
2008 Sustainability Summary

Teck Coal

Letter from the Senior Vice President, Coal

In 2008 we continued to vigorously pursue a uniform standard of excellence at our six Operations with a goal of being a visionary corporate citizen. This process was initiated in 2007 to establish sustainability as a core value driving our approach to business. We are proud of our achievements this year as we have begun to realize the possibilities that arise when 'core values' are transformed from slogans to the essence of our identity.

Turning our beliefs into action, we implemented "Towards Zero Incidents," a revised Safety and Health policy with a vision of *Everyone Going Home Safe and Healthy Every Day*. Our Operations focused on all of us learning the kind of leadership that enshrines safety as a core value through a process called Courageous Safety Leadership. We aspire to live a set of values that will lead each individual and the people they influence to a higher level of safety performance. We will continue to implement the Courageous Leadership training across all levels of our organization in 2009.

Our Greenhills Operation reached a significant milestone in 2008, achieving two years without the loss of a single day as a result of an injury sustained at work (zero Lost-Time Incidents). In addition, Greenhills received the John Ash Award from British Columbia's Ministry of Energy, Mines and Petroleum Resources for achieving the lowest injury frequency rate of any mine operating over one million work hours in 2008. Our Line Creek Operation was also the recipient of the Edward Prior Award, recognizing it to be the safest Operation in the province of British Columbia, amongst mines accumulating 200,000 to one million worker hours per annum.

Being valued by the communities where we work is crucial to our future. In 2007, we took proactive steps to ensure that we interact positively with our neighbouring communities and pursue community engagement initiatives that meet the needs of our stakeholders. We applied an on-the-ground approach by hiring community liaison employees who live in the local communities, facilitating better interaction and dialogue with

stakeholders and community leaders. A series of Corporate Responsibility Assessment workshops involving a cross-section of employees have resulted in our commitment to develop a Corporate Responsibility Action Plan. The plan is being drafted in 2009 for approval and implementation in 2009-2010.

A major project undertaken and completed in 2008, was to transform the Donations and Sponsorship Policy that governs our financial participation in the communities supporting our Operations. The new policy articulates a proactive, rather than a reactive approach with clear objectives, budgets, targets and core priority areas. Our new Community Investment Policy focuses on five core areas: health care; education; conservation and environment; First Nations; and social services and recreation. Since being approved by our Board of Directors in March, 250 applications have been received through the program, of which 189 were approved and processed by year end.

We remain committed to improving our understanding of the local First Nations people and strengthening our ties with them. During the year, we put into action the commitments of the Working Protocol Agreement signed with the Ktunaxa Nation Council in 2007 and continued to explore ways of implementing our long-standing Memorandum of Understanding with the Alexis Nakota Sioux Nation.

After winning the 2007 MABC Mining and Sustainability Award, we were proud to have our 2008 nomination shortlisted in the final round of reviews. Although we did not receive the award this year, the nomination allowed us to showcase our accomplishments and is a tribute to our employees, who provide the solid foundation upon which this sort of recognition is based.

In June 2008, our Cardinal River Operation's Mine Rescue Team won the Fire Event at the Alberta Provincial Surface Mine Rescue Competition held in Ft. McMurray, and our Fording River Operation's Mine Rescue Team won the Three-Person Miners'

First Aid Trophy at the British Columbia Mine Rescue Competition held in Smithers.

Environmental considerations at our Operations are underpinned by one fundamental fact: mining is a temporary use of the land. Our environmental management practices are designed to minimize environmental footprints, mitigate any impacts, and reclaim disturbed lands. A primary goal set in 2007 was obtaining ISO: 14001 certification (the "International Organization for Standardization" requirements for environmental management systems) at our six Operations. In 2008, Line Creek joined the Coal Mountain, Fording River and Greenhills Operations by achieving this goal. Our Elkview and Cardinal River Operations are expected to achieve this goal in the first quarter of 2010.

The enhanced levels of selenium discharge that result from mining activity, and the potentially adverse impact upon human health are key sustainability challenges. We therefore invested a significant amount of time in selenium research during 2008. We have worked closely with provincial and federal regulators through the Alberta Selenium Working Group, the Elk Valley Selenium Task Force, the Canadian Industry Selenium Working Group and the North American Metals Council – Selenium Working Group, to help us better understand how to address elevated selenium concentrations downstream of our operations. The knowledge we gained has provided a platform for us to develop Selenium Management Plans at each of our Operations. While we will continue to conduct research in 2009, our key focus is to mitigate issues at our Operations through the implementation of our Selenium Management Plans.

In 2007 we committed to actively track, report, and search for innovative ways to reduce greenhouse gas emissions. We implemented a strategy to reduce idling time and experimented with biodiesel fuels to develop a fuel blend that will meet our equipment needs. Another key project we are focusing upon which will significantly reduce GHGs going forward, is mechanical dewatering of fine coals in our plants. Programs such as these will make a difference in reducing the carbon footprint of our Operations.

We made significant strides in achieving the objectives we set out to accomplish in 2008 and fulfilled the objective of self-reporting under the Mining Association of Canada's (MAC) Toward Sustainable Mining initiative. However we realize that the pursuit of sustainability is never ending and to this end our Key initiatives for 2009 include:

- Advance Selenium management strategies
- Ongoing environmental assessments and permitting processes (Baldy Ridge and Line Creek Phase II)
- Improvement of working relations with First Nations

On October 30, 2008 we became fully owned by Teck Resources Limited, a diversified resource company committed to responsible mining and mineral development, with interests in mining and processing operations in Canada, the United States and South America. In 2008, we accounted for 35% of the company's revenue and 42% of its profits.

In 2009, we will continue to embrace sustainability as a core value affecting everything we do. Through our industry-leading activities at our operations we continue to embrace our goal, making our grandchildren proud of us fifty years from now, because of the manner in which we do things today.

Boyd Payne

Senior Vice President, Coal

Summary of Operations

We are the world's second largest producer of steelmaking coal, supplying about one sixth of the global seaborne steelmaking coal market. Our Operations consist of six open-pit mines. The Coal Mountain, Elkview, Line Creek, Greenhills and Fording River Operations are located in close proximity in southeastern British Columbia. The Cardinal River Operation is located in west-central Alberta. In addition to our numerous coal resources we have a 46 percent interest in Neptune Bulk Terminals, a coal loading facility located in North Vancouver, British Columbia.

Goals and Objectives

Our primary goals with regard to sustainability are to:

- Prevent injuries and maintain healthy workplaces
- Attract, train and retain quality people
- Achieve continuous improvement in environmental stewardship through energy conservation and by reducing regulatory excursions, fuel consumption, spills and waste entering landfills
- Actively tracking, reporting and searching for innovative ways to improve energy efficiencies and reduce Greenhouse Gas Emissions
- Obtain ISO:14001 environmental management standards for all sites
- Pursue community engagement initiatives to proactively respond to stakeholders
- Self-report under the Mining Association of Canada's (MAC) Toward Sustainable Mining Initiative
- Progressive reclamation to suitable land use for wildlife habitation
- Continue ongoing environmental assessments and permitting processes
- Advance Selenium management strategies
- Environmental research and development, including Selenium and its possible effects
- Improve working relations with First Nations in the areas where we operate.

Environmental Programs

Our goal is to have all of our mines ISO 14001 certified by March 30, 2010, which means the mines will have been externally audited and accredited while maintaining an internationally recognized standard of environmental management. The Coal Mountain, Fording River, and Greenhills Operations and Line Creek Operation have attained this standard, with Line Creek receiving its certification in 2008. Our Cardinal River Operation is developing its Environmental Management System (EMS), with implementation and the ISO 14001 registration audit targeted for the first quarter in 2010. Our Elkview Operation is currently working with Greenhills and Line Creek Operations to develop a standard EMS manual to address the ISO 14001 element requirements. An ISO 14001 registration audit for Elkview also is planned for the first quarter of 2010.

Environmental management includes the collection and monitoring of data to provide feedback regarding the effectiveness of the system. An example of a substantive monitoring program underway throughout the year is the Line Creek Operation's Aquatic Health Monitoring Program. The objective is to assess and quantify how the potential impacts of mining, specifically the construction of a rock drain across Line Creek, has affected the overall health and function of the ecosystem. Another component of the program is to compare Line Creek to other regionally significant fish-bearing streams. The results of this program will provide a benchmark against which we can measure overall aquatic ecosystem health in the ensuing decades. 2008 represented the second data sampling season, and overall the results suggest minimal impact from the rock drain to the downstream aquatic environment. The program will run for a minimum of one more year.

Safety and Health

A revised Safety and Health plan, "Towards Zero Incidents" was established and approved in October 2007. The vision of this policy is *Everyone Going Home Safe and Healthy Every Day*. Implementation of this policy occupied much of 2008, with a key focus upon our Operations' management team learning about the kind of leadership that enshrines safety as a core value.

Implementation of the policy includes a program called Courageous Leadership. This program goes beyond safety messages to create an emotional journey where values and beliefs around safety are challenged and the need for personal leadership in safety is underscored. We believe that *Courageous Leadership is about living a set of values that will lead you, and the people you influence, to a higher level of performance*. In October, Robin Sheremeta, General Manager, Elkview Operations, was appointed General Manager and Team Leader, Safety Performance to lead the implementation of Courageous Leadership across our entire Company.

Based on the philosophy of the Courageous Leadership program, by year end 266 supervisors completed "Beyond Safety 24/7," a professionally facilitated training course that reinforces leadership skills critical to achieving an incident-free workplace. All of our Operations maintain a focus on continuous improvement

in the area of training for new and existing employees. Each Operation evaluates and strives to improve existing training practices and several Operations increased training staff levels to handle the increased training demands.

Our Greenhills Operation obtained a significant milestone in 2008. It surpassed 2.5 million hours, or two years, of work without a Lost Time Incident (LTI). Line Creek also completed the year without an LTI. To put this milestone in context, an employee would have to drive eight hours per day, five days a week, 50 weeks per year, for 100 years, without missing one day of work, to equal this safety achievement. All five of our BC Operations had their best ever Reportable Frequency Rates and four of the five mines improved their performance relating to Medical Aid Frequency Rates.

On February 12, a crew bus transporting employees from the Cardinal River mine to Hinton rolled onto its side after the driver took evasive action to avoid hitting a moose. Thirty two (32) employees on the bus required treatment in Hinton Hospital and eleven of those were seriously hurt. Most of these employees returned to work at various times and stages (e.g., full time, modified) depending on their injuries. Two employees were unable to return to work before year end and are recuperating. We are extremely grateful for the prompt response and support of medical staff from Hinton, Edson, Cadomin and Jasper. A corporate decision was made that the lost-time incidents incurred as a result of the bus accident would not negatively affect Cardinal River Operation's Safety Record.

Whilst 2008 was an important year for implementing our safety intentions, regrettably the mine sites and local communities were not spared tragedy. We experienced a fatality near the Martin Wheeler exploration area in July when a contract logger was struck by a log that escaped from a skidder. An internal investigation was immediately launched. The ministry is still investigating and results have not been released at the time of writing.

Our dedication to health and safety is incorporated throughout the organization, including our employee programs. In September 2008, we launched a Lifestyle and Wellness account. Our objective is to encourage

and assist employees to stay healthy, active and fit. The program provides \$1,000 per year, per employee, to be applied to a variety of fitness and wellness activities such as exercise programs or gym memberships. Although the 2008 application period was only four months in duration (September to December), there was an 85% participation rate.

Emergency Preparedness and Risk Management

All Operations actively conduct Mine Rescue training to enhance the skill level and the emergency preparedness of those involved. The British Columbia Ministry of Mines Mine Rescue and First Aid Competitions were held in Smithers, BC in 2008. Fording River's First Aid Team placed first in their competition and Line Creek's Mine Rescue Team won second place in the Provincial Mine Rescue Competition.

In June, Cardinal River's mine rescue competition team won the Fire Fighting event at the Alberta Provincial Mine Rescue competition held in Ft. McMurray. This was an exceptional achievement considering that half the team had only joined mine rescue within six months prior to the competition, and it has been several years since Cardinal River had competed in the provincial competition.

Tailings Management

Where Tailings Management Systems are required due to the size and configuration of the Operation, they are an integral part of the environmental management system. The key elements of Tailings Management Systems are: an Operations Maintenance and Surveillance (OMS) manual, annual dam safety inspection(s) and reports, and an Emergency Preparedness Plan. These key elements must meet British Columbia Ministry of Energy and Mines regulations which include criteria set by the Canadian Dam Association. Some of our Operations, such as the Coal Mountain and Line Creek Operations do not require traditional tailings ponds. In these cases, tailings are recovered and reused in the plant leaving behind compressed coal fines, which are added to the refuse dump and do not require any additional treatment.

Reclamation and Closure

Mining disturbs the land temporarily. Reclamation returns the land back to productive forests and wildlife ranges.

During 2008, our six Operations were progressive in reclamation. Land prepared for reclamation increased significantly from previous years as more hectares become available for preparation. In total, 207.5 hectares (ha) were prepared for reclamation and 175.7 ha were re-vegetated.

The Line Creek North Refuse Dump is an example of a large reclamation effort undertaken in 2008. The dump covers approximately 60 ha and contains a stockpile of coarse coal refuse built up over two decades. In advance of dump development and expansions, topsoil was salvaged and stored. When the dump was re-sloped, approximately 60,000 cubic metres of topsoil was placed before tree planting and seeding of grass and legumes could begin. A wide variety of innovative reclamation techniques were used to provide a diversity of wildlife habitat. Highlights of the reclamation efforts include the planting of approximately 6,000 native tree and shrub seedlings of various species and 1,000 large native trees. In September, Line Creek was recognized for its work on this project for the period 1987 through 2007 and received the Coal Mining Citation at the 32nd Annual British Columbia Technical and Research Committee on Reclamation.

We are proud of our leading-edge reclamation research. In 2008 we initiated a new program, Reclamation Productivity Assessment, at all five of our British Columbia Operations. Each Operation has undertaken an analysis using multi-spectral satellite imagery, supported by ground-sampling data, to generate a classification of forage productivity on reclaimed sites. This information is used to report on reclamation results and success in meeting reclamation requirements, while tracking trends in reclamation sustainability over time. Approximately 1,900 hectares were assessed through this program in 2008, with field assessments conducted on 48 sites across the five Operations. Preliminary results indicate that, on average, approximately 69 percent of the assessed reclaimed sites are in the moderate to very high productivity classes.

Conservation, Biodiversity Initiatives

Conservation and biodiversity research and development are important areas of investment.

Research is essential to furthering the sciences that allow operations to avoid or mitigate potential negative impacts from mining.

For example, we are taking the lead on studying population dynamics, habitat use and movement of Bighorn Sheep in southeastern British Columbia through our participation within the Elk Valley Bighorn Sheep Committee (EVBSC), a group consisting of residents, industry and government representatives. The Elk Valley is home to approximately 600 Rocky Mountain bighorn sheep. Bighorn sheep in this area are unique, as they winter at high elevation where winds and sun maintain relatively snow-free grasslands on south-facing slopes. The sheep population in the area is of provincial significance, because the Ewin Ridge sheep range to the north of Line Ridge is considered to be the most important bighorn sheep winter range in the province. In 2008 the EVBSC developed and approved a study design for implementation in 2009. The study will include using GPS radio-collars to determine distribution, movement and habitat use of the sheep. The study is intended to identify high value habitats in order to assess and manage potential impacts of industrial activity, determine range qualities, quantify sheep sightings and estimate survival rates of collared ewes and rams.

Selenium is a naturally-occurring element that is essential and beneficial for all animals, including humans. However, if present in elevated concentrations it can be toxic. For this reason, we have invested a significant amount of resources into selenium research and continue a long-term commitment to the Elk Valley Selenium Task Force, a joint committee of government and industry representatives evaluating selenium monitoring and management in the Elk River Watershed. The focus has moved to management and associated options for management. Accordingly, a consultant has undertaken a Selenium Geochemistry and Water Quality Modeling Study to investigate and model the geochemistry associated with selenium release through mining practices to assist in developing an understanding of management options. In 2008 we made significant progress with selenium management initiatives at our Operations.

As leader in selenium research, we chair the Canadian Industry Selenium Working Group (CISWG). The CISWG members were a significant funder, organizer and participant in the Society of Environmental Toxicology and Chemistry (SETAC) Pellston workshop in 2008. The SETAC Pellston goal was to organize an international workshop with the leading scientists from academia, government and industry to review the current state of knowledge on selenium. A summary of the SETAC Pellston workshop's ecological assessment of selenium in the aquatic environment (February 22–28, 2009 Pensacola, Florida U.S.A.) has been published and is available for review at <http://www.setac.org/node/265>.

We also co-chair the North American Metals Council – Selenium Working Group (NAMC – SWG), an international group formed to advance knowledge of selenium and to promote research on this complex element and its effects on the environment. A meeting attended by industry and government agencies including the U.S. Environmental Protection Agency, Environment Canada, and Natural Resources Canada was held in November and four white papers were presented describing the current state of selenium research. These papers are available for review at <http://www.namc.org/selenium.html>.

Internal Audits

Both ISO 14001 audits and environmental compliance audits were conducted at a number of Operations in 2008. These audits are consistently producing fewer findings and a reduced level severity for the issues that are raised, thereby demonstrating a significant improvement in our overall environmental performance. Line Creek and Coal Mountain Operations completed two major environmental audits: the ISO 14001 and the Teck Environmental Health and Safety Compliance Audits. Line Creek received its ISO 14001 certification. Reclamation inspections were conducted at all Operations as well as Ministry of Environment inspections.

Energy Efficiency and GHG Emissions Management

Reporting greenhouse gas emissions to Environment Canada is a standard requirement for Operations under the Canadian Environmental Protection Act. In addition, in 2008 we began collecting data to report emissions based on the Mining Association of Canada's Energy Use and Greenhouse Gas Emissions Management Guidance Document.

Several initiatives were undertaken during the year to increase energy efficiency and decrease greenhouse gas emissions. We identified strategies to evaluate and implement power savings, with a goal of reducing power use by an equivalent of 227 homes in the province of British Columbia. Video conference facilities were installed at all Operations and the Sparwood, Calgary and Vancouver offices to reduce travel.

A pilot test reported in our 2007 sustainability report was implemented at all six of our Operations in 2008. Using solar lights instead of flare drums to illuminate haul roads during fog and night conditions has proven to be a more energy efficient way of providing illumination whilst reducing greenhouse gas emissions.

Elkview Operation undertook a pilot program using biodiesel in a select fleet of equipment. Data collected in 2008 showed that a bio diesel blend of 20 percent biodiesel and 80 percent diesel did not work as fuel consumption actually increased in cold weather. A blend of 10 percent biodiesel and 90 percent diesel appears to be working well. Whilst a figure of 10 percent may appear insignificant, in real terms this means a one tonne reduction in carbon emissions for every 525 litres of pure biodiesel consumed.

Implementing idling reduction programs and improved coordination of scheduled heavy equipment maintenance has further reduced diesel use at all Operations. Moreover, process plant engineering efforts focused on increasing the amount of mechanical dewatering of fine coal in plants is expected to significantly reduce greenhouse gas emissions going forward. Coal Mountain tested shutting down its coal dryer for periods of time during warm weather. Preliminary tests indicate that in the right climactic conditions, coal can successfully be air-dried to meet quality specifications.

Community Outreach, Engagement, Dialogue

The community affairs team working out of the Sparwood office in British Columbia and the Cardinal River Operation office in Hinton, Alberta, implemented the new community engagement program, launched in the fall 2007.

One area of focus during the year was children and childcare. Community liaisons partnered with community groups to help them understand the daycare and childcare-related needs across the Elk Valley. After participating on the boards of several child-service providers, the Elk Valley Childcare Needs Assessment Team (NAT) was formed to work together to explore childcare related issues. A childcare survey was undertaken and results of the survey, covering each of the three communities of Elkford, Sparwood and Fernie was provided in December. The results of the survey assisted the Fernie Childcare Society to secure funding and identify a suitable location for a much-needed childcare service in Fernie. The data collected also helps other providers tailor and enhance their businesses to better suit their clients and the communities.

Additionally, community liaison representatives visited every elementary classroom in the Crowsnest Pass, Elkford, Sparwood, and Fernie areas to propose a physical activity challenge, and promote mining.

The community affairs group also participated in several engagement activities pertaining to local government and key stakeholders. Several meetings were held with the mayors of Sparwood, Fernie and Elkford to gauge community concerns, needs and opportunities. The meetings introduced Teck Coal to community leaders and helped to establish a point of contact in the form of the Manager, Community and Governmental Relations. The relationships established by these meetings have created a forum for future dialogue related to pending mining projects and a channel for further communication.

In May, the mine property tax sharing agreement was revised. Under the new Elk Valley Property Tax Sharing Agreement with the Province of British Columbia, the \$8.9 million dollars of tax revenues raised annually from the mining

operations will henceforth be divided in the following manner: Sparwood \$2.8 million, Elkford \$3.0 million, Fernie \$2.6 million, RDEK \$500,000.

In late December, eight snowmobilers lost their lives in an avalanche south of Fernie, BC, three of whom were our employees. A fourth victim was a student at the College of the Rockies, participating in Mining Apprenticeship Program, who was assigned to our Elkview Operation on a work term placement program at the time of the accident. Of the four remaining victims, three worked for our local contractors and all were family members of our employees. We mobilized a number of employees and additional resources to assist and support the families and communities directly affected by this tragic incident.

Aboriginal Relations

Our focus in 2008 was working with the Ktunaxa First Nation community to live up to our commitments under the Working Protocol Agreement signed with the Ktunaxa Nation Council (KNC) in November 2007. We are determined to maximize the opportunities presented by the business capabilities of the Ktunaxa people. Activities undertaken to implement the Working Protocol included:

- Selecting committee representatives with a broad range of backgrounds to represent us on the sub-committees envisaged in the Working Protocol Agreement, including a Procurement Strategy Committee and a Human Resources Strategy Committee;
- Jointly developing and reviewing the committee work plan;
- Hosting a two-day employment readiness seminar, to include a mine site tour;
- Hosting a celebratory dinner at the St. Eugene Mission Golf Resort and Casino owned and operated by the Ktunaxa in Cranbrook, British Columbia to recognize the signing of the Working Protocol Agreement; and
- Continuing to build relationships by maintaining a Teck Coal office at the St. Mary's Band Administrative building in Cranbrook, British Columbia.

Joint economic initiatives during 2008 included sourcing:

- Contractors from the KNC's economic development arm, Nupqu Development Corporation (formerly the Ktunaxa Kinbasket Development Corporation), with respect to forestry related services, bio-engineering services in aid of site reclamation and environmental work;
- Seedlings and native shrubs from the Tipi Mountain Plant Nursery located on the St. Mary's reserve;
- Wood products from the Tobacco Plains Sawmill;
- Printed products and logos from Legends Logos run by Lower Kootenay band members.
- Teck Coal was honoured by the Ktunaxa Economic Sector for the Company's efforts to increase procurement in 2008, a six-fold increase over the previous year.

We also have an active and long-standing relationship with the Alexis Nakota Sioux Nation, through our Alberta-based Cardinal River Operations. During 2008 several meetings were held with the Alexis Nakota Sioux to arrive at mutually beneficial agreements relating to the continued implementation of a long-standing Memorandum of Agreement.

In December, Sunchild First Nation of Alberta named us in a court action alongside Alberta Government Ministries, forest companies and oil and gas companies. The Sunchild First Nation claims that Sunchild had not been properly consulted during the approval process for the Cheviot Project of the Cardinal River Operation. We have asked Sunchild to discontinue its action against us, on the basis that Sunchild First Nation was approached about the Cheviot project during the approval process and did not raise concerns or respond at the time. Moreover, the issuing body for the Cheviot approvals, the joint Federal/ Provincial Panel, identified only the Alexis Nakota Sioux Nation and the Smallboys community as First Nation communities whom we should consult in respect of the operation.

Community Development/ Good Neighbor Practices

To enhance the quality of life within the communities where we live and work, we provided \$2 million dollars to almost 200

organizations in 2008. We focused our investments towards health care (32%), education (17.9%), conservation and environment (16.2%), First Nations (0.5%), and social services and recreation (33.4%) as outlined in the new Community Investment Policy approved by our Board of Directors in March 2008. The Policy provides specific guidance on objectives, budgets, targets and core priority areas.

Focusing our 2008 community engagement activities on children, education and recreation, we committed over \$330,000 towards the construction and enhancement of safe and environmentally friendly playgrounds in Fernie, Sparwood, Elkford and Crowsnest Pass.

During our annual 'Caring for Kids' fundraising campaign, direct employee donations totaled \$225,000. With the company match, a total of \$450,000 was contributed to three hospitals: the Alberta and British Columbia Children's Hospitals and the Stollery Hospital in Edmonton. The portion donated to the Alberta Children's Hospital boosted us into the 'thanks a million!' club. Only three other organizations surpassed the \$1 million milestone in 2008, allowing us to join an elite group that now totals only 16 members.

Donations to the Calgary Children's Hospital were used to fund the O-arm and the Special Children's Fund. The O-Arm helps surgeons "see" organs and structures that are hidden from the naked eye. This technology makes procedures safer, less invasive, shorter and less frequent. The Special Children's Fund was established to provide financial assistance to lower income families for costs associated with the care and treatment of children who receive pediatric care at the Alberta Children's Hospital. While there are several government-funded programs covering some of these costs, there are many out of pocket costs, which must otherwise be borne by the family.

We are proud to sponsor Olympian, Emily Brydon, who was born and raised in Fernie, British Columbia. Emily was named Ski Racing magazine's 2008 Canadian Alpine Skier of the Year after capturing her first World Cup victory in February 2008. We also sponsored Kevin Evans in 2008, a one-armed archer and

Paralympic athlete from Jaffray, British Columbia. Kevin is the reigning World Champion in his event, having won Gold at the Paralympic Games held in Beijing in the open compound bow archery category.

We supported the development of the Beaver Boardwalk in Hinton, Alberta, reflecting our focus on conservation and education. The Beaver Boardwalk is a raised walkway through thriving wetlands. The boardwalk protects the natural ecosystem whilst encouraging people to learn about the wildlife in its native habitat. The boardwalk has become a showpiece for interactive environmental education and a signature stop for both visitors to Hinton and residents alike.

Our health care funding commitments in 2008 included a \$50,000 donation to the Chinook Health Region for the purchase of a portable ultrasound machine and the training of technicians; \$25,500 towards a Handibus for Hinton; and a \$50,000 donation to the Hinton Health Care Centre which also served to back medical services and emergency personnel who responded to that Operation's bus accident (see Safety section). In addition, \$150,000 was invested with the Elk Valley Hospital Foundation to secure priority equipment for facilities serving all the communities of the Elk Valley.

The 'Sparwood Steps Out' program was highly successful in 2008 with close to 600 participants including employees, family and friends, exercising the equivalent of a trip from Sparwood, BC to St. John's Newfoundland. The program offered a web based log-in/tracking system making it easy for participants to record their steps and other physical activity on a daily basis. The equivalent distance was marked on a map showing progress made to the chosen destination. Sparwood office executive assistant Patsy Decker was instrumental in encouraging participation both within the company and the community. A celebratory wind-up party was hosted at a local golf course, decorated with posters of St. John's provided by Tourism Newfoundland. A second program has been launched with a goal of 'Stepping Out' to Las Vegas, Nevada within six months.

One of the good neighbour practices we support is the procurement of local goods and services locally whenever possible. To this end, 46 percent of the more than \$700 million we spent on goods and service during 2008 was spent locally.

Awards and Acknowledgements

In April, two of our Operations were recognized for their commitment to safety by British Columbia's Ministry of Mines at its Annual Mine Safety Awards event. Our Elkview Operation received the 2007 John Ash Award for the second consecutive year. This is awarded to the safest mine in BC, accumulating more than one million person-hours worked in one year. The 2007 Edward Prior Award went to our Greenhills Operation, recognizing it to be the safest mine that worked between 200,000 and one million person-hours in one year.

Employee Engagement

Engaging employees in activities that encourage them to be the best they can be is a priority. The Excellence Awards and the Going for Gold Challenge are two corporate programs designed to put this priority into action.

The Excellence Awards provide a unique opportunity to focus on employee achievements and contributions to the company. In 2008, employees nominated outstanding peers based on four categories: productivity and innovation, safety, leadership and sustainability and spirit and progress. Three Teck Coal employees were recipients of this award.

The Going for Gold Challenge is about getting involved and giving back to the communities where we live and work. By responding to questions, this online engagement tool tracks health, safety, sustainability, volunteerism, innovation and productivity contributions made. In 2008, three Teck Coal employees were randomly selected among those who qualified based on certain parameters. To celebrate, the winners of both programs and their companions travelled to China to attend the 2008 Beijing Olympic Games. The Excellence Awards and the Going for Gold programs will continue in 2009 with recipients of the Excellence Awards attending events at the 2010 Vancouver Olympic Winter Games. Going for Gold winners will be part of an elite group of 12,000 torchbearers who will carry the Olympic Torch 45,000 kilometres across Canada. The Torch Relay commences in Victoria, British Columbia in October 2009.

	2006	2007	2008
Health & Safety Statistics			
Total Recordable Injury Frequency	4.28	2.49	2.15
Fatalities	0	0	0
Lost Time Injuries (LTI)	29	19	20
LTI Frequency	0.95	0.62	0.57
Severity	30.98	25.23	22.08
Energy Use			
Fuel (TJ)	13,270	14,052	14,388
Electricity (TJ)	1,826	1,827	1,898
Carbon Energy Intensity in Product (GJ/t)	0.08	0.08	0.08
Energy Intensity in Product (GJ/t)	0.67	0.68	0.68
GHG Emissions			
CO ₂ equivalents (kt) (Direct)	1,295	1,509	1,482
CO ₂ equivalents (kt) (Indirect)	55	52	56
CO ₂ equivalents (kt) (Total)	1,350	1,561	1,538
Carbon Intensity in Product (t/t) (Direct)	0.06	0.06	0.06
Carbon Intensity in Product (t/t) (Indirect)	0.002	0.002	0.002
Carbon Intensity in Product (t/t) (Total)	0.06	0.07	0.06
Production (kt)			
Coal	22,564	23,401	23,964
Mined Materials			
Total waste rock (kt)	430,884	422,178	449,883
Total tailings dry (kt)	5,148	5,504	7,433
Permit Compliance			
Number of Permit Exceedances	90	96	86
Total Parameter Count – Air	407	540	500
Total Count over Permit Limit – Air	6	19	12
% Compliance Air	98.53%	96.48%	97.60%
Total Parameter Count – Water	1,291	2,608	3,512
Total Count over Permit Limit – Water	65	77	72
% Compliance Water	94.97%	97.05%	97.95%
Reportable Spills			
Number	56	53	80
Volume (L)	30,932	34,085	60,446
Weight (kg)	3,050	195	2,150
Reclamation			
Total disturbance (ha)	4,221	4,301	16,461
New reclamation for the year (ha)	78	245	172
Reclaimed to date (ha)	3,418	3,521	4,004
Land to be reclaimed (ha)	12,520	12,715	12,465
Reclaimed/Land To Be Reclaimed (%)	27%	28%	32%
Trees/shrubs planted (number)	153,013	374,561	298,891
Waste Management & Recycling			
Total solids recycled (tonnes)	2,059	9,664	6,589
Total liquids recycled (m ³)	715	2,035	4,580
Total solid non-haz. material to landfill (tonnes)	3,742	5,933	4,482
Water Conservation			
Total groundwater withdrawal (m ³ /yr)	3,008,256	3,058,214	2,790,825
Total surface water withdrawal (m ³ /yr)	7,202,044	8,261,292	7,781,054
Total volume of water recycled/reused (m ³ /yr)	20,329,916	21,543,304	23,265,816
Total percentage water recycled/reused %	199%	190%	220%

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