Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

The year of 2019 was a tale of two halves. We had a strong start to the year, focusing on maximizing production to capture margin during a period of higher commodity prices. However, the market tides began to shift in the second half of the year as prices declined due to global economic uncertainties.

In response to this shift, we moved quickly to address those factors within our control to further improve our efficiency and productivity while reducing costs. We have set out four key priorities for our company going forward that will ensure we achieve those goals and position Teck for future growth:

1. Executing on our Quebrada Blanca Phase 2 (QB2) copper project to significantly grow our copper production
2. Accelerating our RACE21™ business transformation program to drive $1 billion in new annualized EBITDA by the end of 2021
3. Improving the competitiveness of our steelmaking coal logistics chain, including upgrades at Neptune Terminals
4. Implementing a company-wide cost reduction program to achieve $610 million in savings through to the end of 2020

Underpinning these priorities are our new short- and long-term sustainability goals that will build on our track record of strong environmental, social and governance (ESG) performance.

Growth through QB2

Construction continues at our Quebrada Blanca Phase 2 project in Chile, a world-class copper project and a key component of Teck's future growth. As of February 2020, there were over 7,500 people actively working on-site across the six major construction areas, and we continue to target first production in the fourth quarter of 2021.

QB2 will significantly increase our copper production at a time when the world needs significantly more copper to support the transition to a low-carbon economy. Renewable energy systems, like solar, can require 10 times more copper than traditional energy systems. Zero-emission electric vehicles need up to four times as much copper as an internal combustion vehicle. Recent research by S&P Global Market Intelligence points to the need for between 11 million and 70 million tonnes of incremental copper production by 2030 to meet climate targets outlined in the Paris Agreement. While this range reflects a number of market scenarios, even at the low range of 11 million tonnes of incremental production, the world would need to build the equivalent of about three QB2s every year for 11 years to provide the copper needed to meet these climate targets. Through QB2 and future expansion opportunities, Teck will be well positioned to take advantage of this growing market.

Transformation through RACE21™

One of our core priorities is RACE21™, our innovation-driven business transformation program launched in 2019. We are implementing proven digital technologies across the mining value chain to improve productivity and lower costs. At the end of the year, we had initiatives underway in areas such as machine learning, mining analytics and processing improvements. These are expected to generate an additional $160 million in annualized EBITDA improvements based on commodity prices at December 31, 2019, exceeding our initial target of $150 million set in May 2019 when commodity prices were significantly higher. More than 30 different projects have been implemented across our operations to date, and we're continuing to set our sights higher. We are targeting to achieve a cumulative total of $1 billion in ongoing annualized EBITDA improvements by the end of 2021, which represents significant value.

Strengthening Coal Logistics

We have a world-class steelmaking coal business, and we are committed to improving the competitiveness of our logistics chain. In 2019, we continued to advance rail and terminal agreements and upgrades at Neptune Bulk Terminals, all with the goal of significantly increasing flexibility and optionality within the supply chain and improving our capability to meet our delivery commitments to customers — while lowering our overall transportation costs. The Neptune upgrades are expected to be complete in the first quarter of 2021.

Cost Reduction Program

Our final priority has been reducing cost across our business. In the third quarter of 2019, we introduced a company-wide cost reduction program. By the end of 2019, we achieved approximately $210 million of capital and operating reductions, exceeding our target of $170 million. In 2020, we expect approximately $400 million of capital and operating reductions, for total reductions in previously planned spending of approximately $610 million through the end of 2020, surpassing our previous target of $500 million.

Sustainability Performance

I'm pleased to report that we are on track to achieve all 21 of our current short-term sustainability goals by the end of 2020. We also launched an updated long-term sustainability strategy this year, including an ambitious new objective to be carbon neutral across our operations and activities by 2050. Our focus on responsible mining continues to be recognized, including being named to the Dow Jones Sustainability World Index for the 10th consecutive year, and listed as the top-ranked mining company in the world on both the World and North American Index. We were also the only mining company on the Global 100 Most Sustainable Corporations list.

Financial and Operational Performance

We continued to generate significant free cash flow in 2019, particularly from our steelmaking coal business. We had revenues of $11.9 billion, and gross profit before depreciation and amortization of $5.0 billion. We reduced our outstanding term notes by US$600 million, and we were upgraded to investment grade credit ratings by four rating agencies, eliminating $1.1 billion in letter of credit requirements.

Our financial position remains strong, as we ended 2019 with $1.0 billion of cash and $6.2 billion of liquidity. In addition, in the fourth quarter of 2019, we closed $2.5 billion in limited recourse project financing to fund the development of QB2. We also returned $111 million in cash to shareholders through dividends and announced $600 million in share buybacks, of which approximately $393 million were completed in 2019, with the balance of approximately $207 million expected to be completed in 2020.

Our People

We remain focused on our core value of safety across every aspect of our business in 2019. High-Potential Incidents and Lost-Time Disabling Injury Frequency were down 16% and 18%, respectively, year over year. We were deeply saddened by a fatality that took place in November 2019 at our QB2 project. We have carried out an in-depth investigation into the incident to learn as much as possible and to implement measures to prevent reoccurrences.

Turning to our senior management, Andrew Stonkus, Senior Vice President, Marketing and Logistics, retired in 2019, following over 30 years of service to Teck. He has been an invaluable member of our sales team for decades and was instrumental in opening up new markets for our products. Réal Foley has succeeded Andrew Stonkus as Senior Vice

President, Marketing and Logistics. New members of our senior team in 2019 are Ian Anderson, Vice President, Logistics; and André Stark as Vice President, Marketing, with responsibility for Coal and Base Metals.

I would also like to welcome our new Chair of the Board, Sheila Murray. The former President of CI Financial Corp., Sheila had a distinguished career practising corporate and securities law prior to joining CI, where she advised a variety of companies in the mining industry. She has been on our Board since 2018 and served as Acting Board Chair following the departure of Dominic Barton, who was appointed Canada's Ambassador to China in September 2019. I would like to say a special thank you to Dominic for his outstanding contribution as Chair. In his year of service he dramatically improved the engagement, performance and culture of the Board, which continues today. We wish him every success in his new, very important role and thank him for his contribution to Canada.

As I look to the year ahead, we remain focused on our key priorities: expanding RACE21™, building QB2, enhancing our steelmaking coal logistics chain and reducing costs — all while continuously improving our sustainability performance and providing materials necessary for society. Because we know that better mining ultimately contributes to a better world and better future for everyone.

Donald R. Lindsay
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Vancouver, B.C., Canada
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