30.		Six months ended June 30.	
	2021	2020	2021	2020
Profit (loss)	\$ 260	\$ (185)	\$ 552	\$ (496)
Finance expense net of finance income	51	114	102	161
Provision for (recovery of) income taxes	209	(66)	418	(135)
Depreciation and amortization	370	314	748	692
EBITDA	890	177	1,820	222
Add (deduct):				
Asset impairment	—	—	—	647
COVID-19 costs	—	185	—	229
Environmental costs	61	96	15	(25)
Inventory write-downs (reversals)	—	57	(10)	93
Share-based compensation	33	23	47	(7)
Commodity derivatives	(27)	(28)	(7)	(7)
Taxes and other	32	(25)	91	(59)
Adjusted EBITDA	\$ 989	\$ 485	\$ 1,956	\$ 1,093

Non-GAAP Financial Measures

Reconciliation of Impairment Adjusted EBITDA and Impairment Adjusted EBITDA Margin

(C\$ in millions)		For the 12 Years Ending December 31, 2020
Steelmaking Coal		
Profit (loss) before taxes		\$ 15,847
Finance expense net of finance income		398
Depreciation and amortization		7,808
EBITDA		\$ 24,053
Impairments net of impairment reversal		2,114
Impairment Adjusted EBITDA (A)		\$ 26,167
Revenue (B)		\$ 54,047
Impairment Adjusted EBITDA Margin (A/B)		48%

Non-GAAP Financial Measures

Copper Unit Cost Reconciliation

(C\$ in millions, except where noted)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Revenue as reported	\$ 820	\$ 592	\$ 2,419	\$ 2,469
By-product revenue (A)	(104)	(68)	(300)	(311)
Smelter processing charges (B)	40	38	140	164
Adjusted revenue	\$ 756	\$ 562	\$ 2,259	\$ 2,322
Cost of sales as reported	\$ 452	\$ 462	\$ 1,560	\$ 1,852
Less:				
Depreciation and amortization	(102)	(109)	(383)	(463)
Inventory (write-downs) provision reversal	-	(20)	-	(24)
Labour settlement and strike costs	-	(22)	-	(35)
By-product cost of sales (C)	(29)	(19)	(71)	(58)
Adjusted cash cost of sales (D)	\$ 321	\$ 292	\$ 1,106	\$ 1,272
Payable pounds sold (millions) (E)	172.7	158.5	591.7	641.7
Per unit amounts (C\$/lb)				
Adjusted cash cost of sales (D/E)	\$ 1.86	\$ 1.84	\$ 1.87	\$ 1.98
Smelter processing charges (B/E)	0.23	0.24	0.23	0.26
Total cash unit costs (C\$/lb)	\$ 2.09	\$ 2.08	\$ 2.10	\$ 2.24
Cash margin for by-products (C\$/lb) ((A-C)/E)	(0.43)	(0.31)	(0.39)	(0.39)
Net cash unit costs (C\$/lb)	\$ 1.66	\$ 1.77	\$ 1.71	\$ 1.85
US\$ AMOUNTS¹				
Average exchange rate (C\$/US\$)	\$ 1.30	\$ 1.32	\$ 1.34	\$ 1.33
Per unit amounts (US\$/lb)				
Adjusted cash cost of sales	\$ 1.42	\$ 1.40	\$ 1.39	\$ 1.49
Smelter processing charges	0.18	0.18	0.18	0.19
Total cash unit costs (US\$/lb)	\$ 1.60	\$ 1.58	\$ 1.57	\$ 1.68
Cash margin for by-products (US\$/lb)	(0.33)	(0.24)	(0.29)	(0.29)
Net cash unit costs (US\$/lb)	\$ 1.27	\$ 1.34	\$ 1.28	\$ 1.39

1. Average period exchange rates are used to convert to US\$ per pound equivalent.

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation & Amortization Margin from Mining Operations

(C\$ in millions, except where noted)	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Six months ended June 30, 2021
Gross profit	\$ 4,567	\$ 4,621	\$ 3,340	\$ 1,333	\$ 1,343
Add back: Depreciation and amortization	1,492	1,483	1,619	1,510	748
Gross profit before depreciation and amortization	\$ 6,059	\$ 6,104	\$ 4,959	\$ 2,843	\$ 2,091
Revenues					
Copper	\$ 4,567	\$ 4,621	\$ 3,340	\$ 1,333	\$ 1,343
Zinc					
Trail	2,266	1,942	1,829	1,761	926
Red Dog	1,752	1,696	1,594	1,394	336
Pend Oreille	105	98	56	-	-
Other	8	8	8	9	5
Intra-segment revenues	(635)	(650)	(519)	(494)	(236)
	\$ 3,496	\$ 3,094	\$ 2,968	\$ 2,700	\$ 1,031
Steelmaking Coal	6,014	6,349	5,522	3,375	2,159
Energy	-	407	975	454	327
Total Revenues	\$ 11,910	\$ 12,564	\$ 11,934	\$ 8,948	\$ 5,105
Gross profit (loss) before depreciation and amortization					
Copper	\$ 1,154	\$ 1,355	\$ 1,080	\$ 1,242	\$ 980
Zinc					
Trail	209	91	-	65	40
Red Dog	971	990	837	717	216
Pend Oreille	19	(5)	(4)	-	-
Other	(26)	9	(2)	33	11
Intra-segment revenues	-	-	-	-	-
	\$ 1,173	1,085	\$ 831	\$ 815	\$ 267
Steelmaking Coal	3,732	3,770	2,904	1,009	869
Energy	-	(106)	144	(223)	(25)
Total gross profit (loss) before depreciation and amortization	\$ 6,059	\$ 6,104	\$ 4,959	\$ 2,843	\$ 2,091

Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation & Amortization Margin from Mining Operations (cont.)

(C\$ in millions, except where noted)	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Six months ended June 30, 2021
Gross profit (loss) margins before depreciation (%)					
Copper	48%	50%	44%	51%	62%
Zinc					
Trail	9%	5%	-	4%	4%
Red Dog	55%	58%	53%	51%	64%
Pend Oreille	18%	(5%)	(7%)	-	-
Other	(325%)	113%	(25%)	367%	220%
Intra-segment revenues	-	-	-	-	-
	34%	35%	28%	30%	26%
Steelmaking Coal	62%	59%	53%	30%	40%
Energy	-	(26%)	15%	(49%)	(8%)
<u>Zinc Mining Assets</u>					
Revenue					
Red Dog	\$ 1,752	\$ 1,696	\$ 1,594	\$ 1,394	\$ 336
Pend Oreille	105	98	56	-	-
	\$ 1,857	\$ 1,794	\$ 1,650	\$ 1,394	\$ 336
Gross profit (loss) before depreciation and amortization					
Red Dog	\$ 971	\$ 990	\$ 837	\$ 717	\$ 216
Pend Oreille	19	(5)	(4)	-	-
	\$ 990	\$ 985	\$ 833	\$ 717	\$ 216
Gross profit (loss) margins before depreciation and amortization	53%	55%	50%	51%	64%

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations and Adjusted Operating Costs and Adjusted Operating Costs¹

	Three months ended June 30.		Six months ended June 30.	
(CAD\$ in millions, except where noted)	2021	2020	2021	2020
Revenue as reported	\$ 164	\$ 44	\$ 327	\$ 220
Less:				
Cost of diluent for blending	(59)	(33)	(113)	(130)
Non-proprietary product revenue	(13)	(1)	(41)	(8)
Add back: crown royalties (D)	3	—	4	3
Adjusted revenue (A)	\$ 95	\$ 10	\$ 177	\$ 85
Cost of sales as reported	\$ 198	\$ 140	\$ 394	\$ 438
Less:				
Depreciation and amortization	(22)	(22)	(42)	(55)
Inventory write-down	—	(23)	—	(46)
Cash cost of sales	\$ 176	\$ 95	\$ 352	\$ 337
Less:				
Cost of diluent for blending	(59)	(33)	(113)	(130)
Cost of non-proprietary product purchased	(12)	(1)	(37)	(4)
Transportation for non-proprietary product purchased ³	(2)	(3)	(6)	(4)
Transportation for costs FRB (C)	(24)	(26)	(48)	(55)
Adjusted operating costs (E)	\$ 79	\$ 32	\$ 148	\$ 144

	Three months ended June 30.		Six months ended June 30.	
(CAD\$ in millions, except where noted)	2021	2020	2021	2020
Blended bitumen barrels sold (000's)	2,187	2,226	4,462	6,645
Less diluent barrels included in blended bitumen (000's)	(573)	(568)	(1,171)	(1,745)
Bitumen barrels sold (000's) (B)	1,614	1,658	3,291	4,900
Per barrel amounts – CAD\$				
Bitumen price realized (A/B)²	\$ 58.85	\$ 6.03	\$ 54.13	\$ 17.34
Crown royalties (D/B)	(1.69)	(0.10)	(1.28)	(0.64)
Transportation costs for FRB (C/B)	(14.67)	(16.01)	(14.59)	(11.24)
Adjusted operating costs (E/B)	(49.74)	(19.07)	(45.12)	(29.54)
Operating netback – CAD\$ per barrel	\$ (7.25)	\$ (29.15)	\$ (6.86)	\$ (24.08)

1. Calculated per unit amounts may differ due to rounding.

2. Bitumen price realized represents the realized petroleum revenue (blended bitumen sales revenue) net of diluent expense, expressed on a per barrel basis. Blended bitumen sales revenue represents revenue from our share of the heavy crude oil blend known as Fort Hills Reduced Carbon Life Cycle Dilbit Blend (FRB), sold at the Hardisty and U.S. Gulf Coast market hubs. FRB is comprised of bitumen produced from Fort Hills blended with purchased diluent. The cost of blending is affected by the amount of diluent required and the cost of purchasing, transporting and blending the diluent. A portion of diluent expense is effectively recovered in the sales price of the blended product. Diluent expense is also affected by Canadian and U.S. benchmark pricing and changes in the value of the Canadian dollar relative to the U.S. dollar.

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations and Adjusted Operating Costs and Adjusted Operating Costs¹

(CAD\$ in millions, except where noted)	Three months ended June 30.		Six months ended June 30.	
	2021	2020	2021	2020
Revenue as reported	\$ 164	\$ 44	\$ 327	\$ 220
Less: non-proprietary product revenue	(13)	(1)	(41)	(8)
Add back: crown royalties	3	—	4	3
Blended bitumen revenue (A)	\$ 154	\$ 43	\$ 290	\$ 215
Blended bitumen barrels sold (000's) (B)	2,187	2,226	4,462	6,645
Blended bitumen price realized – (CAD\$/barrel) (A/B) = D ¹	\$ 70.23	\$ 19.30	\$ 65.15	\$ 32.32
Average exchange rate (CAD\$ per US\$1.00) (C)	1.23	1.39	1.25	1.37
Blended bitumen price realized – (US\$/barrel) (D/C)¹	\$ 57.18	\$ 13.93	\$ 52.24	\$ 23.67

3. Reflects adjustments for costs not directly attributed to the production of Fort Hills bitumen, including transportation for non-proprietary product purchased. We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Reconciliation of Free Cash Flow

(C\$ in millions)	2003 to Q2 2021
Cash Flow from Operations	\$49,310
Debt interest paid	(6,010)
Capital expenditures, including capitalized stripping costs	(30,828)
Payments to non-controlling interests (NCI)	(620)
Free Cash Flow	\$11,852
Dividends paid	\$4,540
Payout ratio	38%