



## Letter from the Chairman Emeritus

Dr. Norman B. Keevil  
Chairman Emeritus

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### To the Shareholders

For each of us there comes a time to vacate the saddle, leaving it to the next rider on the journey. For me, it came in October 2018 when I was pleased to pass on the chairmanship of Teck Resources to one of our great Canadians, and a true world leader, in Dominic Barton. His career advising business, academia and governments extending from Canada to China, South Korea and elsewhere in Asia, as well as to the United Kingdom, the Far East and points between, culminated in an unprecedented three terms as Global Managing Director of McKinsey & Company, a position from which he retired in July 2018.

Many readers of this letter have said they appreciated the simple truths about the business that we have laid out over the years. While one must adapt to the times, and there are always ephemeral issues which must be dealt with, the fundamentals for building a lasting, successful mining company don't change all that much.

One of these truths lies in the saying: "A mining company without ore reserves is an oxymoron." The reality is that all mines are depleting assets, in which every ounce or tonne of metal or mineral mined must be replaced by the discovery of another ounce or tonne just to stand still, let alone grow. This applies to individual mines and companies alike.

Successful exploration and development is essential to the sustainability of a mining company, else decline is inevitable. Historic discoveries like Teck-Hughes at Kirkland Lake, the Sullivan at Kimberley and Temagami in Ontario were key stepping stones that led, each in their own way, to the modern Teck Resources, as did more recent new mines such as Afton, Hemlo, Red Dog, Quebrada Blanca, Elkview and Antamina.

We have said for years that the three keys to the future of any mining company are, in no particular order, its ore reserves, the people to discover and mine them, and a strong balance sheet to be able to finance a growing reserves base effectively. To these, we add the importance of dealing fairly and with the highest of professional standards with our partners in exploration, mining, refining and the communities in which we operate.

Our recent book, *Never Rest on Your Ores, Building a Mining Company One Stone at a Time*, was published by McGill Queen's University Press in 2017. It tells the stories of some of the people and events that came together over a hundred year period to build Teck Resources from modest beginnings into a major Canadian mining company.

The subtitle is a play on the words of China's iconic Deng Xiaoping who, when asked in 1981 how he would accomplish his plan to quadruple China's GDP in 20 years, said: "We will cross the stream by feeling the stones." It was and is a good strategy, combining a specific target with adaptability to opportunities, and one to which Teck subscribes.

The book describes how this company and the people leading it managed to step from stone to stone, sometimes going backward but generally forward, alert to opportunity but not without the odd mistake, and in the process added significant shareholder value and created a very good company. Ours was not the only way, but it worked well in its times, through the ups and downs of a number of different eras.

Building one step at a time does not mean plodding along but, rather, reacting prudently to good opportunities as they arise. CEO Don Lindsay and I have urged our colleagues to be able to "recognize, analyze and act" expeditiously when

such opportunities do occur, and to wait patiently during those times between. Patient opportunism is the key, because in our experience the stepping stones that truly matter don't come every quarter, but usually several years apart.

Size itself, rather than value, must never be the objective, nor should it be to produce the most ounces or tonnes of any particular commodity. Being the biggest miner does not necessarily equate with being the best. It has been said, wisely: "Size can be the result of success, but is seldom the reason for it."

Finally, it seems that the critical decisions which will eventually create a sustainable, successful company are seldom obvious at the time; if they were, everyone would be chasing the same tales, pricing them beyond value. The decisions that will eventually serve as new cornerstones, as company-makers, may often be unclear or unpopular in the short term, perhaps considered too risky or with the anticipated payoff some time away. We saw this with the decision to build the Antamina mine in uncertain times. Yet the great companies will make them, and carry them off well.

There is a question we like to ask ourselves when faced with such difficult decisions: "Will it make us a better company?" If not, we should be prepared to stand and wait for the one that will.

The author Michael Tobert wrote: "Creation is a struggle. It takes imagination. It takes energy. It takes years. Destruction is the breathless work of moments." To this, we might add, it takes a combination of enthusiasm leavened by patience, and good fortune along with wisdom. Perhaps the owl, pictured in my book, had it right.

In closing, I'd like to say thanks to a number of long-time Teck hands that retired from active service in 2018. This includes Linda Rowe, my assistant for almost 40 years, Karen Dunfee, also a 40-year veteran who has served the board as secretary for years, and Maryan McMaster who was with us for 44 years. On behalf of the board I would like to express our appreciation for all that each did for so long to help make Teck a better company.

In addition, my special thanks to Warren Seyffert, who retired as vice chairman at the same time as I passed the pick to Dominic Barton. Warren began with us long ago as a young lawyer, working on most of the series of new mines Teck built or acquired that truly did make us a better company. The geologists and engineers get much of the credit when a new one starts successfully, but Warren was part of the unsung glue that at times held it all together, and he has served Teck as vice chairman and lead director now for ten years. The board and management wish him well in his retirement.

I'm confident that, in leaving you now in the capable hands of Dominic Barton, Norman Keevil III, our diverse board of directors and strong management team, and with a strong group of operating mines and pipeline of development prospects, Teck will continue to be among the world's best companies in this exciting industry.

Thank you all for your support in what has been a great ride over the years. I will continue to watch and help where I can.



Dr. Norman B. Keevil, O.C.  
Chairman Emeritus  
Vancouver, B.C., Canada  
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The painting *Owl Under Moon* by artist David Lee, courtesy Lahaina Galleries, hangs behind my desk and has three meanings. Firstly, it represents a wise old owl looking over my shoulder; we all need one of these. Secondly, even a wise old owl goes out on a limb sometimes. Thirdly, if the limb breaks, the wise old owl has wings enabling it to fly away safely.