PARTICIPANTS

Corporate Participants

Donald R. Lindsay – President, Chief Executive Officer & Director, Teck Resources Ltd.

Other Participants

Jackie Przybylowski – Analyst, BMO Capital Markets Corp. (Canada)

MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

Jackie Przybylowski, Analyst, BMO Capital Markets Corp. (Canada)

...largest diversified metals and mining company. It's headquartered in Vancouver, Canada. The company is a major global producer of metallurgical or steelmaking coal with significant and growing copper production and important zinc operations as well. Please welcome Don Lindsay, President and CEO.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Thanks very much, Jackie. And I have to say, on behalf of all my Teck colleagues, we are delighted to be back here in-person at the BMO Conference.

Before we begin, I want to draw your attention to slides 2 and 3. This presentation does contain forward-looking statements, and throughout the presentation, I will reference – we're just trying to get to slides 2 and 3, I will reference some non-GAAP measures and the explanations and reconciliations can be found in the appendix.

So, today, I'm pleased to give an overview of Teck and talk about our strong ESG record and also our copper growth strategy. I'm going to discuss the transformational impact that our flagship project QB2 is going to have on Teck's cash flow and on Teck's future returns to shareholders, as well as the optionality that we have with our copper growth pipeline that actually has seven other projects in it for the future as we deliver long-term value for shareholders.

So, starting on slide 4, Teck is focused on copper growth. We have one of the very best growth profiles in copper in the industry. In the near term, it's QB2. This is a world-class project that is months away from producing its first copper and is expected to double our consolidated copper production when it starts up in the second half of this year. But then looking ahead, our pipeline of those seven projects has the potential to add five times the amount of our current copper equivalent production. And in that process, that will rebalance our portfolio to low-carbon metals.

We have a history of operational excellence that underpins our cost competitiveness and we continue to build on that through our technology and innovation program RACE21 and we'll be reporting on RACE21 and the ultimate achievements of it in another couple of weeks. We have a strong financial position, over CAD 7 billion of liquidity, no material debt maturities till the year 2030, and even that's not material, it's about five weeks' worth of current cash flow. We have our capital allocation framework, which we've just applied in terms of determining the dividend payout that we announced last week. And with the startup of QB2, we are quickly approaching a cash flow inflection point with the potential for significantly increased cash returns to shareholder. And all of this is in combination with the track record as the industry leader in ESG and that positions Teck to deliver meaningful long-term value to shareholders.

From health and safety, climate, water, equity and diversity, human rights to tailings, we are committed to the highest standards of sustainability in everything we do. We've outlined some of our key achievements in this most important area on the next slide. And specifically then, on the topic of climate and climate change, last week, building on our existing commitment to achieve net-zero across our operations by 2050, we announced an expansion of our climate action strategy, including a new short-term goal to achieve net-zero Scope 2 emissions by the year 2025, that's 2025, net-zero in Scope 2. And we also have an ambition to achieve net-zero in Scope 3 emissions by 2050.

And although Teck does not have direct control over Scope 3 emissions, we can't exactly tell a Chinese blast furnace or a Japanese blast furnace what to do. We will work to partner and accelerate decarbonization pathways by supporting the applications of technologies, such as carbon capture utilization and storage to achieve our customers net-zero commitments. Overall, we're very pleased to see our continued efforts customers net-zero commitments. Overall, we're very pleased to see our continued efforts in sustainability being recognized by the industry. For the third year in a row, we are ranked number one in the metals and mining industry on S&P's Corporate Sustainability Assessment. We're also the top ranked mining company by Moody's ESG, number two and Diversified Metals by Sustainalytics, and we maintain a AA ranking with MSCI.

The COVID-19 pandemic has accelerated demand for metals and it's only going to get stronger at the low-carbon world with decarbonization is all about electrification, which is all about copper. Teck is well-positioned to capitalize on this demand with our portfolio of future-essential resources that operate some of the lowest carbon intensities in the world. As shown here on slide 6 (sic) [9] (04:46), our strategy is focused on copper growth. Significant growth in copper demand is expected to continue from power generation and grid infrastructure from storage, charging infrastructure and electric vehicles.

In fact, I'm just going to tell you a little story about what happened when I bought my first EV five years ago. I bought a Tesla and it has a range of about 480 kilometers. And I had a charging thing put it on the side of the garage. And got down to about 50 kilometers left in the range and I plugged in the car and nothing happened. So, now, I'm starting to panic a little bit, and I call up electrician [ph] saying, well, the thing is (05:24) not charging, what do I do? He said, well, did you flick the switch, did you pull that lever? I'm like, what lever? He said, well, go down to the basement where your fuse box is, and there's a gray metal cabinet I've just put in, and there's a big lever on the side. And on the top of it, I wrote on a piece of masking tape, it says Tesla; and the bottom, it says oven, because you can either cook or you can charge your car, but you can't do both.

And the reason was there's not enough copper coming into my house. My house in Vancouver is not that old, might be 60 years old, but that whole part of the city, none of the infrastructure is going to work when we all get electric vehicles. Like people sometimes underestimate just how much copper is going to be needed. That's a true story. I've actually ordered another Tesla and now, and maybe this time – it was going to cost CAD 5,000 to actually fix that problem. I chose not to do it, just like I keep telling the story of it. In any event, we'll have significant copper growth. We're already a top 20 global copper producer today, and certainly, with the portfolio we have and with QB2 coming on, we'll hit the top 10. But we'll be able to do this, while balancing returns to shareholders that, really, we're designing a strategy that has growth, that's capital light, so that as all this cash flow really starts to hit next year, we'll be able to return substantial amounts to shareholder.

Now, turning to zinc for a minute. Zinc market is currently very tight, as galvanized steel demand continues to increase. Zinc, of course, is another green metal, because every tonne of steel that you galvanize lasts twice as long. So that, by definition, is reducing your footprint in half. Teck is the largest net zinc miner in the world, with our operations that are in the first and second quartile on the cost curve. But we are also the second largest seaborne steelmaking coal producer globally with top quartile margins. Our premium hard coking coal has industry leading carbon efficiency. In fact, if you make a tonne of steel using our coal, you emit between 5% and 30% less carbon than you do with American, Australian or Mongolian coal. And we believe that the high-quality coking coal will continue to be an essential input for steel production for many, many more years. We're excited by the green steel technology that people are talking about and pilot projects and so on, but it's very clear that it's going to take at least a couple of decades before that has a material share of the global steel industry. Meanwhile, Australian FOB prices remain near record highs at $457 per tonne, and that just reflects strong demand and constrained supplies.

Turning to slide 7 (sic) [10] (08:07), in the near term, we are just laser focused on the successful execution of QB2, and that is the first step in the transformational copper growth. We have overall progress of 77%. We're focused on delivering the key systems right now to position for first copper later this year. We're proud of this achievement, and especially in light of the notable increase in COVID-19 cases and the last wave of Omicron in Chile, we're continuing to aggressively mitigate those cases, and I can tell you, it has been challenging. At one stage, we had 270 positives, over 800 people in isolation, and extending that, then were 2,000 people short at the site. But we're past the peak of that and it's looking much better now.

Today, we've completed more than 90% of the water supply pipeline welding and the tailings starter dam is more than 85% constructed. We've energized the port area substations and we're continuing our pre-operational testing of the desalination plant. And our operations and commissioning teams are working in close collaboration with the construction teams and are busy commissioning systems as they are completed and handed over.

Looking ahead, there's significant long-term growth potential at QB. We've published over 8 billion tonnes of resource, but we know it will go over 10 billion tonnes by the end of the year. Right now, QB2 uses only 18% of the 2021 reserve and resource tonnage and the ore body is open in multiple directions. So, this vast long-life deposit is obviously large enough to be expanded multiple times. And one of the keys to the economics of ore body is the incredibly low strip ratio that is expected to be sustained for many decades. We literally have one quarter of the strip ratio of Collahuasi right next door, and it's also about one quarter of Antamina. And that drives QB2's low all-in sustaining costs. We also have a tax stability agreement for 15 years from commercial production, as well as community agreements and strong local relationships in place.

Turning to slide 8 (sic) [11] (10:08), today, Teck is already a significant copper producer from our four existing mines in the Americas. And moving forward with QB2 as the cornerstone, we have one of the best copper growth profiles in the industry. Starts with QB2 in the second half of this year, but if you take a look at this chart, you'll see that our growth, our average copper production growth compares with just 17% for our diversified mining peers and only 6% for our copper peers, and this is according to Wood Mackenzie's numbers. With QB2 at full production and assuming commodity prices are consistent with the average of the last five years, this will rebalance our portfolio towards copper and base metals.

On slide 9 (sic) [12] (10:49), we see that our growing base metals business compares favorably to the peers in terms of production, and this is Wood Mackenzie data as well. We anticipate strong production earnings growth with copper equivalent production expected to exceed 860,000 tonnes in 2023 following the completion of QB2. So that industry leading growth in the comparable production rates and competitive unit costs highlight the expected earnings generation that the base metal business has the potential for, and it will rival peer companies as shown here in both estimated earnings and in relative value comparisons. So, in short, we are very well positioned to capitalize on the strong demand for metals and minerals, driven by decarbonization and expected population growth.

Looking ahead, Teck is positioned to maximize value from strong copper demand well beyond the ramp-up of QB2. And so, over the past two years, we've looked at a number of different possible configurations for expanding QB once QB2 is up and running. We looked at a 50% expansion, a 100% expansion, and a 200% expansion. What that really is, is, one SAG line, which is a SAG mill, a two ball mills, that's one line and that's 50%. You could do two or you could do four. The key factors that influenced our decision, in addition to the technical factors were, first and foremost, permitting requirements; second, the capital intensity per unit of production capacity; and third, the time to first copper.

And our analysis led us to conclude that the 50% expansion through the addition of the third SAG line, that is one more SAG mill, two ball mills would be – and we call that the QBME, the QB mill expansion and that, we think, is the most effective path forward. Two of the keys to the successful execution of that is the shortest time to first production and to make the investment as capital efficient as possible by minimizing the capital intensity of the project. So the addition of one SAG line allows for staged expansions, what I sort of think of as proportional growth with a focus on the earliest possible copper production at the lowest capital cost. The expansion would add just over 150,000 tonnes per year of copper equivalent production at competitive operating costs.

The incremental production will be $1.20 or less per pound with first production in 2026. One of the keys to the successful expansion of QB is balancing production and tailings capacity. And by doing things this way, a lot of the infrastructure we've just invested in, like the tailings management facility, the pipelines, the transmission lines, the port, the desal plant, all of that, we can take advantage of that investment that we just made and really focus on just the one SAG line. And we also expect, by the way that 50% expansion of the existing operation will be covered by our existing tax stability agreement in Chile.

QBME will leverage the existing infrastructure as I mentioned. We'll require increased mining rates and, therefore, an increase in the size of the mining fleet. The expansion will require a second primary crusher, third grinding flotation circuit, and an additional tailings [indiscernible] (14:02) ore stockpile capacity. There will be limited changes required to the other facilities. The water and concentrate pipeline facilities really just will need to have some debottlenecking activity. At the port, we'll require one additional concentrate filter and the concentrate shed may need to be expanded; however, there will be no requirement for an additional berth on the port. So, QBME is a very key part of our growth strategy.

Our continued investment in resource development and acquisition has resulted in an outstanding copper growth pipeline, which is something that many of our peers simply do not have. In total, we see a potential from what we've got right in-house right now, for a fivefold increase in our copper equivalent production over the next 10 years. Teck has substantial high-quality resources in attractive mineral districts, including Canada, the US, Mexico, Chile and Peru. And this provides a balanced distribution of exposure across multiple jurisdictions and the ability to allocate capital, where risk-adjusted returns are the highest. And we're making prudent investments to further define the path to value for each of these assets, leveraging our exploration, development and commercial expertise with a strong sustainability and community focus.

Importantly, we plan to balance growth with returns to shareholders along the way, significant returns to shareholders by utilizing a capital-light approach and optimizing the timeline to value.

And for those of you who studied what we did on QB2 when we brought in Sumitomo Metal Mining and Sumitomo Corporation and de-risked the project financially, we're looking at the same approach for several of these projects. Our strategy is to focus on assets that can deliver value-accretive growth in a timely manner, while maintaining our disciplined approach to capital allocation to ensure capital returns to shareholders.

At San Nicolás, we've been having detailed discussions with a number of parties and we're getting closer to making a final decision there. The key is that the partner will bring both the financing and project development expertise, so the project can get built in the relatively near term to add to our growth profile. And that way, the capital cost, from our point of view, per unit of incremental production capacity to Teck will be very low indeed. In Zafranal's case, the final feasibility study is complete and we filed the SEIA application and received the acceptance of that, so that's an important step. We're very excited about that. We're hoping to make a decision on the next step in value realization with Zafranal in the coming months. And as you can see on this slide, QBME, of course, and then the future expansions of QB are key components of our overall growth strategy. So, we're particularly excited by the position we expect to find ourselves in at the end of 2022, with first production from QB2 in the second half of this year and the operation then ramping up to full capacity. And that allows us to shift from a period of capital investment to a period of significant cash generation.

And as shown here on this slide 13 (sic) [16] (17:07), we will move from our projected 2022 capital spending on QB2 of about CAD 2.4 billion to an annual inflow of between CAD 1.2 billion and CAD 1.5 billion, and that's after different net cash flows and sustaining capital and so on. So, the net number is a swing of about CAD 4 billion. That is a lot of cash available for shareholders. We closed out 2021 by setting a number of financial performance records, including our highest-ever annual adjusted EBITDA of CAD 6.6 billion. As of last week, we had very strong liquidity of CAD 7 billion. We've kept a conservative level of long-term debt. As you can see our maturity schedule here on this slide, nothing significant until 2030. And even the amount due in 2030 is generated in about five weeks today. Importantly, our record of profitability and strong balance sheet has enabled us to deliver meaningful cash flow returns to shareholders. And in accordance with the capital allocation framework that we published about two years ago and in concurrent with our fourth quarter results, we announced CAD 260 million in supplemental shareholder distribution, which represented a 37% payout versus the minimum 30% that's in the actual framework.

And that's on top of our base dividend of CAD 0.20. And then, we increased the base dividend by 150% to CAD 0.50 a year and we changed our framework to then incorporate an annual share buyback, initially authorized at the first CAD 100 million, but it is something that would be reviewed regularly, particularly if commodity prices stay anywhere near spot. The increase in our base dividend and the new authorized share buyback demonstrate both our confidence in the outlook for our business and our commitment to balance growth with shareholder returns.

When QB2 ramps up to full production, we could be in position to further increase cash returns to shareholders. As shown on slide 16, we could foreseeably generate available cash flow – the calculation at the end of the capital allocation framework, available cash flow of roughly CAD 6 to CAD 7 per share depending on the copper price and that's the numbers significantly lower than where the suite of commodities that we produce is right now. And a minimum of 30% of that would go to shareholders, but the remaining 70% could also be returned to shareholders, depending upon what other needs are available.

In closing, 2022 will be a transformational year for Teck. We're pleased with how we're positioned to drive long-term shareholder value. There are meaningful opportunities ahead as global growth and the transition to a low-carbon economy, drive new copper metal demand, and a result of Tech's long-term and consistent commitment, during the downcycle, we kept investing in high-quality, long-life base metal resources, such that we now have a portfolio of high-quality growth options that is the envy of our peers. As we move forward, we'll rebalance our portfolio to copper, while reducing the proportion of carbon in our overall business. And with the strong performance in the commodity prices over the last few months, it has accelerated our ability to return capital to shareholders literally every month at these prices makes a very significant difference.

And with that, thank you very much for your attention, and I'll turn it over to Jackie for questions.

QUESTION AND ANSWER SECTION

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Thank you very much. So, unfortunately, our app is still out of commission, so I'll pull some out of my own vault, if that's okay, Don? You've talked a lot about QB2 and further expansion. I know you have a tax stability agreement in Chile, but there is probably some argument that you don't want to put all of your eggs in one country basket. So, of the rest of your long pipeline of copper projects, do you have any that you would think of developing in the near term, maybe besides San Nicolás?

<A – Don Lindsay – Teck Resources Ltd.>: Well, San Nicolás is probably the fastest development. Zafranal is actually the most ready. But as we've been watching the developments in Peru, there have been a few bumps in the road there. I think it's a bit better now than it was six months, but they have had four prime ministers in fairly short period of time. But as that stabilizes, we do know there's a lot of interest in people partnering us with that one. So – and the fact that we just got acceptance of the SEIA filing is a very positive step. So, that's probably closer than people think.

QBME, we're going to keep doing the work. I mean, it's great that we've made the decision [indiscernible] (21:30). Pre-feasibility will be finished at the end of this year. But in terms of the actual sanctioning of that and committing a major investment, we'd have to assess what the geopolitical dynamics of Chile are at that time. And we have faith in Chile. We've invested there for a long time. It's a great mining jurisdiction. I think it will continue to be so. But, right now, we just have to see more clarity on some of the key issues.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: It's interesting in the polling question we did for Newmont this morning. We asked, of all the projects Newmont has, what the audience would like to see it develop? And the answer was Galore Creek surprisingly enough and it's been your project longer than it's been Newmont's project. So, what are your thoughts on Galore Creek?

<A – Don Lindsay – Teck Resources Ltd.>: That's true. I'm the one who got us into Galore Creek. I love it. It's a spectacular setting, spectacular grades, lot of gold there. And look, we're working very closely with Newmont. They're a great partner. We are partners with them on NU as well and NuevaUnión, so great working relationship. We'll know a lot more about that over the course of the next year or so and you'll probably get further announcements, but it's one certainly that's going to be a mine. What year that is? We're not quite sure yet. But that's in the group. As we said, we have two near term, that's Zafranal and San Nic. And then, medium term is QBME and Galore Creek. So that's not that far off.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: And you've obviously got a strong focus on decarbonization and your growing copper business reflects that. Is there any shrinking parts of your business that might also reflect that. What is your thought? I know everybody ask me all the time. I'm sure they ask you. What are your thoughts on divesting, whether it's coal or oil sands?

<A – Don Lindsay – Teck Resources Ltd.>: Look, we're very sensitive to the proportion of carbon in our portfolio of oil sands and coal. The oil sands has just, now in this quarter, got up to full production at Fort Hills. That's something that we've been waiting for, for a couple of years. It's great to see that now and the prices, of course, are very supportive. So, this would be the first quarter that we actually have some financial results, and it won't even be a clean quarter because it was pretty rough start to the year. I think it was minus 40 degrees for like two weeks straight or something. So, January was a little bit bouncy. February was much better. March should be even better than that.

So, you'll be able to sort of point to some financial results, and then assess whether we're getting paid for that in the Teck resources share. And my guess is, we won't be. And then, what we've said for a while now is that the board would then consider having that asset held differently, so that shareholders can still participate in the upside, because it can generate. If you even would do the arithmetic today, that would be CAD 700 million of EBITDA from our share of that asset. So that's worth a lot to a lot of people, whether it's one of the partners, whether it's a mid-cap in the Calgary energy sector or whether it's a direct spin out as a yieldco, lot of options there. We start looking at that later this year.

Jackie Przybylowski, Analyst, BMO Capital Markets Corp. (Canada)

Sounds great. I'm sure people are eager to hear what the decision is on that. And thank you very much. It looks like we're out of time. Thanks very much for your presentation, Don.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

All right. Thanks, Jackie.