Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

Teck finished 2017 in a strong financial position. We achieved record revenues of $12.0 billion and record cash flow from operations of $5.1 billion in 2017, thanks to continued strong prices for our products and solid operating results, despite some challenges during the year. This exceeds the record we set in 2011, when commodity prices for steelmaking coal and copper were significantly higher, and it serves to reinforce the results of our ongoing focus on cost control at our core assets. Most importantly, we set this record while also significantly improving our safety and environmental performance.

Our people can take pride that we achieved our best-ever safety performance in 2017. We continued to focus our safety efforts on reducing incidents that have the potential to cause serious or fatal injuries and we are seeing real results. Total Recordable Injury Frequency was down by 12% compared to the previous year, Lost-Time Disabling Injury Frequency and High-Potential Incident Frequency both declined by 14%, and we had no fatalities. At the same time, we know there is still more to do. That's why we continued to roll out the new phase of our Courageous Safety Leadership (CSL) program to further strengthen our culture of safety at Teck. Fully 85% of our operational employees and contractors completed their latest CSL training in 2017, and we are on track to have 100% completion this year.

Global market conditions were relatively strong for our key commodities in 2017 — although, as in 2016, we continued to see price volatility, particularly in steelmaking coal. Weather-related supply disruptions in Australia saw steelmaking coal prices in the second quarter spike above US$300 per tonne for the fourth time since 2008. Prices corrected back in the US$140–$150 per tonne range and subsequently increased steadily during the second half of the year. In response to this volatility, steel mills and the majority of steelmaking coal producers agreed in April 2017 on an index-linked pricing mechanism based on the average of key premium steelmaking coal spot price assessments to replace the negotiated quarterly benchmark. Overall, our annual average realized price for steelmaking coal in 2017 rose by 53% over 2016 levels to US$176 per tonne. Average prices for copper and zinc rose by 27% and 38%, respectively, compared to 2016.

Earlier this year we reached a significant milestone for our energy business unit, achieving first oil at Fort Hills on January 27, 2018. The first train is currently in production and we are pleased with its performance to date. The remaining two trains are expected to begin producing in the first half of the year and we remain on track to reach 90% capacity by the end of 2018. Fort Hills is a long-life asset that will generate significant value for our company for decades to come. Also of note from an environmental perspective is that the life cycle carbon intensity for the Fort Hills product is projected to be lower than approximately half of the oil currently refined in North America. We will be emphasizing how the project significantly outperforms the generally perceived carbon intensity of the oil sands in our communications regarding the project.

Our operations continued to perform very well, generating significant free cash flow in 2017 — particularly from our steelmaking coal operations. Our gross profit before depreciation and amortization in 2017 was $6.1 billion, compared with $3.8 billion in 2016, with the increase due mainly to higher commodity prices. We reduced our outstanding debt by $2.0 billion in 2017, bringing our net debt down to $5.4 billion at year-end. Our financial position and liquidity remain strong, as we have extended the maturity date on our US$3.0 billion and US$1.2 billion revolving credit facilities to October 2022 and October 2020, respectively.

We also reached an agreement to sell our two-thirds interest in the Waneta Dam and related transmission assets to BC Hydro for $1.2 billion cash. This transaction — anticipated to close in 2018 — will further strengthen our balance sheet, and will provide significant new capital that can be reinvested to grow our overall business. Under the agreement, Teck will be granted a 20-year lease on Waneta to produce power for our Trail Operations, with an option to extend by a further 10 years, providing long-term access for the operation to power at reasonable rates.

In April, we announced a new dividend policy that reflects our commitment to return cash to shareholders, taking into account the cyclical nature of our industry and investments needed to strengthen our business. The policy is anchored by an annual base dividend of $0.20 per share, and in the fourth quarter annually, our Board of Directors will consider declaring a supplemental dividend based on free cash flow generated by the business, the outlook for business conditions, and priorities regarding capital allocation. Our Directors approved a supplemental dividend in 2017 of $0.40 per share, and with the base dividend, we returned $344 million to shareholders. We also bought back 5.9 million Class B subordinate voting shares for $175 million of the $230 million that our Directors authorized management to repurchase through March 31, 2018 under Teck's previously announced normal course issuer bid program.

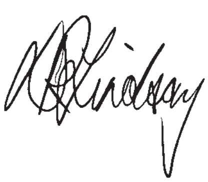
We continued to improve our sustainability performance. Among these accomplishments, Teck was selected as one of Canada's Top 100 Employers by Mediacorp. in recognition of our human resources programs and forward-thinking workplace policies. We continued efforts to increase the diversity of our workforce, with a focus on women and Indigenous Peoples. Teck was also named to the Dow Jones Sustainability World Index (DJSI) for the eighth consecutive year, and ranked as one of the Best 50 Corporate Citizens in Canada by media and investment research firm Corporate Knights.

In 2017, we were focused on continuing to build on our strong project pipeline, including advancing permitting on our Quebrada Blanca Phase 2 project (QB2). QB2 has the potential to be a top 15 global copper producer and would significantly grow our copper business if sanctioned. We also continue to advance our NuevaUnión joint venture project in Chile and anticipate completion of a prefeasibility study in the first quarter of 2018. Work is proceeding on our Project Satellite initiative, focused on surfacing value from five substantial base metals assets located in stable jurisdictions in the Americas.

Turning to our people, Greg Waller, Senior Vice President, Investor Relations and Strategic Analysis, retired in 2017 after more than 30 years at Teck. I would like to thank Greg for his many contributions to our company and for his work in building strong relationships with the investment community. In 2017, we welcomed several new members to our senior management team, including Fraser Phillips, who is taking over Greg's role, and Scott Maloney, Vice President, Environment, succeeding Michael Davies who has begun a phased retirement. Recent promotions in 2017 included Jeff Hanman, Vice President, Corporate Affairs and Kalev Ruberg, Vice President, Teck Digital Systems and Chief Information Officer.

I would also like to congratulate our Chairman, Dr. Norman B. Keevil, on the publication of his book, *Never Rest on Your Ores*. Covering 100 years of Canadian mining and business history, it is an illuminating history that is entertaining, candid and filled with wisdom. It is truly a must-read for anyone interested in mining, leadership and how to build a resilient, thriving business in an increasingly volatile world.

With a successful 2017 behind us, we now look ahead to opportunities on the horizon in 2018 to further strengthen our business, support communities where we operate, and create value for our shareholders.



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