

Goldman  
Sachs

Teck

# Global Metals & Mining Conference

November 28, 2018



# Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentations contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) (collectively referred to herein as forward-looking statements). Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include statements relating to: resource reserve estimates and mine life projections, our long-term strategies and priorities, statements regarding Teck being a compelling value, the EBITDA potential of Quebrada Blanca 2 and Teck's energy business, all expectations set out on the "Value Potential" slide and accompanying discussion, potential for resource upside at Frontier and Lease 421, expectation that the zinc structural deficit is set to continue, expectation that copper mine production is to peak in 2020 and a structural deficit will emerge, future commodity price expectations, expectations regarding the supply and demand for our commodities, long-life of our assets and positioning on the cost curve and low risk of the jurisdictions in which they are located, growth potential for our commodities, expectations regarding operating costs, expectations for target Fort Hills operating costs, expectations for capital efficiency for Fort Hills, liquidity and availability of undrawn credit lines, expectations regarding our Red Dog VIP2 project, Highland Valley D3 project, procurement strategy and Neptune Terminals expansion, the statement that our projects will have significant free cash flow even at lower prices and other statements regarding projected cash availability and cash flow, all projections and expectations with respect to Quebrada Blanca Phase 2, including projected mine life, potential for upside, expectation that the project will have low sustaining capital, total costs in the low half of the cost curve and competitive capital intensity, timing of a potential partnership transaction and potential sanction for the project, and expected construction period and timing of first production from the project, all expectations and projected milestones set out on the "Looking Forward" slide and accompanying discussion, all production guidance, all sales guidance, all cost guidance, all capital expenditure guidance (including categories of capital expenditures), all other guidance, statements regarding our growth options, the sensitivity of estimated profit and estimated EBITDA to foreign exchange and commodity prices, our sustainability goals and strategy (including but not limited to GHG emission reduction targets), projected investment to construct water treatment facilities, potential of our SRF and other research and development projects to reduce costs, value potential and potential cost savings associated with our innovation strategy, including regarding smart shovels, autonomous haul trucks and artificial intelligence, and the savings potential of associated with autonomous haul trucks, our expectations regarding the coal market, expectation that our coal reserves support approximately 27 million tonnes of production for many years, coal growth potential, expected margin capture at our coal business unit, strip ratio expectations, projected coal capital expenditures, expected average water capital costs, Neptune facility upgrade timing and benefits, expectations and projections relating to the copper market, expectations for our Highland Valley Copper 2040 Project, including potential mine life extension, all expectations and projections regarding our potential production on the "Growth Potential: QB2, NuevaUnión, Project Satellite" slide and accompanying discussion, all projections for our Quebrada Blanca Phase 2 project including those on the slides titled "QB2: Potential Tier One Asset", "QB2: Bottom Half of C1+Sustaining Cost Curve", "QB2: Competitive Capital Intensity", all results and parameters presented on the slide titled "NuevaUnión Prefeasibility Study Results", all statements regarding our expectations regarding our Project Satellite properties, including future spending and potential mine life, expectations and projections relating to the copper market, Trail refined zinc production projections, expectations regarding our potential zinc projects, including Aktigiruk, anticipated benefits of our VIP2 project at Red Dog, resource and mine life estimates, including potential production from Frontier, timing of full production at Fort Hills, de-bottlenecking opportunities, potential benefits and capacity increase from de-bottlenecking opportunities at Fort Hills and costs associated with de-bottlenecking, projected and targeted operating costs, projected life of mine sustaining capital costs, potential for longer term expansion opportunities at Fort Hills and associated costs, the expectation that Fort Hills will provide free cash flow for decades and a steady and reliable cash flow, Energy EBITDA potential, benefits of our marketing and logistics strategy and associated opportunities, and our expectations regarding our innovation and technology initiatives, the expectations regarding the number of Class B shares that might be purchased under the normal course issuer bid, and management's expectations with respect to production, demand and outlook regarding coal, copper, zinc and energy.

The forward-looking statements in these slides and accompanying oral presentation are based on assumptions regarding, including, but not limited to, general business and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of, zinc, copper and coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, our ongoing relations with our employees and business partners and joint venturers. Reserve and resource life estimates assume the mine life of longest lived resource in the relevant commodity is achieved, assumes production at planned rates and in some cases development of as yet undeveloped projects. Assumptions are also included in the footnotes to various slides.

# Caution Regarding Forward-Looking Statements

Management's expectations of mine life are based on the current planned production rates and assume that all reserves and resources described in this presentation are developed. Certain forward-looking statements are based on assumptions disclosed in footnotes to the relevant slides. Our estimated profit and EBITDA and EBITDA sensitivity estimates are based on the commodity price and currency exchange assumptions stated on the relevant slide or footnote. Cost statements are based on assumptions noted in the relevant slide or footnote. Assumptions regarding our potential reserve and resource life assume that all resources are upgraded to reserves and that all reserves and resources could be mined. Statements regarding future production are based on the assumption of project sanctions and mine production. Statements regarding Quebrada Blanca Phase 2 assume the project is developed in accordance with its feasibility study and subsequent developments. Payment of dividends is in the discretion of the board of directors. Our Elk Valley Water Quality Plan statements are based on assumptions regarding the effectiveness of current technology, and that it will perform as expected. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including but not limited to rail, port and other logistics providers) to perform their contractual obligations, changes in our credit ratings or the financial market in general, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits or securing transportation for our products, inability to address concerns regarding permits of environmental impact assessments, changes in tax benefits or tax rates, resolution of environmental and other proceedings or disputes, and changes or deterioration in general economic conditions. We will not achieve the maximum mine lives of our projects, or be able to mine all reserves at our projects, if we do not obtain relevant permits for our operations. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners. NuevaUnión is jointly owned. Unanticipated technology or environmental interactions could affect the effectiveness of our Elk Valley Water Quality Plan strategy. The effect of the price of oil on operating costs will be affected by the exchange rate between Canadian and U.S. dollars. Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies. Purchases of Class B shares under the normal course issuer bid may be impacted by, amount other things, availability of Class B shares, share price volatility, and availability of funds to purchase shares.

Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies. Statements regarding anticipated steelmaking coal sales volumes and average steelmaking coal prices depend on timely arrival of vessels and performance of our steelmaking coal-loading facilities, as well as the level of spot pricing sales.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning assumptions, risks and uncertainties associated with these forward-looking statements and our business can be found in our most recent Annual Information Form, as well as subsequent filings of our management's discussion and analysis of quarterly results and other subsequent filings, all filed under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on EDGAR ([www.sec.gov](http://www.sec.gov)).

# Our Value Proposition

## Strong Execution

- Premier operating assets
- Proven track record
- Enhancing profitability

## Solid Financial Position

- Significant liquidity
- Strong cash flow

## Disciplined Capital Allocation

- Debt reduction
- Asset portfolio optimization
- Strong history of returning cash to shareholders
- Attractive growth potential

## Foundation of Sustainability



## Compelling Value

# Value Potential

## Multiple Normalization

- Current Teck EV/EBITDA multiple of 4.4x<sup>1</sup>
- Historical Teck EV/EBITDA multiple of 5.5-6.5x<sup>1</sup>
- Current peer EV/EBITDA multiple of 5.3-6.2x<sup>1</sup>

Teck's trailing 12-month EBITDA is ~C\$10.00/share<sup>2</sup>

## Quebrada Blanca 2

- EBITDA potential of ~US\$650M assuming 65% ownership and US\$3.00/lb copper<sup>3</sup>

~C\$1.50/share EBITDA potential<sup>3</sup>

## Energy Business

- EBITDA potential at full production of ~C\$500M at US\$75/bbl WTI and US\$15/bbl weighted average WTI-WCS differential<sup>4</sup>
- Resource upside at Frontier and Lease 421
- Historical energy EV/EBITDA multiple of 8.0-10.0x<sup>5</sup>

~C\$1.00/share EBITDA potential<sup>4</sup>

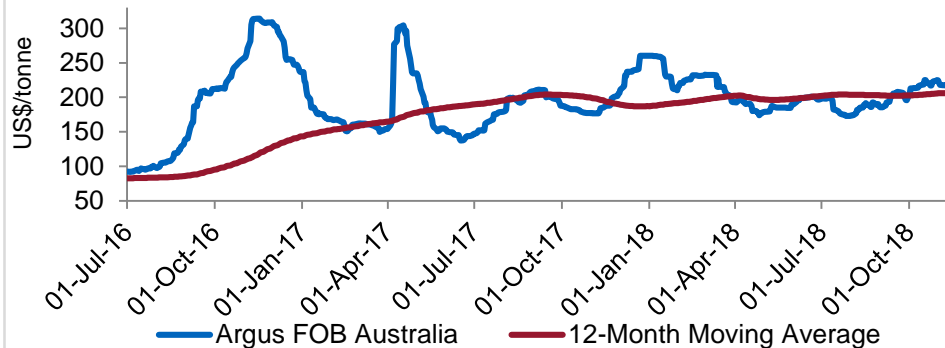


# The Right Commodities at the Right Time

## Steelmaking Coal

- Outperforming market expectations
- Ten-year average steelmaking coal price is US\$181/t, or US\$197/t on an inflation-adjusted basis<sup>1</sup>
- Forward curve >US\$165/tonne through 2021<sup>1</sup>

Coal Price Assessments<sup>1</sup>



## Zinc

Structural deficit  
set to continue



## Copper

Mine production  
to peak in 2021  
& structural deficit  
to emerge



# Premier Operating Assets

## Steelmaking Coal

Primary Assets:  
Elk Valley mines

- High quality steelmaking coal
- Long life
- Upper half of margin curve
- ~\$22B of Adjusted EBITDA since the Fording acquisition<sup>1</sup>

EBITDA Margin<sup>3</sup>: 58%



## Zinc

Primary Asset:  
Red Dog

- Long life
- Bottom quartile of cost curve
- Strong market position
- Outstanding potential at Aktigirug

Red Dog EBITDA Margin<sup>3</sup>: 42%



## Copper

Primary Assets: Antamina,  
Highland Valley, Carmen de  
Andacollo

- Long life
- Bottom half of cost curve<sup>2</sup>
- Multiple opportunities for growth - QB2, NuevaUnión, San Nicolás, Zafranal

EBITDA Margin<sup>3</sup>: 56%



## Energy

Primary Asset:  
Fort Hills

- Long life
- Higher quality, lower carbon intensity product
- Expect low operating costs
- Expandable
- Commercial production from June 1, 2018

2018 ramp up



# Proven Track Record

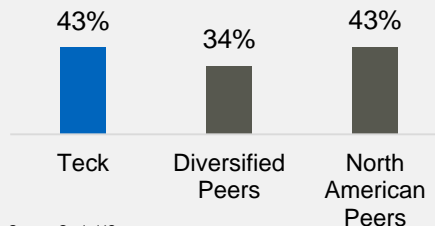
## Delivered Five-Point Plan During Downturn

- ✓ No equity issued
- ✓ No core assets sold
- ✓ Invested in production growth from Fort Hills
- ✓ Maintained strong liquidity
- ✓ 33% debt reduction<sup>1</sup>; managed maturities

All while achieving >\$1B in annualized cost savings<sup>2</sup>

## Driving Industry-Leading Profitability

- Strong EBITDA margin<sup>3</sup>



Source: Capital IQ

- Strong cash flow
- Canadian tax pools – EBITDA converts to cash efficiently

## Further Enhancing Profitability

- Red Dog VIP2 project to increase mill throughput
- Highland Valley D3 project to increase mill throughput and copper recoveries
- Procurement strategy to maximize margins
- Neptune Terminals expansion

2012-2016

2017

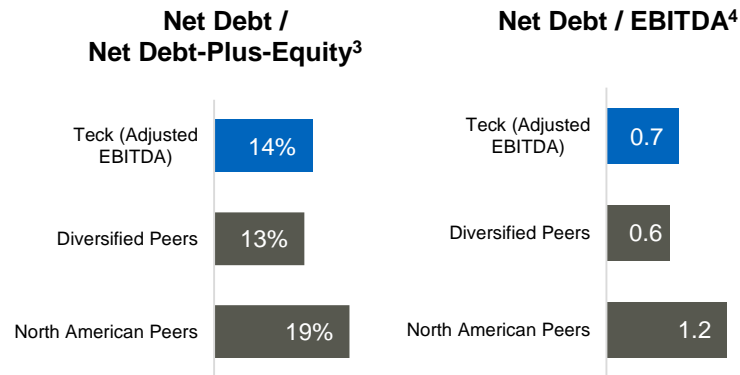
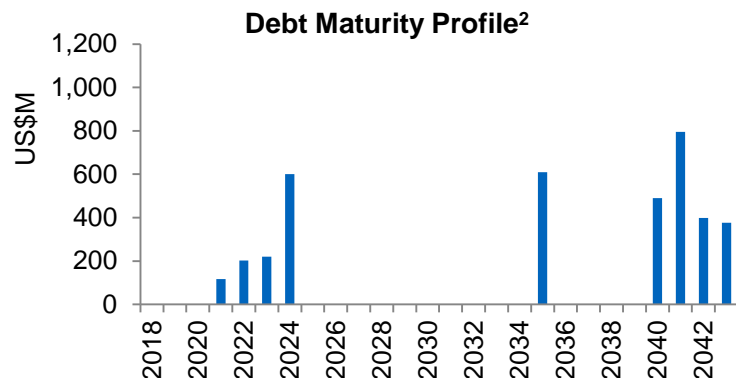
2018 Onwards

**Teck**



# Solid Financial Position

- **>\$5.7B of liquidity<sup>1</sup>**
- Includes **\$1.2B** cash from closing of the Waneta Dam transaction in July
- Reflects the purchase of **US\$1.0B** of public notes outstanding in August
  - Currently no significant debt maturities prior to 2024
  - Strong credit metrics reflected in trading price of public debt
- Received regulatory approval to renew our Normal Course Issuer Bid (NCIB)
  - Allows us to purchase up to **40M** Class B shares prior to October 9, 2019
- On November 15, 2018, announced that the Board:
  - Approved payment of a **\$0.15/share** dividend on December 14, 2018
  - Directed management to apply **\$400M** to the repurchase of Class B shares under the NCIB



Source: Capital IQ, Teck

# Balance Returning Cash to Shareholders and Capex With Prudent Balance Sheet Management

	Strategy	Capital Allocation
<b>Steelmaking Coal</b>	<ul style="list-style-type: none"> <li>• Maintain current production</li> <li>• Optimize assets</li> </ul>	<ul style="list-style-type: none"> <li>• Significant free cash flow even at lower prices<sup>1</sup></li> <li>• Cash available to fund growth projects</li> <li>• Neptune Terminals expansion</li> </ul>
<b>Zinc</b>	<ul style="list-style-type: none"> <li>• Maintain current production</li> <li>• Optimize assets/ extend mine life</li> <li>• Define Aktigirug potential</li> </ul>	<ul style="list-style-type: none"> <li>• Strong near-term commodity outlook, significant free cash flow<sup>1</sup></li> <li>• Cash available to fund growth projects</li> </ul>
<b>Copper</b>	<ul style="list-style-type: none"> <li>• Optimize current assets/extend mine lives</li> </ul>	<ul style="list-style-type: none"> <li>• Strong long-term commodity fundamentals</li> <li>• Attractive growth options - QB2, NuevaUnión, San Nicolás, Zafranal</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Moving from significant cash outflow to cash inflow</li> </ul>	<ul style="list-style-type: none"> <li>• 2018 ramp-up</li> <li>• Growth through debottlenecking and expansion</li> </ul>
<b>Portfolio Optimization</b>	<ul style="list-style-type: none"> <li>• Waneta Dam, NuevaUnión joint venture, Project Satellite</li> </ul>	

# Strong Track Record of Returning Cash to Shareholders

~\$5.5 billion returned from January 1, 2003 to September 30, 2018<sup>1</sup>

## Dividends<sup>1</sup>

**\$4.2 billion**  
since 2003

**~26%**

of free cash flow  
in last 15 years

## Share Buybacks<sup>1</sup>

**\$1.3 billion**  
since 2003

**~8%**

of free cash flow  
in last 15 years

## Cash Returns in H2 2018

- Purchased US\$1B in near-term debt maturities
- Announced eligible dividend of \$0.15/share to be paid on December 14, 2018
  - \$0.05/share regular quarterly dividend and \$0.10/share supplemental dividend
- Announced \$400M repurchase of Class B shares under NCIB

# Quebrada Blanca 2

## Developing the next major copper producer in Chile



### Long Life Asset

- Initial mine life 25 years using only 25% of reserves and resources<sup>1</sup>
- Further upside potential in the district



### Quality Project

- Brownfields site, low strip ratio
- Very low sustaining capital
- Total costs (AISC) in low half of cost curve
- Competitive capital intensity (~US\$16k/t)



### Stable Jurisdiction

- Operating history
- Permitting pathway well defined
- Established legal stability

### Path to Value Realization:

- EIA approval received in August 2018
- Partnership transaction likely in Q4 2018
- Potential to sanction in Q4 2018
- ~3 year construction; first production mid-2021



# Looking Forward

## Multiple catalysts / valuation milestones

### Fort Hills

- Full production in **Q4 2018**

### Quebrada Blanca 2

- Partnership transaction targeted for **Q4 2018**
- Sanctioning decision possible in **Q4 2018**

### Highland Valley (HVC)

- HVC 2040 Prefeasibility Study completion in **Q4 2018**

### Zafranal

- Feasibility Study completion in **Q1 2019**

### NuevaUnión

- Feasibility Study completion by **Q3 2019**

### San Nicolás

- Prefeasibility engineering and SEIA submission in **H2 2019**

Q4 2018

2019+

**Teck**



# Value Potential

## Multiple Normalization

- Current Teck EV/EBITDA multiple of 4.4x<sup>1</sup>
- Historical Teck EV/EBITDA multiple of 5.5-6.5x<sup>1</sup>
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## Quebrada Blanca 2

- EBITDA potential of ~US\$650M assuming 65% ownership and US\$3.00/lb copper<sup>3</sup>

~C\$1.50/share EBITDA potential<sup>3</sup>

## Energy Business

- EBITDA potential at full production of ~C\$500M at US\$75/bbl WTI and US\$15/bbl weighted average WTI-WCS differential<sup>4</sup>
- Resource upside at Frontier and Lease 421
- Historical energy EV/EBITDA multiple of 8.0-10.0x<sup>5</sup>

~C\$1.00/share EBITDA potential<sup>4</sup>

# Teck

## Strong Execution

- Premier operating assets, a proven track record, and enhancing profitability at our operations.



## Solid Financial Position

- Significant liquidity and strong cash flow.



## Disciplined Capital Allocation

- Our approach balances returning cash to shareholders and capital spending with prudent balance sheet management.



**Compelling Value**

# Notes

**Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale.**

**North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper.**

## **Slide 5: Value Potential**

1. Current multiples are as at September 6, 2018. Historical multiples are for the past ten years. Peer multiples are based on a combination of our Diversified Peers and North American Peers. Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale. North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper. EV/EBITDA multiples are unweighted averages based on data reported by Capital IQ as at September 6, 2018, and are total enterprise value to forward EBITDA for the next twelve months. EBITDA is a non-GAAP financial measure without a standardized meaning, but generally refers to profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. Capital IQ applies its own approach to calculate this metric and as a result the figures determined from Capital IQ data may vary from results published by Teck or peer companies. See "Non-GAAP Financial Measures" slides.
2. Trailing 12-month EBITDA is as at September 30, 2018.
3. EBITDA potential for Quebrada Blanca 2 is on a 100% basis in the first full five years of production and assumes 65% ownership by Teck, a copper price of US\$3.00/lb and a Canadian to US dollar exchange rate of 1.25. See Teck's fourth quarter 2016 news release dated February 15, 2017 for further information regarding Quebrada Blanca Phase 2, including forecast production for the first full five years of production. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
4. EBITDA potential for the Energy business is at full production of ~90% of nameplate capacity of 194,000 barrels per day. Includes Crown royalties assuming pre-payout phase. Assumes a WTI price of US\$75/bbl, weighted average WTI-WCS differential of US\$15/bbl, operating costs of C\$20/bbl and a Canadian to US dollar exchange rate of 1.25. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
5. Historical energy multiples are as provided by RBC Capital Markets as at May 28, 2018 and are based on Suncor, CNRL, Imperial Oil, Cenovus, Husky, MEG, Pengrowth and BlackPearl.

## **Slide 6: The Right Commodities at the Right Time**

1. Steelmaking coal prices for the past ten years are calculated from January 1, 2008. Inflation-adjusted prices are based on Statistics Canada's Consumer Price Index. Source: Argus, FIS, Teck. Plotted to November 19, 2018.

## **Slide 7: Premier Operating Assets**

1. Adjusted EBITDA generated from October 1, 2008 to September 30, 2018. This reflects the change in accounting policy to capitalize stripping from January 1, 2013. Waste rock stripping costs incurred in the production phase of a surface mine are recorded as capitalized production stripping costs within property, plant and equipment when it is probable that the stripping activity will improve access to the orebody when the component of the orebody or pit to which access has been improved can be identified, and when the costs relating to the stripping activity can be measured reliably. When the actual waste-to-ore stripping ratio in a period is greater than the expected life-of-component waste-to-ore stripping ratio for that component, the excess is recorded as capitalized production stripping costs. Adjusted EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
2. Bottom half of the copper cost curve based on the average for our operations.
3. EBITDA margin is for the nine months ended September 30, 2018. EBITDA margin is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

# Notes

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## **Slide 8: Proven Track Record**

1. Achieved US\$2.4 billion in debt reduction, based on public notes outstanding of US\$7.2 billion as at September 30, 2015 and US\$4.8B as at June 30, 2017.
2. Achieved >\$1 billion in annualized cost savings from initiatives in 2013 to 2016.
3. EBITDA margin LTM for Teck, Diversified Peers and North American Peers are as determined and reported by Capital IQ as at October 25, 2018. Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale. North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper. EBITDA margin is a non-GAAP financial measure without a standardized meaning, but generally refers to EBITDA (earnings, before interest, taxes, depreciating and amortization) divided by total revenues for the relevant period. Capital IQ applies its own approach to calculate this metric and as a result the figures reported from Capital IQ data may vary from results published by Teck or peer companies. See “Non-GAAP Financial Measures” slides.

## **Slide 9: Solid Financial Position**

1. As at October 24, 2018. Assumes a C\$/US\$ exchange rate of \$1.30.
2. Public notes outstanding as at September 30, 2018.
3. Net debt/net debt-plus-equity for Diversified Peers and North American Peers are unweighted averages based on data reported by Capital IQ as at October 25, 2018. Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale. North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper. Net debt/net debt-plus-equity is a non-GAAP financial measure without a standardized meaning, but generally refers to net debt (total debt less cash and cash equivalents) divided by the sum of net debt plus shareholders equity. Capital IQ applies its own approach to calculate this metric and as a result the figures determined from Capital IQ data may vary from results published by Teck or peer companies. Net debt/net debt-plus-equity for Teck is an unweighted average as at September 30, 2018. Non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2018 press release for further information.
4. Net debt/EBITDA for Diversified Peers and North American Peers are unweighted averages based on data reported by Capital IQ as at October 25, 2018. Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale. North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper. Net debt/EBITDA is a non-GAAP financial measure without a standardized meaning, but generally refers to net debt (total debt less cash and cash equivalents) divided by EBITDA (earnings, before interest, taxes, depreciating and amortization). Capital IQ applies its own approach to calculate this metric and as a result the figures determined from Capital IQ data may vary from results published by Teck or peer companies. Net debt/EBITDA for Teck is based on our adjusted EBITDA and is an unweighted average as at September 30, 2018. EBITDA, adjusted EBITDA and net debt/EBITDA are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2018 press release for further information.

## **Slide 10: Balance Returning Cash to Shareholders and Capex With Prudent Balance Sheet Management**

1. Free cash flow is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides.

## **Slide 11: Strong Track Record of Returning Cash to Shareholders**

1. From January 1, 2003 to September 30, 2018. Free cash flow is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides.

## **Slide 12: Quebrada Blanca 2**

1. For current Reserve and Resource statements, see Teck’s 2017 Annual Information Form filed on SEDAR.

# Notes

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## Slide 14: Value Potential

1. Current multiples are as at September 6, 2018. Historical multiples are for the past ten years. Peer multiples are based on a combination of our Diversified Peers and North American Peers. Diversified Peers are Anglo American, BHP Billiton, Glencore, Rio Tinto, South32 and Vale. North American Peers are Freeport-McMoRan, First Quantum, Lundin and Southern Copper. EV/EBITDA multiples are unweighted averages based on data reported by Capital IQ as at September 6, 2018, and are total enterprise value to forward EBITDA for the next twelve months. EBITDA is a non-GAAP financial measure without a standardized meaning, but generally refers to profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. Capital IQ applies its own approach to calculate this metric and as a result the figures determined from Capital IQ data may vary from results published by Teck or peer companies. See “Non-GAAP Financial Measures” slides.
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5. Historical energy multiples are as provided by RBC Capital Markets as at May 28, 2018 and are based on Suncor, CNRL, Imperial Oil, Cenovus, Husky, MEG, Pengrowth and BlackPearl.



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# Appendix

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# Consistent Long-Term Strategy

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Diversification

Long life assets

Low cost

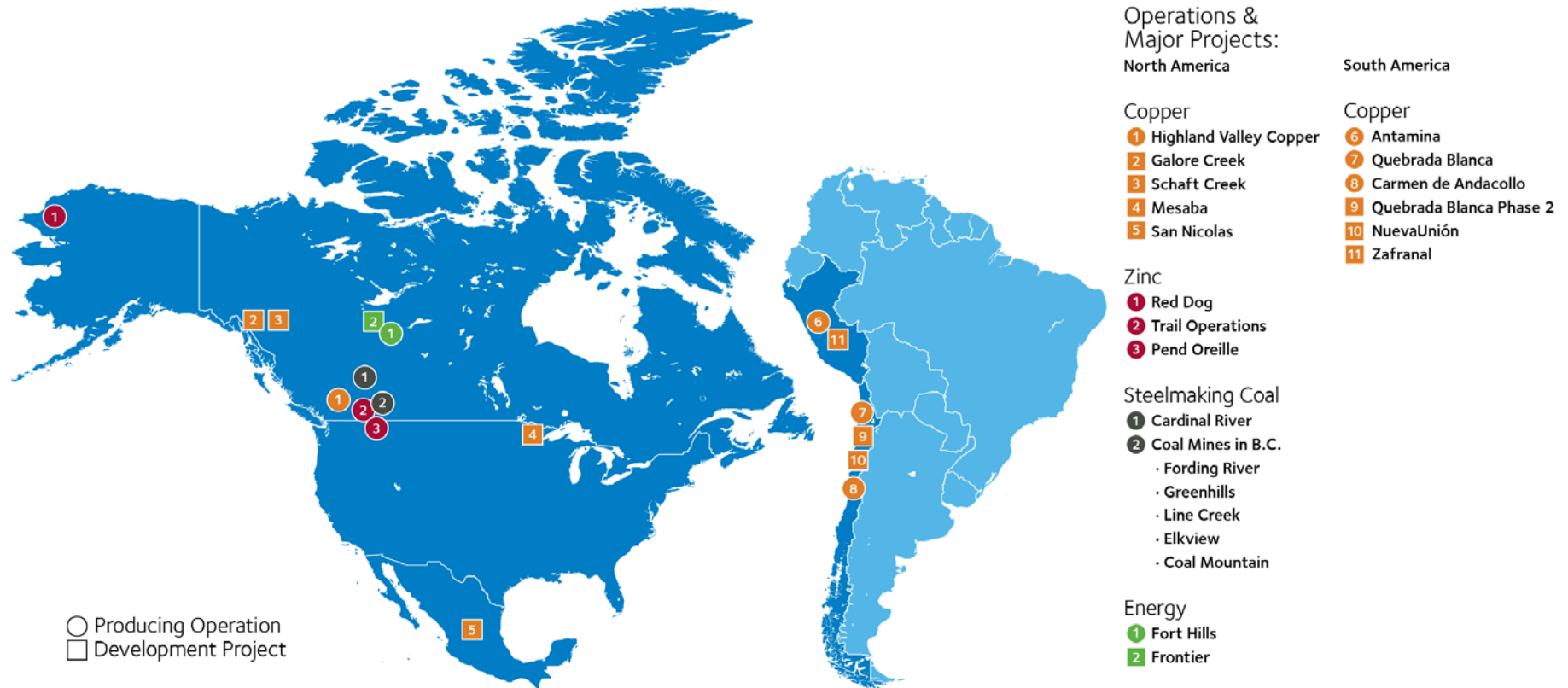
Appropriate scale

Low risk jurisdictions



# Attractive Portfolio of Long-Life Assets

## Low risk jurisdictions

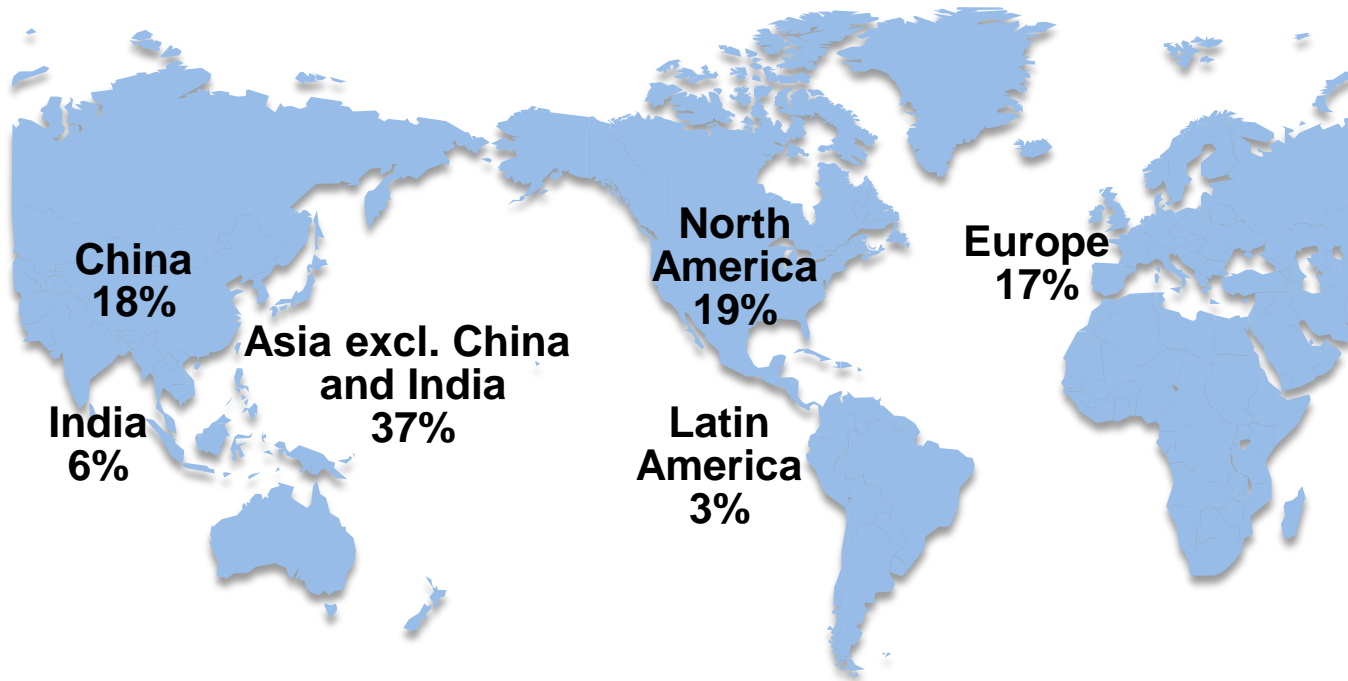


# Global Customer Base

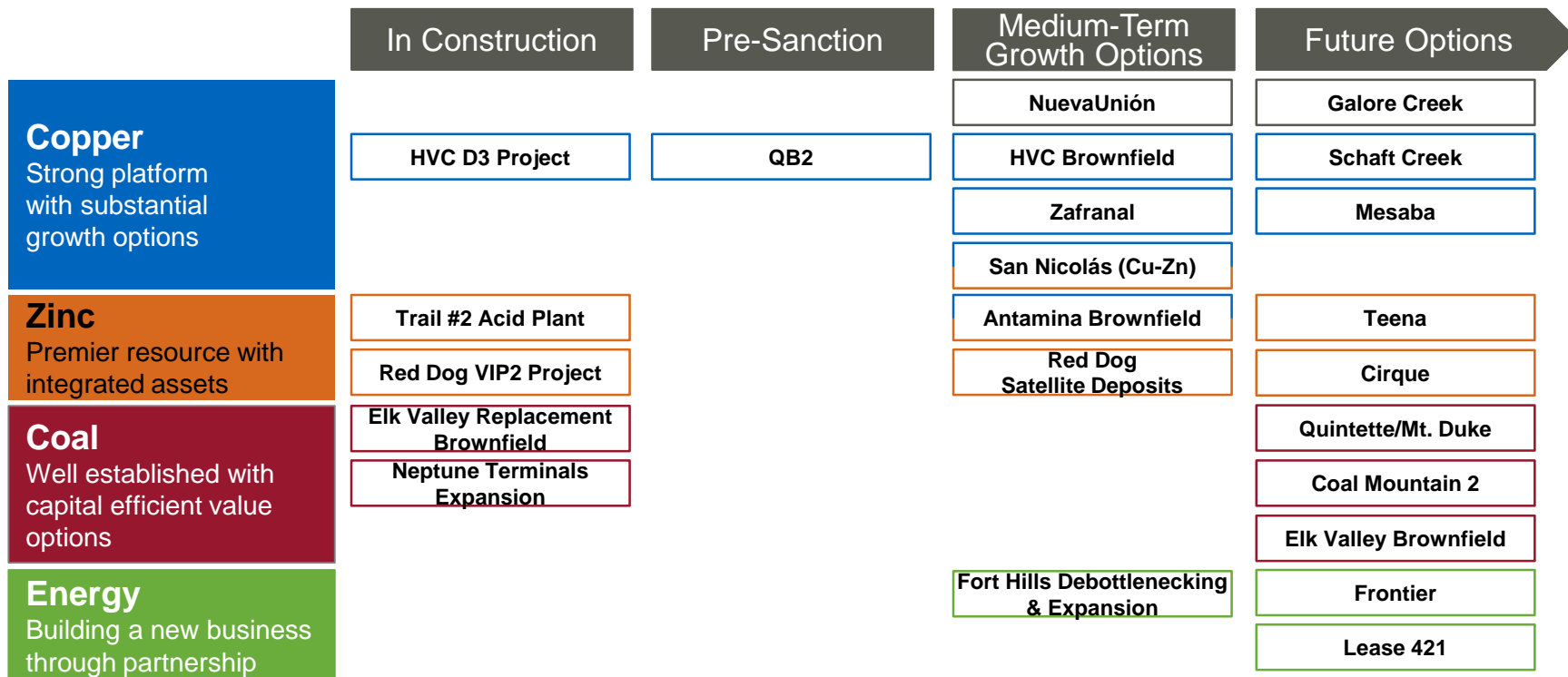
Revenue contribution from diverse markets

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## Sales Distribution (2017)

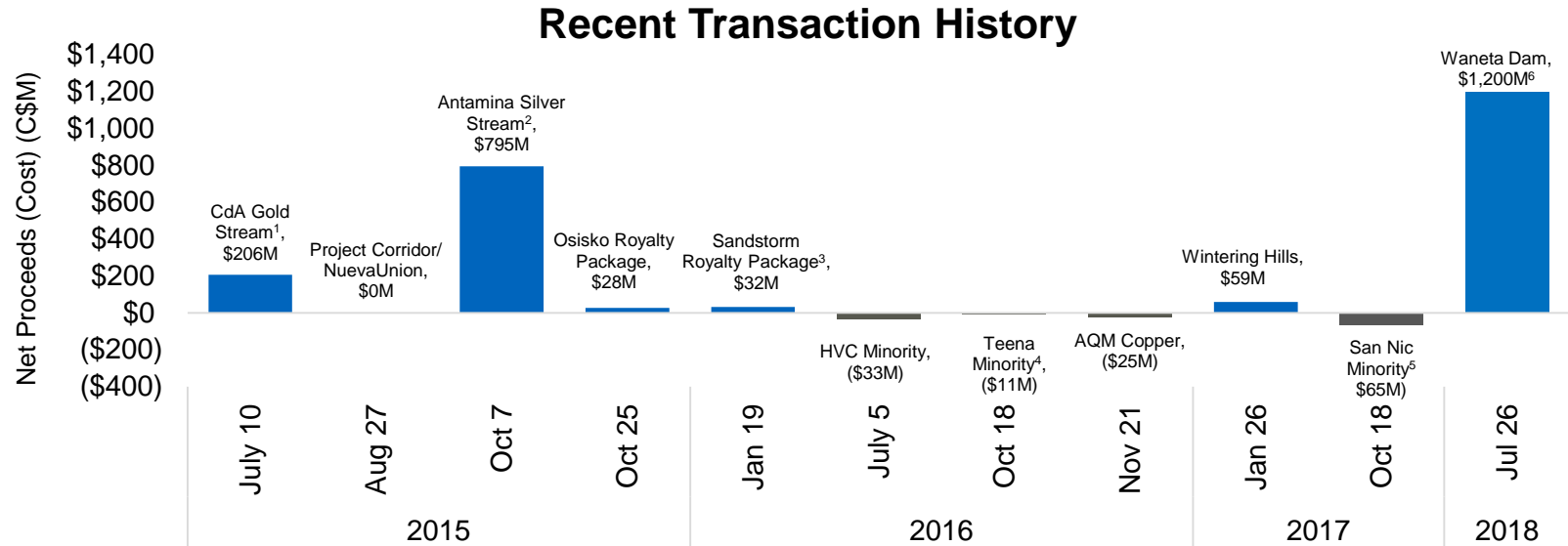


# Diverse Pipeline of Growth Options





# Disciplined Approach to M&A

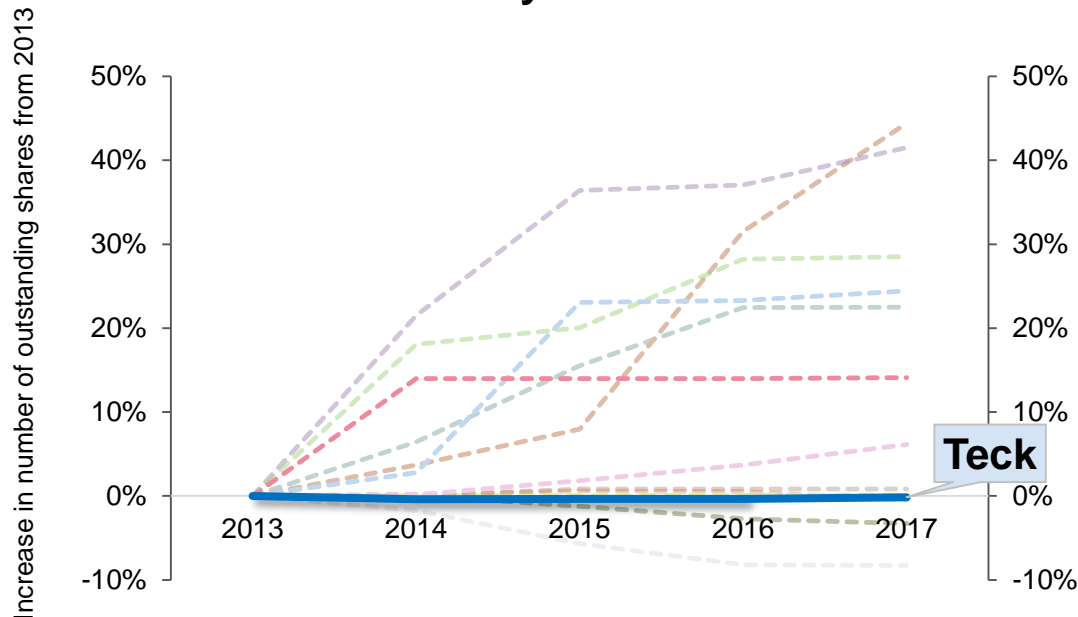


## Total net proceeds of C\$2.2B:

- Balance sheet strengthened by divestment of non-core assets at high EBITDA multiples<sup>7</sup>
- Modest 'prudent housekeeping' acquisitions to consolidate control of attractive copper and zinc development assets
- Innovative NuevaUnión joint venture to create world scale development opportunity

# Emerged from the Downturn in a Strong Position

## Teck vs. Peer 5-yr Share Dilution<sup>1</sup>



## Reflects Execution on Our Five-Point Plan

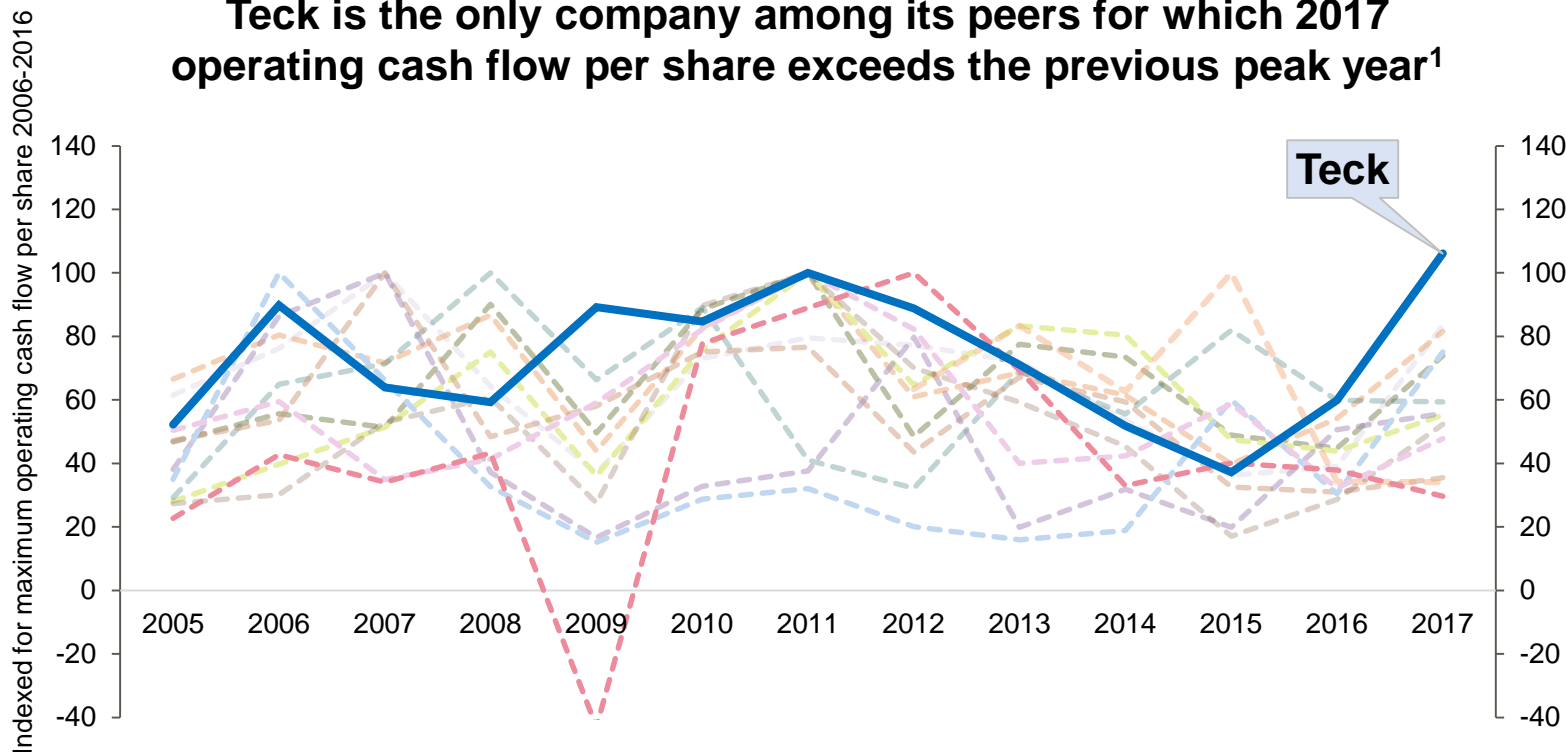
1. No equity dilution
2. No core assets sold
3. Invested in production growth from Fort Hills
4. Maintained strong liquidity
5. Reduced our debt & managed maturities

*All while focusing on reducing costs*

Teck now has fewer shares outstanding than in 2009

# Higher Operating Cash Flow per Share

**Teck is the only company among its peers for which 2017 operating cash flow per share exceeds the previous peak year<sup>1</sup>**



# Production Guidance

		2017 Results	2018 Guidance <sup>1</sup>	3 Year (2019-2021) Guidance <sup>1</sup>
<b>Steelmaking Coal</b>		26.6 Mt	26-27 Mt	26.5-27.5 Mt
<b>Copper<sup>2,3</sup></b>		287 kt	285-295 kt	270-300 kt
Highland Valley	Concentrate	93 kt	100-105 kt	120-140 kt
Antamina	Concentrate	95 kt	95-100 kt	90-100 kt
Carmen de Andecollo	Concentrate	72.5 kt	60-65 kt	60 kt
	Cathode	3.5 kt	3 kt	
Quebrada Blanca	Cathode	23 kt	24-26 kt	
<b>Zinc<sup>2,4</sup></b>	Concentrate	659 kt	660-675 kt	575-625 kt
Red Dog	Concentrate	542 kt	540-550 kt	475-525 kt
Antamina	Concentrate	84 kt	90-95 kt	90-100 kt
Pend Oreille	Concentrate	33 kt	30 kt	-
Trail	Refined	310 kt	305-310 kt	310-315 kt
<b>Bitumen<sup>2, 5</sup></b>				
Fort Hills		n.a.	8.5 - 10.0 Mbbl	14 Mbbl
<b>Lead</b>				
Red Dog	Concentrate	111 kt	95-100 kt	85-100 kt
Trail	Refined	87 kt	65 kt	95-105 kt
<b>Molybdenum<sup>2</sup></b>	Concentrate	11.2 Mlbs	9.0 Mlbs	6.5-8.0 Mlbs
Highland Valley	Concentrate	9.2 Mlbs	7.2 Mlbs	4.0-5.0 Mlbs
Antamina	Concentrate	2.0 Mlbs	1.8 Mlbs	2.5-3.0 Mlbs
<b>Silver</b>				
Trail	Refined	21.4 Moz	13	-

# Sales Guidance

---

	Q3 2018 Results	Q4 2018 Guidance <sup>1</sup>
<b>Steelmaking Coal</b>	6.7 Mt	6.7 Mt
<b>Zinc</b>		
Red Dog – Zinc in Concentrate	151 kt	180 kt



# Cost Guidance

	2017 Results	2018 Guidance <sup>1</sup>
<b>Steelmaking Coal<sup>2</sup></b>		
Site costs	C\$52/t	C\$60-63/t
Transportation costs	C\$37/t	C\$35-37/t
Unit cost of sales	C\$89/t	C\$95-100/t
<b>Copper<sup>3</sup></b>		
C1 unit costs	US\$1.75/lb	US\$1.75-1.80/lb
Net cash unit costs after by-product margins	US\$1.33/lb	US\$1.25-1.30/lb
<b>Zinc<sup>4</sup></b>		
C1 unit costs	US\$0.52/lb	US\$0.50-0.55/lb
Net cash unit costs after by-product margins	US\$0.28/lb	US\$0.30-0.35/lb
<b>Bitumen<sup>5</sup></b>		
Cash operating cost	n.a.	C\$28.50-32.50/bbl

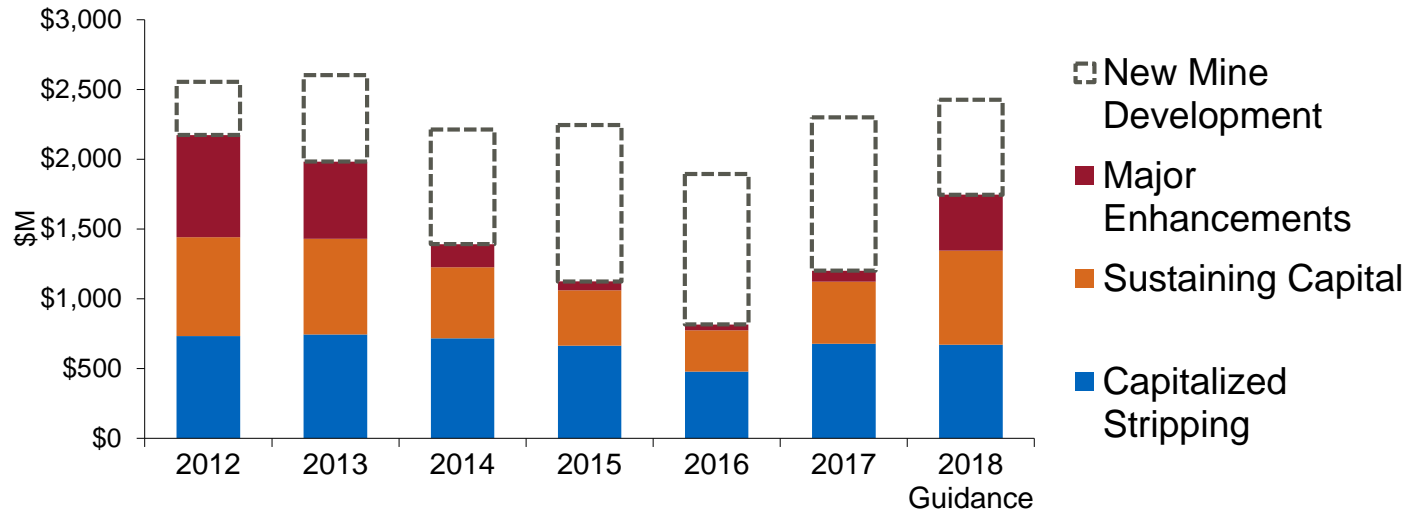
# Capital Expenditures Guidance 2018

(Teck's share in CAD\$ millions)	2017	2018 Guidance <sup>1</sup>
<b>Sustaining</b>		
Steelmaking coal <sup>2</sup>	\$ 112	\$ 265
Copper	126	155
Zinc	168	220
Energy <sup>3</sup>	34	30
Corporate	4	5
	<b>\$ 444</b>	<b>\$ 675</b>
<b>Major Enhancement</b>		
Steelmaking coal	\$ 55	\$ 150
Copper <sup>4</sup>	8	70
Zinc <sup>5</sup>	15	105
Energy <sup>3</sup>	-	75
	<b>\$ 78</b>	<b>\$ 400</b>
<b>New Mine Development</b>		
Copper <sup>4</sup>	\$ 186	\$ 450
Zinc	36	35
Energy <sup>3</sup>	877	195
	<b>\$ 1,099</b>	<b>\$ 680</b>
<b>Sub-total</b>		
Steelmaking coal <sup>2</sup>	\$ 167	\$ 415
Copper <sup>4</sup>	320	675
Zinc <sup>5</sup>	219	360
Energy <sup>3</sup>	911	300
Corporate	4	5
	<b>\$ 1,621</b>	<b>\$ 1,755</b>

(Teck's share in CAD\$ millions)	2017	2018 Guidance <sup>1</sup>
<b>Capitalized Stripping</b>		
Steelmaking coal	\$ 506	\$ 500
Copper	147	145
Zinc	25	25
	<b>\$ 678</b>	<b>\$ 670</b>
<b>Total</b>		
Steelmaking coal <sup>2</sup>	\$ 673	\$ 915
Copper <sup>4</sup>	467	820
Zinc <sup>5</sup>	244	385
Energy <sup>3</sup>	911	300
Corporate	4	5
	<b>\$ 2,299</b>	<b>\$ 2,425</b>

# Sustaining Capex Expected to Peak in 2018

**Total Capital Expenditures 2012-2018<sup>1</sup>**



# Commodity Price Leverage<sup>1</sup>

	Mid-Point of 2018 Production Guidance <sup>1</sup>	Change	Estimated Effect on Annualized Profit <sup>2</sup>	Estimated Effect on Annualized EBITDA <sup>3</sup>
\$C/\$US		C\$0.01	C\$43M /\$0.01Δ	C\$66M /\$0.01Δ
Coal	26.5 Mt	US\$1/tonne	C\$20M /\$1Δ	C\$31M /\$1Δ
Copper	285 kt	US\$0.01/lb	C\$5M /\$0.01Δ	C\$7M /\$0.01Δ
Zinc	970 kt	US\$0.01/lb	C\$10M /\$0.01Δ	C\$14M /\$0.01Δ

# Tax-Efficient Earnings in Canada

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**~\$4.5 billion in available tax pools<sup>1</sup>, including:**

- \$3.6B in loss carryforwards
- \$0.9B in Canadian Development Expenses

**Applies to:**

- Cash income taxes in Canada

**Does not apply to:**

- Resource taxes in Canada
- Cash taxes in foreign jurisdictions



# Share Structure & Principal Shareholders

## Teck Resources Limited<sup>1</sup>

	<u>Shares Held</u>	<u>Percent</u>	<u>Voting Rights</u>
<b>Class A Shareholdings</b>			
Temagami Mining Company Limited	4,300,000	55.4%	32.0%
SMM Resources Inc (Sumitomo)	1,469,000	18.9%	10.9%
Other	1,999,304	25.7%	14.9%
	<u>7,768,304</u>	<u>100.0%</u>	<u>57.9%</u>
<b>Class B Shareholdings</b>			
Temagami Mining Company Limited	725,000	0.1%	0.1%
SMM Resources Inc (Sumitomo)	295,800	0.1%	0.0%
China Investment Corporation (Fullbloom)	59,304,474	10.5%	4.4%
Capital Research Global Investors	59,869,307	10.0%	4.2%
Other	448,674,339	79.3%	33.4%
	<u>565,868,920</u>	<u>100.0%</u>	<u>42.1%</u>
<b>Total Shareholdings</b>			
Temagami Mining Company Limited	5,025,000	0.9%	32.1%
SMM Resources Inc (Sumitomo)	1,764,800	0.3%	11.0%
China Investment Corporation (Fullbloom)	59,304,474	10.3%	4.4%
Other	507,542,950	88.5%	48.3%
	<u>573,637,224</u>	<u>100.0%</u>	<u>100.0%</u>

# Notes: Appendix - Introduction

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## **Slide 24: Disciplined Approach to M&A**

1. Carmen de Andacollo gold stream transaction occurred in USD at US\$162 million.
2. Antamina silver stream transaction occurred in USD at US\$610 million.
3. Sandstorm royalty transaction occurred in USD at US\$22 million.
4. Teena transaction occurred in AUD at A\$10.6 million.
5. San Nicolás transaction occurred in USD at US\$50 million.
6. Waneta Dam transaction closed July 26, 2018 for C\$1.2 billion.
7. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides.

## **Slide 25: Emerged from the Downturn in a Strong Position**

1. Data shown as per December 31<sup>st</sup> of calendar year. Glencore and Xstrata merger and FQM's purchase of Inmet both occurred in 2013; therefore December 2013 selected as point of reference. Source: Capital IQ as of March 14, 2018. Peer group includes: Freeport-McMoRan Inc., Hudbay Minerals Inc., Glencore Plc., Lundin Mining Corporation, First Quantum Minerals Ltd., Barrick Gold Corporation, Goldcorp Inc., Anglo American Plc., Vale S.A., BHP Billiton Ltd., Rio Tinto Ltd., Southern Copper Corporation.

## **Slide 26: Higher Operating Cash Flow per Share**

1. Data shown as per calendar year. Source: Capital IQ as of March 14, 2018. Peer group includes: Freeport-McMoRan Inc., Hudbay Minerals Inc., Glencore Plc., Lundin Mining Corporation, First Quantum Minerals Ltd., Barrick Gold Corporation, Goldcorp Inc., Anglo American Plc., Vale S.A., BHP Billiton Ltd., Rio Tinto Ltd., Southern Copper Corporation.

## **Slide 27: Production Guidance**

1. As at October 24, 2018. See Teck's Q3 2018 press release.
2. We include 100% of production from our Quebrada Blanca and Carmen de Andacollo mines in our production volumes, even though we own 90% (effective April 2018) and 90%, respectively, of these operations, because we fully consolidate their results in our financial statements. We include 22.5% of production from Antamina, representing our proportionate equity interest in Antamina. We include 21.3% of production from Fort Hills, representing our estimated proportionate equity interest in Fort Hills.
3. Total copper production includes cathode production at Quebrada Blanca and Carmen de Andacollo.
4. Total zinc includes co-product zinc production from our copper business unit.
5. Production estimates for Fort Hills could be negatively affected by delays in or unexpected events involving the ramp-up of production from the project. Three-year production guidance is our share before any reductions resulting from major maintenance downtime.

## **Slide 28: Sales Guidance**

1. As at October 24, 2018. See Teck's Q3 2018 press release.

# Notes: Appendix - Introduction

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## **Slide 29: Cost Guidance**

1. As at October 24, 2018. See Teck's Q3 2018 press release.
2. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Steelmaking coal unit cost of sales include site costs, transport costs, and other and does not include deferred stripping or capital expenditures. See "Non-GAAP Financial Measures" slides.
3. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper total cash costs after by-product margins include adjusted cash cost of sales, smelter processing charges and cash margin for by-products including co-products. Assumes a zinc price of US\$1.30 per pound, a molybdenum price of US\$12 per pound, a silver price of US\$16 per ounce, a gold price of US\$1,250 per ounce and a Canadian/U.S. dollar exchange rate of \$1.30. See "Non-GAAP Financial Measures" slides.
4. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc total cash costs after by-product margins are mine costs including adjusted cash cost of sales, smelter processing charges and cash margin for by-products. Assumes a lead price of US\$1.00 per pound, a silver price of US\$16 per ounce and a Canadian/U.S. dollar exchange rate of \$1.30. By-products include both by-products and co-products. See "Non-GAAP Financial Measures" slides.
5. Bitumen unit costs are reported in Canadian dollars per barrel. Cash operating cost represents costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Guidance for Teck's cash operating cost is based on Suncor's outlook for Fort Hills cash operating costs. Estimates of Fort Hills cash operating costs could be negatively affected by delays in or unexpected events involving the ramp up of production from the project. See "Non-GAAP Financial Measures" slides.

## **Slide 30: Capital Expenditures Guidance 2018**

1. As at October 24, 2018. See Teck's Q3 2018 press release.
2. For steelmaking coal, sustaining capital includes Teck's share of water treatment charges of \$3 million in 2017. Sustaining capital guidance includes Teck's share of water treatment charges related to the Elk Valley Water Quality Plan, which are approximately \$70 million in 2018. Steelmaking coal guidance for 2018 excludes approximately \$120 million of planned 2018 spending for port upgrades at Neptune Bulk Terminals, as Neptune Bulk Terminals is equity accounted on our balance sheet.
3. For energy, Fort Hills capital expenditures guidance is at our estimated working interest of 21.3%, and does not include any capitalized revenue and associated costs, capitalized interest or reduction of capital accruals. Major enhancement guidance for 2018 includes tailings management and new mine equipment at Fort Hills. New mine development guidance for 2018 includes expected spending at Fort Hills, assuming some further increase in our project interest and Frontier.
4. For copper, new mine development guidance for 2018 includes Quebrada Blanca Phase 2, Zafrañal and San Nicolás.
5. For zinc, major enhancement guidance includes the VIP2 project at Red Dog.

## **Slide 31: Sustaining Capex Expected to Peak in 2018**

1. 2018 guidance as at October 24, 2018. See Teck's Q3 2018 press release.



# Notes: Appendix - Introduction

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## **Slide 32: Commodity Price Leverage**

1. As at July 25, 2018. See Teck's Q2 2018 press release. All production estimates are subject to change based on market and operating conditions.
2. The effect on our profit attributable to shareholders and on EBITDA of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes. Our estimate of the sensitivity of price and EBITDA to changes in the U.S. dollar exchange rate is sensitive to commodity price assumptions. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
3. Zinc includes 307,500 tonnes of refined zinc and 662,500 tonnes of zinc contained in concentrate.

## **Slide 33: Tax-Efficient Earnings In Canada**

1. As at December 31, 2017.

## **Slide 34: Share Structure & Principal Shareholders**

1. As at April 23, 2018.

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# Sustainability

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# Sustainability Commitments and Recognition

## Major Commitments

- International Council on Mining and Metals 10 Principles and Position Statements for Sustainable Development
- United Nations Global Compact
- Mining Association of Canada Towards Sustainable Mining program
- Council for Clean Capitalism
- Carbon Pricing Leadership Coalition
- UN Sustainable Development Goals

## Recent Recognition



# Sustainability Strategy

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- Strong sustainability performance enabled by a strategy built around developing opportunities and managing risks
- Implementing a sustainability strategy with short-term, five-year goals and long-term goals stretching out to 2030

*Goals cover the six areas of focus representing the most significant sustainability issues and opportunities facing our company:*



Community



Water



Our People



Biodiversity



Energy and  
Climate Change

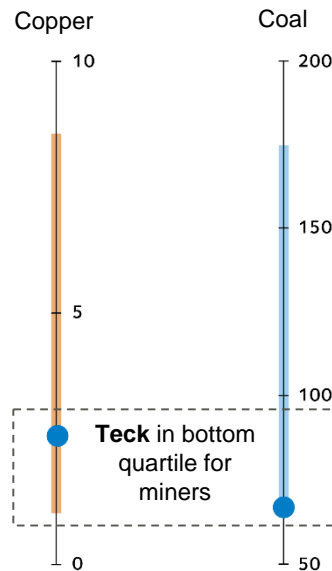


Air

# Low Cost, Low Carbon Producer

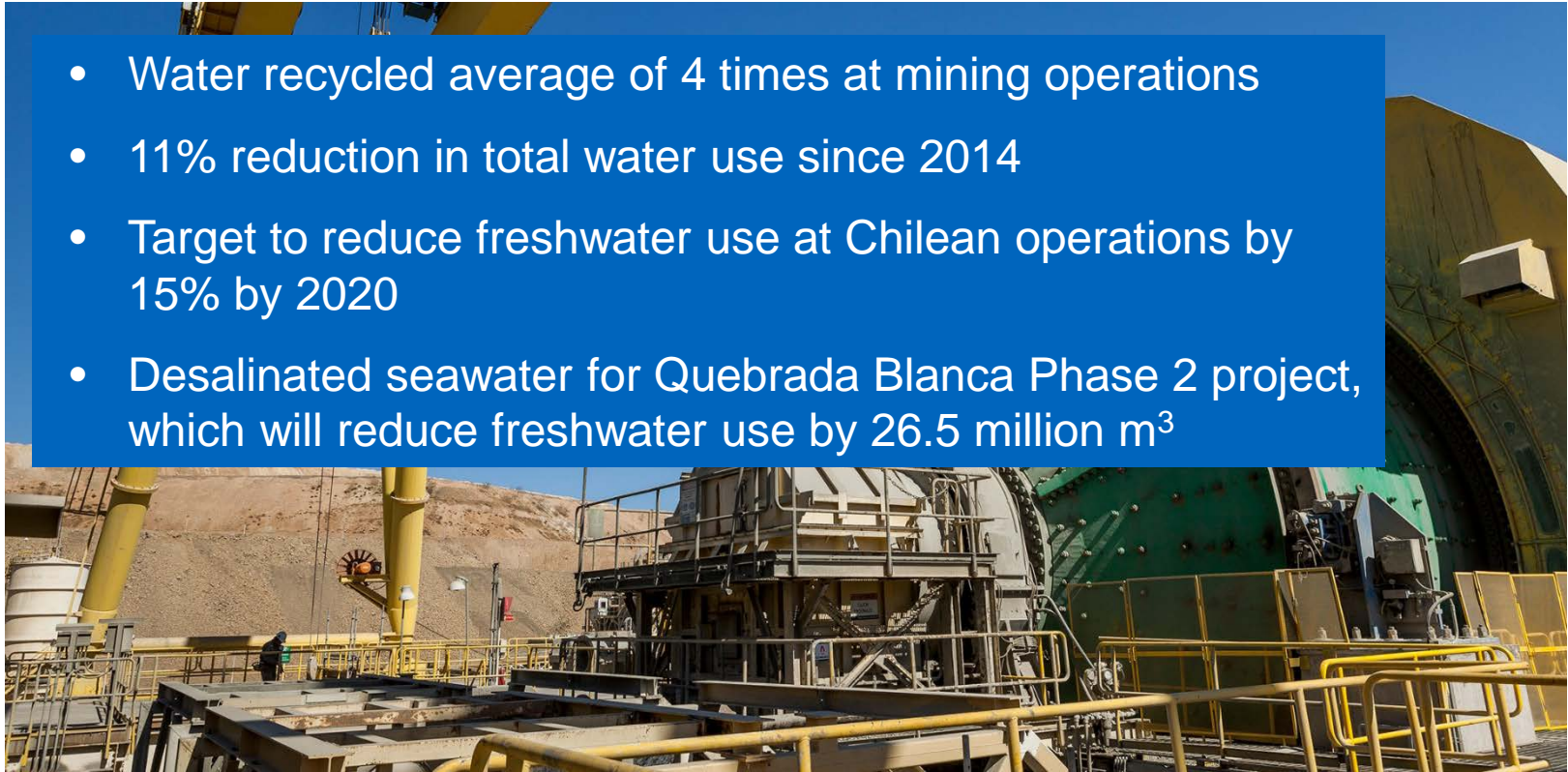
- Among world's **lowest GHG intensity** for **steelmaking coal** and **copper** production
- Fort Hills – one of the **lowest carbon intensities** among North American oil sands producers
- **Progressive carbon pricing** already built into majority of business
- **Well-positioned** for a low-carbon economy

Figure 1: GHG Emissions Intensity Ranges Among ICMM Members  
kgCO<sub>2</sub>e per t product



# Reducing Freshwater Use

- Water recycled average of 4 times at mining operations
- 11% reduction in total water use since 2014
- Target to reduce freshwater use at Chilean operations by 15% by 2020
- Desalinated seawater for Quebrada Blanca Phase 2 project, which will reduce freshwater use by 26.5 million m<sup>3</sup>



# Improving Water Quality in B.C.

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Implementing Elk Valley Water Quality Plan:

- Comprehensive water quality plan developed with government, Indigenous Peoples and communities
- Investing \$850-900 million between 2018-2022 to construct water treatment facilities
- Ground-breaking R&D program to identify new treatment technologies





# Strengthening Relationships with Indigenous Peoples

- Agreements in place at **all mining operations** within or adjacent to Indigenous Peoples' territories
- Agreements also in place for major projects, including Frontier and QB2
- Creates a **framework for greater cooperation** and addresses the full range of our activities, from exploration through to closure





# Progress on Diversity to Date

- Inclusion and Diversity Policy launched in 2016 by our Executive Diversity Committee
- Women comprised 29% of total hires in 2017
- Teck-wide Gender Pay Equity Review conducted showing no systemic gender pay issue



# Sustainability Information for Investors

Climate Action and  
Portfolio Resilience

Teck

2017 Economic  
Contribution Report

Teck

Horizons  
2017 Sustainability Report

Teck

For reports & more, visit our [Disclosure Portal](#) and [Sustainability Info for Investors](#) pages

# Collective Agreements

Long-term labour agreements in place at all North American operations

Operation	Expiry Dates
Antamina	July 31, 2018
Quebrada Blanca	January 31, 2019
	March 31, 2019
	November 30, 2019
Line Creek	May 31, 2019
Carmen de Andacollo	September 30, 2019
	December 31, 2019
Elkview	October 31, 2020
Fording River	April 30, 2021
Highland Valley Copper	September 30, 2021
Trail Operations	May 31, 2022
Cardinal River	June 30, 2022

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# Innovation

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**Teck**

# Our Innovation Focus

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## Productivity

- Equipment automation
- Ore sorting technology
- Digitally-enhanced operator performance
- Predictive maintenance
- Improving grade and processing



## Safety

- Fatigue monitoring systems
- Collision avoidance monitors
- Remote & autonomous mobile equipment
- Wearable OH&S systems



## Sustainability

- Ore sorting to reduce energy use and tailings
- Water management technologies
- Dust management
- Digital community engagement



## Growth

- Exploration tech: Hyperspectral core scanning
- Growing markets through new product uses
- Partnering with game-changing innovators

Digital Foundation

# Autonomous Haul Trucks

Potential for improved productivity and safety; deploying in 2018

## Value potential

- Improved safety
- Highland Valley Copper (HVC): >\$20M annual savings
- Teck-wide: >\$100M annual savings potential
- Potential to steepen pit walls and narrow road widths; reduce environmental footprint

## Maturity

- Proven technology; well understood

## Milestones

- Partnering with Caterpillar
- Site assessment 2017
- Six-truck deployment at HVC by end of 2018
- First autonomous fleet at a deep pit mine



↑Productivity



↑Safety



↑Sustainability

# Smart Shovels

## Shovel-mounted sensors separate ore from waste

### Value potential

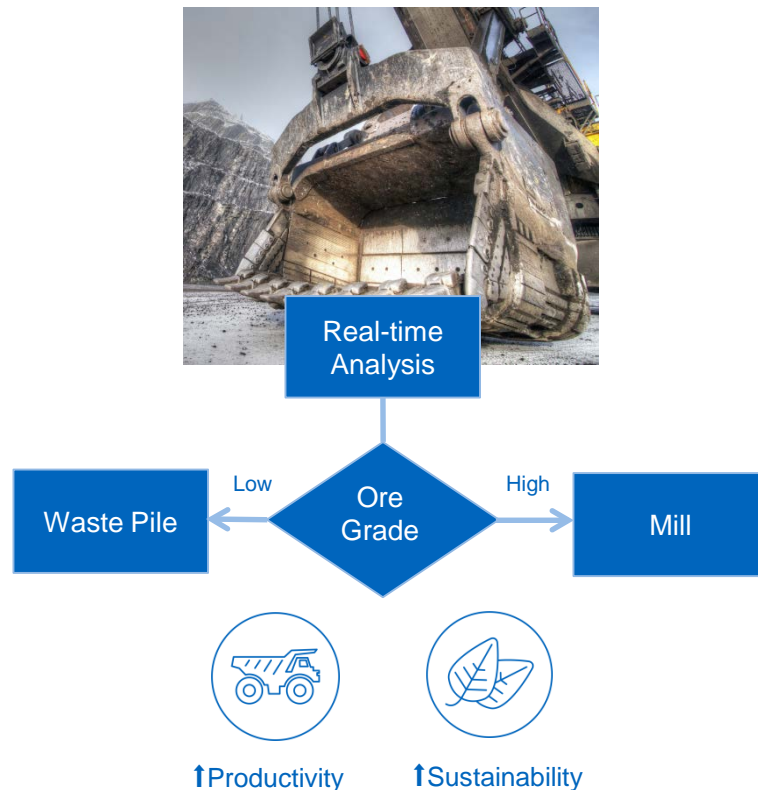
- Increased grade to mill
- Potential to add significant free cash flow at HVC
- Reduced energy use and tailings; improved sustainability performance

### Maturity

- Currently being piloted by Teck

### Milestones

- Pilot launched in 2017
- First ever use of ore sorting technology on a shovel
- Assessing Red Dog deployment in 2018
- Opportunity to replicate and scale up across operations



# Blast Movement Monitoring (BMM)

## Value potential

- Reduced processing costs
- Improved productivity; at Red Dog alone, BMM savings an estimated \$6.5 million annually
- Enhanced environmental performance; reduced energy and emissions to air

## Maturity

- Currently being implemented by Teck

## Milestones

- First launched at Red Dog Operations
- Currently being implemented at Red Dog, Highland Valley Copper and Carmen de Andacollo Operations



↑Productivity



↑Sustainability



# Artificial Intelligence

## Using AI to predict and prevent maintenance problems

### Value potential

- Machine learning analyzes data streams from each haul truck to predict maintenance issues before they happen
- Reduce unplanned maintenance, reduce overall maintenance costs, extend equipment life
- Potential \$1.2 million annual savings at just one site

### Maturity

- Successfully developed at Teck coal site
- Partnership with Google and Pythian to develop analytic algorithm

### Milestones

- Successfully implemented in production
- Wider deployment underway at coal sites in 2018



↑Productivity



↑Sustainability

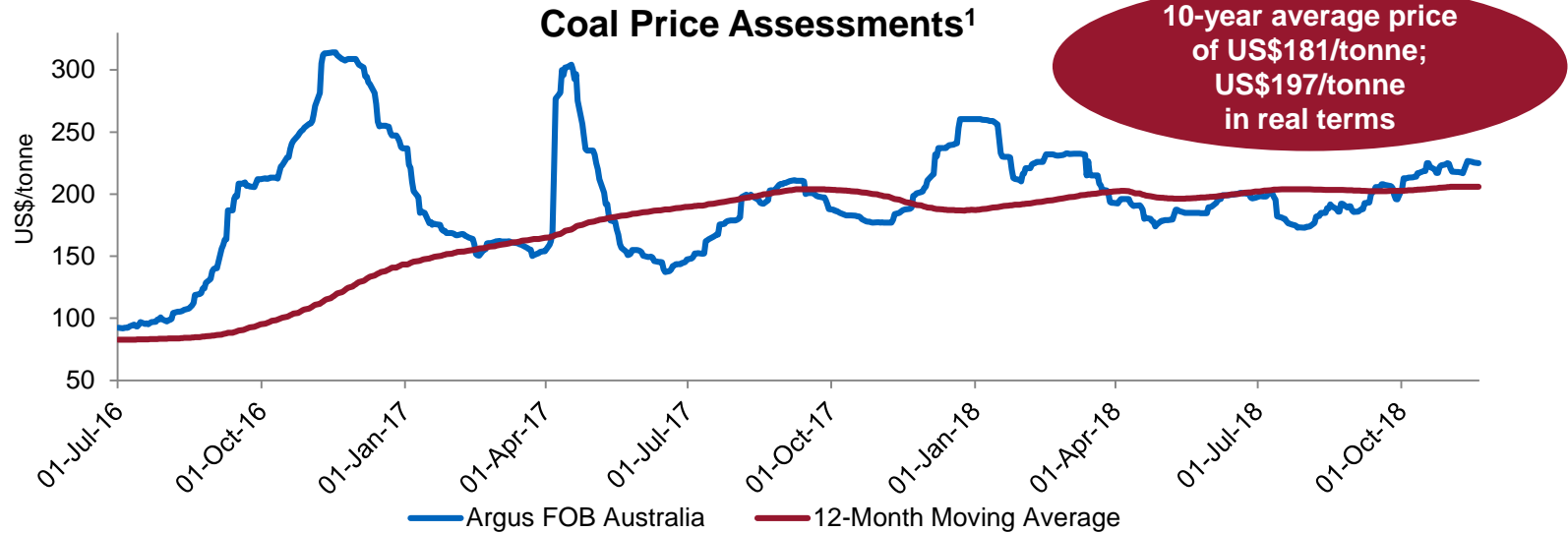
**Teck**

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# Steelmaking Coal Business Unit & Markets

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# Steelmaking Coal Price Exceeding Expectations



- Healthy steel industry stimulates global demand for seaborne coal
- Secular demand growth in India and Vietnam adds to demand for seaborne coal
- Chinese capacity reductions, environmental controls & mine safety checks to continue
  - Steel: improves financial condition and reduces exports
  - Coal: restricts domestic production and supports seaborne high quality imports

# Steelmaking Coal Facts

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Global Coal Production<sup>1</sup>:  
7.5 billion tonnes

Steelmaking Coal Production<sup>2</sup>:  
~1,140 million tonnes

Export Steelmaking Coal<sup>2</sup>:  
~330 million tonnes

Seaborne Steelmaking Coal<sup>2</sup>:  
~290 million tonnes

**Our Market - Seaborne Hard Coking Coal<sup>2</sup>:**  
**~220 Million Tonnes**

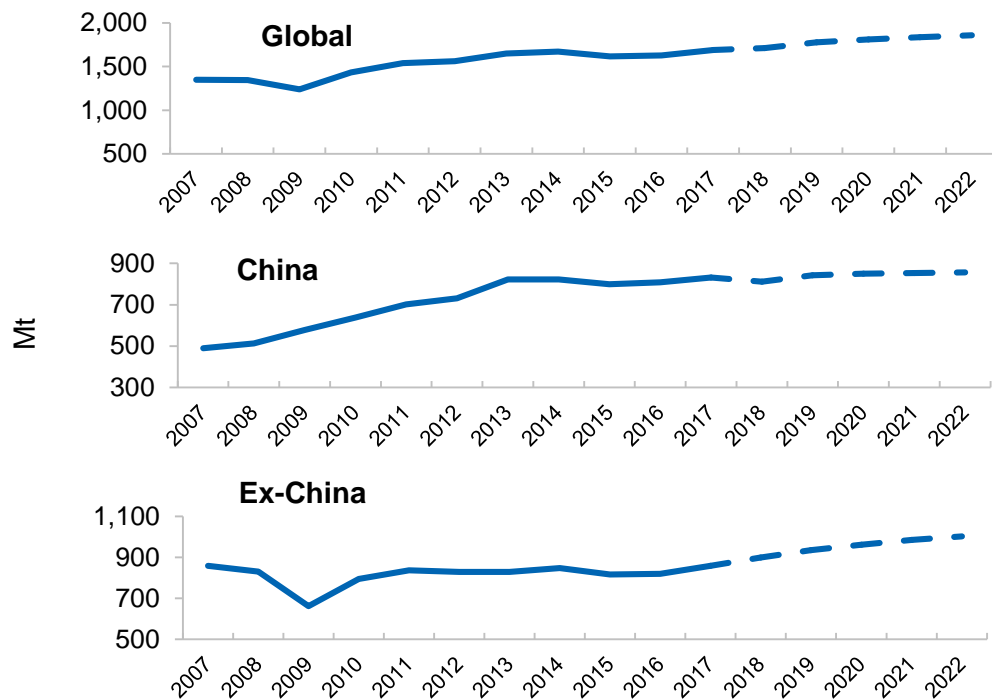


- ~0.7 tonnes of steelmaking coal is used to produce each tonne of steel<sup>3</sup>
- Up to 100 tonnes of steelmaking coal is required to produce the steel in the average wind turbine<sup>4</sup>

# Synchronized Global Growth

Strong steel production and improved steel pricing

## Crude Steel Production<sup>1</sup>



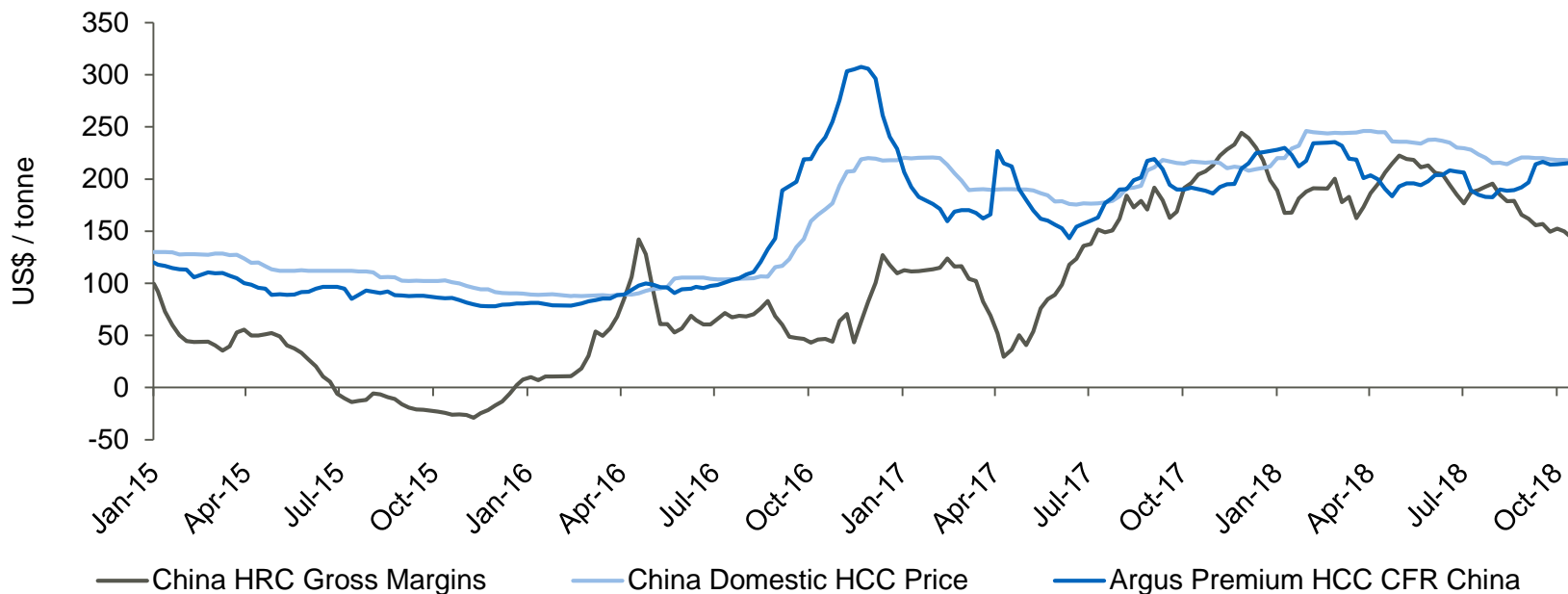
## Solid Growth in Crude Steel Production<sup>2</sup>

Crude Steel Production	Aug/18 YTD YoY Growth	2017 YoY Growth
Global	4.8%	5.3%
China	5.8%	5.7%
Ex. China	3.7%	4.9%
Europe	1.8%	5.4%
JKTV	3.1%	3.3%
India	6.7%	6.2%
Brazil	3.3%	9.9%

# Strong Chinese Steel Margins

Support steelmaking coal prices

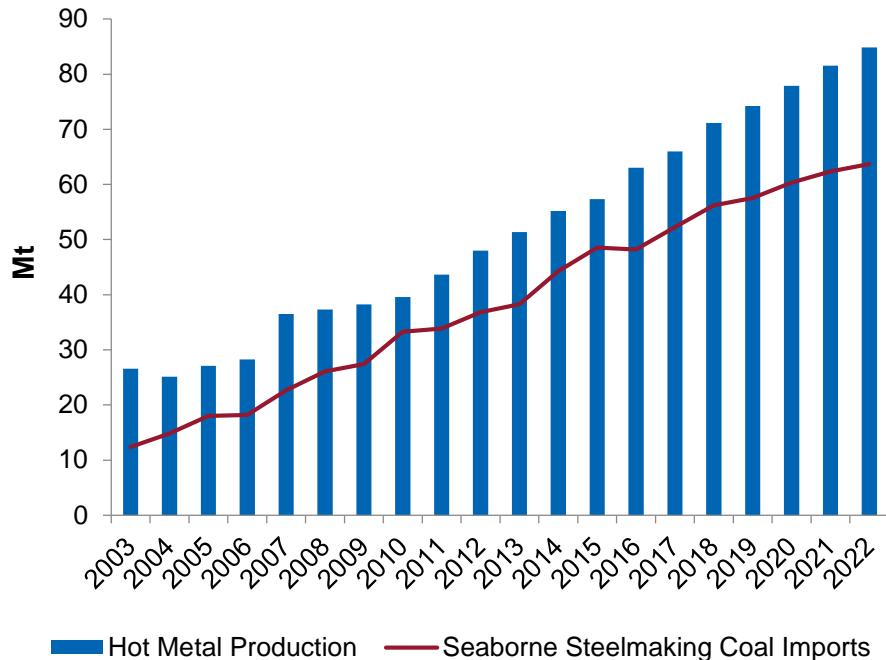
## China Hot Rolled Coil (HRC) Margins and Steelmaking Coal (HCC) Prices<sup>1</sup>



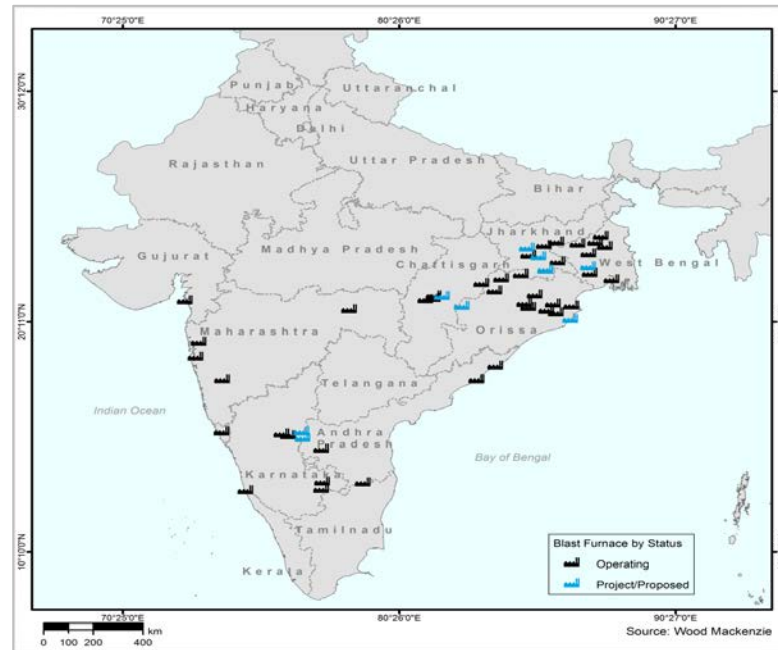
# Growing India Steelmaking Coal Imports

India plans to achieve 300 Mt of crude steel capacity by 2030-2031

## Seaborne Steelmaking Coal Imports Forecasted to increase by >20%<sup>1</sup>

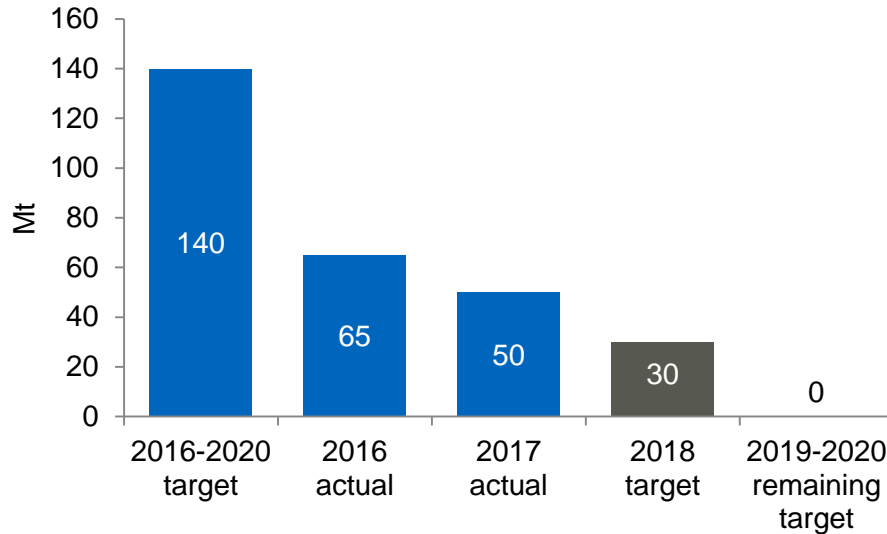


## India's Hot Metal Capacity; Projects and Operations<sup>2</sup>

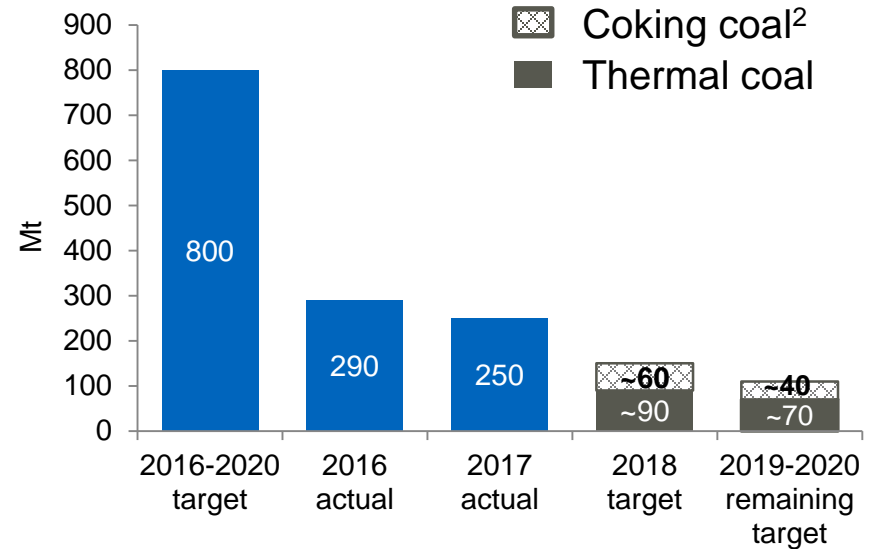


# Capacity Reductions in China Support Pricing

## Steel Capacity Reduction Target<sup>1</sup>



## Coal Capacity Reduction Target<sup>1</sup>

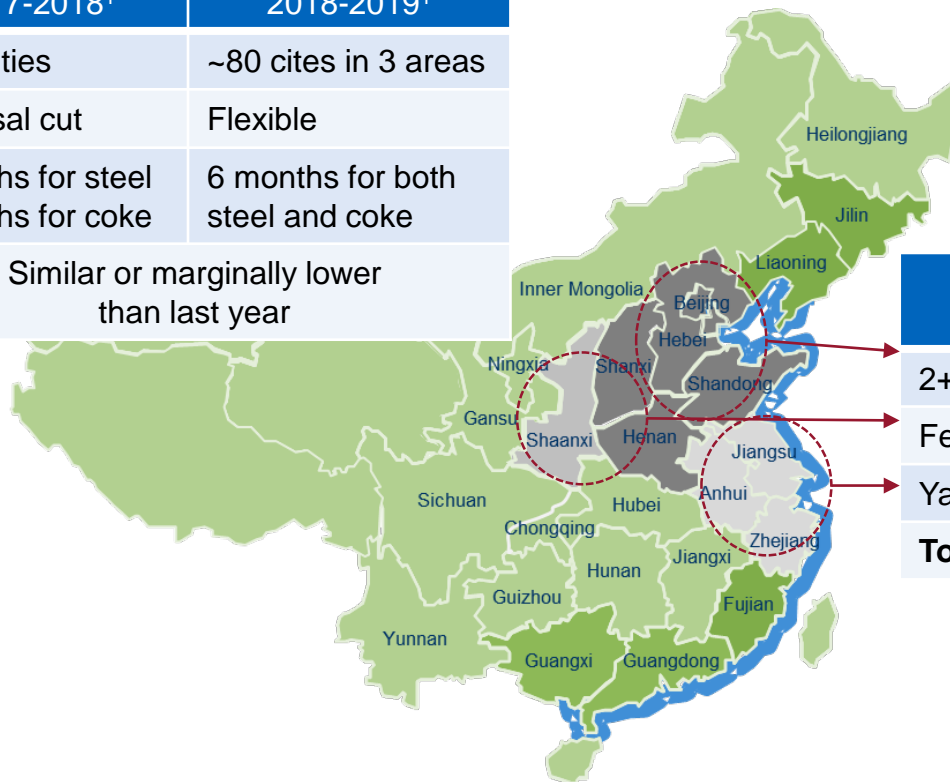


- Steel: Profitable steel industry supports raw materials pricing
- Coal: Capacity reductions support seaborne imports



# Chinese Production Control in Winter

	2017-2018 <sup>1</sup>	2018-2019 <sup>1</sup>
Areas	2+26 cities	~80 cities in 3 areas
Approach	Universal cut	Flexible
Period	4 months for steel 6 months for coke	6 months for both steel and coke
Impact	Similar or marginally lower than last year	

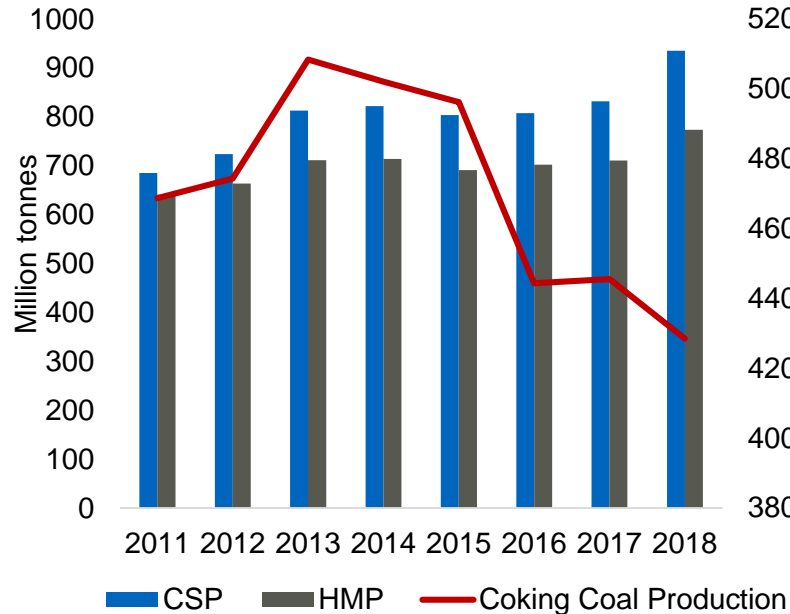


	HMP <sup>2</sup>	Coke Output <sup>2</sup>
2+26 Cities	~25%	~10%
Fenwei Plain	~10%	~35%
Yangtze River	~25%	~15%
<b>Total - 3 Areas</b>	<b>~60%</b>	<b>~60%</b>

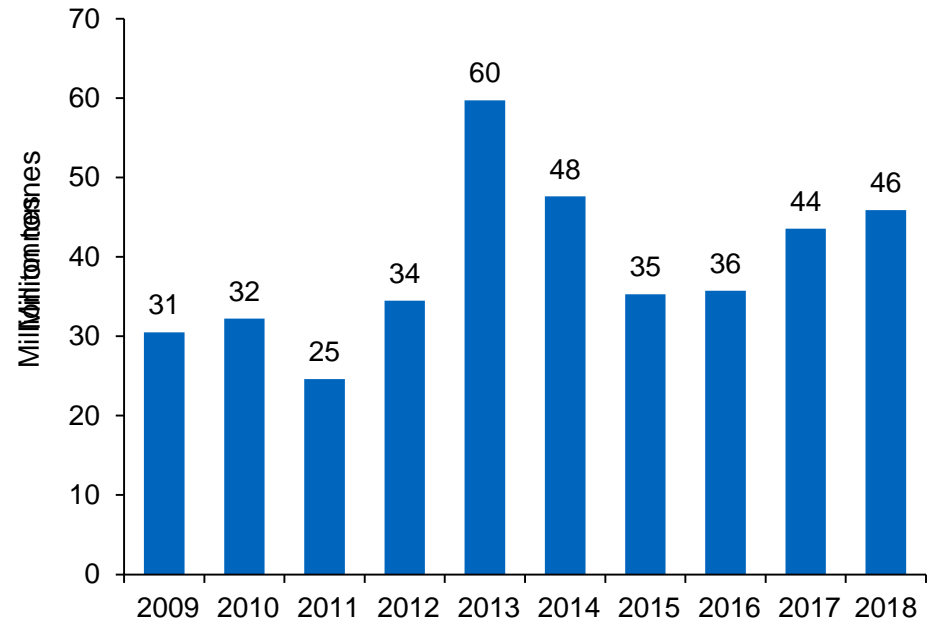
# Chinese Seaborne Steelmaking Coal Imports

Supported by strong steel demand & lower domestic coking coal production

**Chinese Crude Steel Production (CSP), Hot Metal Production (HMP) and Coal Production<sup>1</sup>**



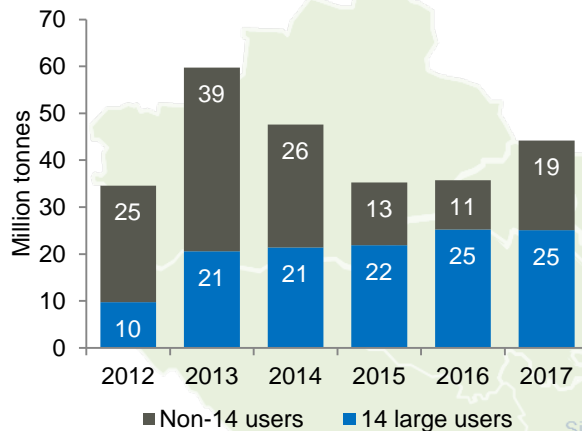
**Chinese Seaborne Coking Coal Imports<sup>1</sup>**



# Large Users in China Increasing Seaborne Imports

>2/3 of China crude steel produced on coast; projects support imports

## Seaborne Coking Coal Imports<sup>1</sup>



### **Baowu Zhanjiang Plant**

- Expansion
- Capacity: crude steel 3.6Mt (phase 2)
- Status: Construction start date to be announced

### **Zongheng Fengnan Project**

- Inland plant relocating to coastal area
- Capacity: crude steel 8 Mt
- Status: Construction started in 2017; completion in 2021

### **HBIS Laoting Project**

- Inland plant relocating to coastal area
- Capacity: crude steel 20 Mt
- Status: Construction started in 2017; completion in 2020

### **Shougang Jingtang Plant**

- Expansion
- Capacity: crude steel 9.4 Mt (phase 2)
- Status: Construction started in 2015; completion in Mar 2019

### **Shandong Steel Rizhao Project**

- Greenfield project
- Capacity: crude steel 8.5 Mt
- Status: Construction started in 2015; BF #1 completed in 2017; BF #2 completion in 2019

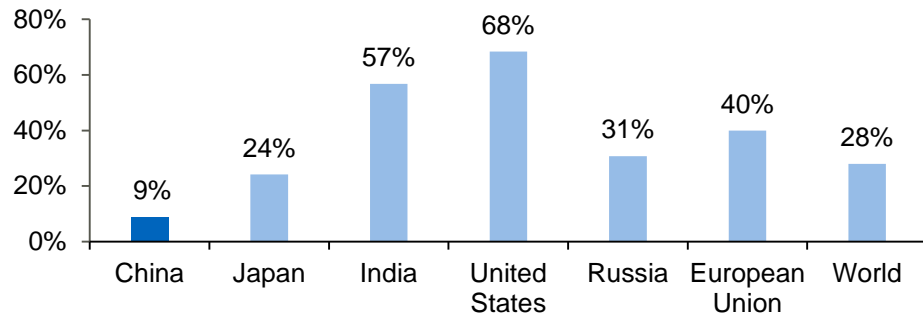
### **Liusteel Fangcheng Project**

- Greenfield project
- Capacity: Phase 1 crude steel ~10 Mt
- Status: Construction started in 2017

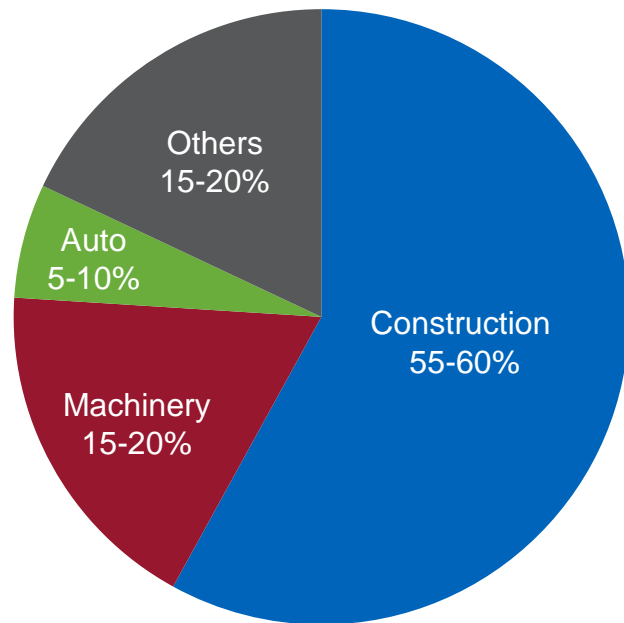
# Chinese Scrap Use to Increase Slowly

EAF share in crude steel production to recover only to 2016's level

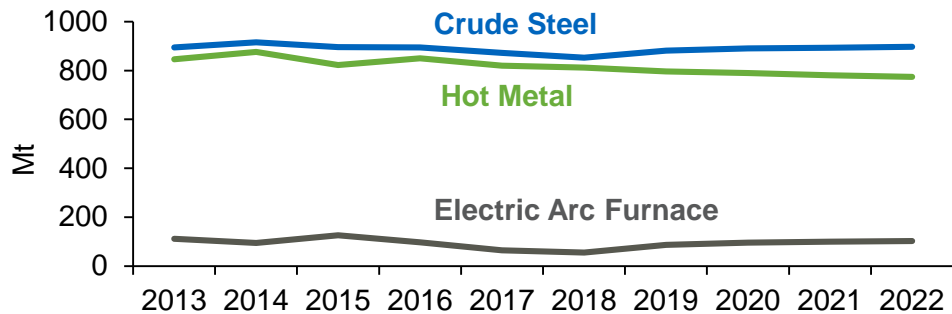
China's Ratio of EAF in CSP Low vs. Other Countries<sup>1</sup>



China Steel Use By Sector (2000-2017)<sup>2</sup>



Crude Steel and Electric Arc Furnace Production<sup>3</sup>

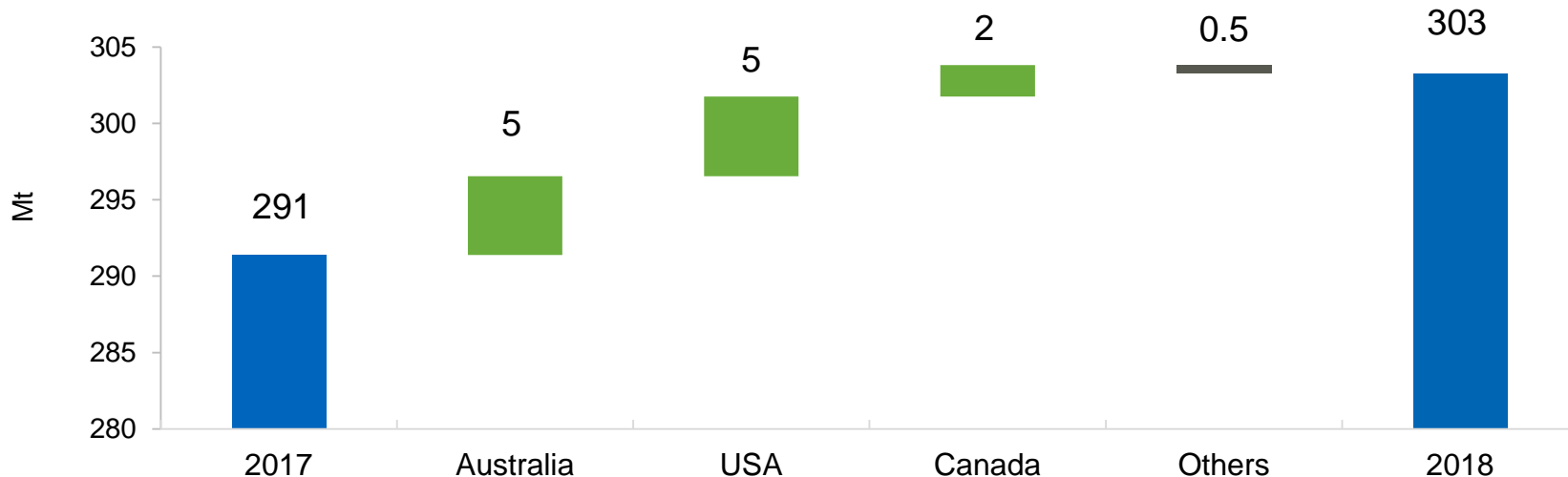


# Steelmaking Coal Supply Growth Forecast

Key growth comes from recovery in Australia after Cyclone Debbie

## Seaborne Steelmaking Coal Exports<sup>1</sup>

(Change 2018 vs. 2017)

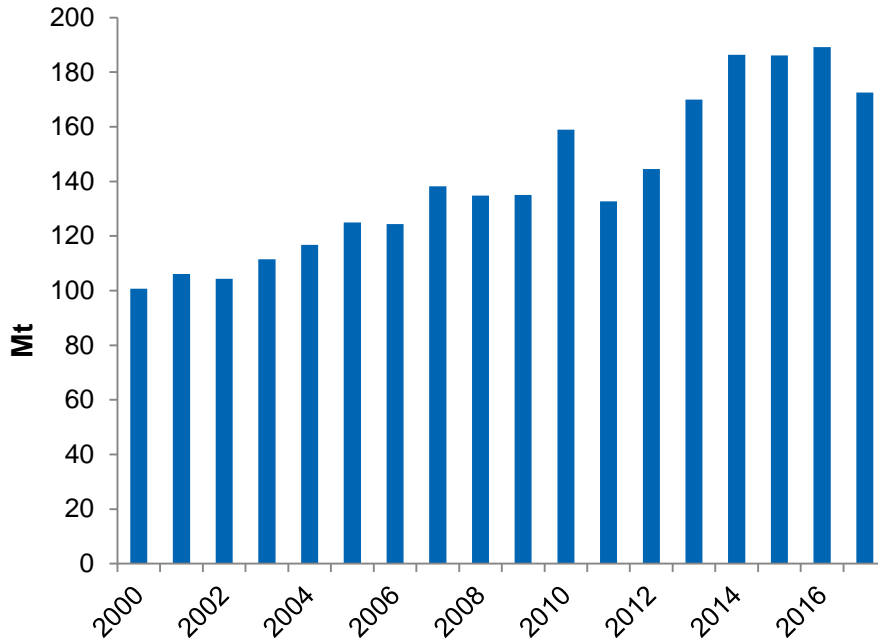


*Includes:*

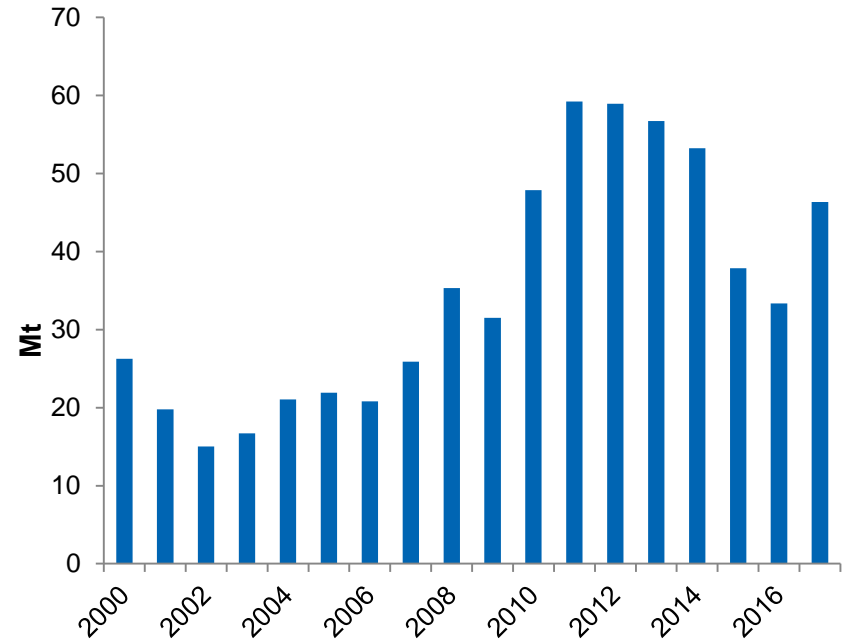
- Australia: recovery from Cyclone Debbie, Anglo Grosvenor ramp up
- USA: Warrior mines ramp up, Corsa / Ramaco expansion
- Canada: Conuma Willow Creek restart

# US Coal Producers are Swing Suppliers

## Australian Steelmaking Coal Exports<sup>1</sup>



## US Steelmaking Coal Exports<sup>1</sup>

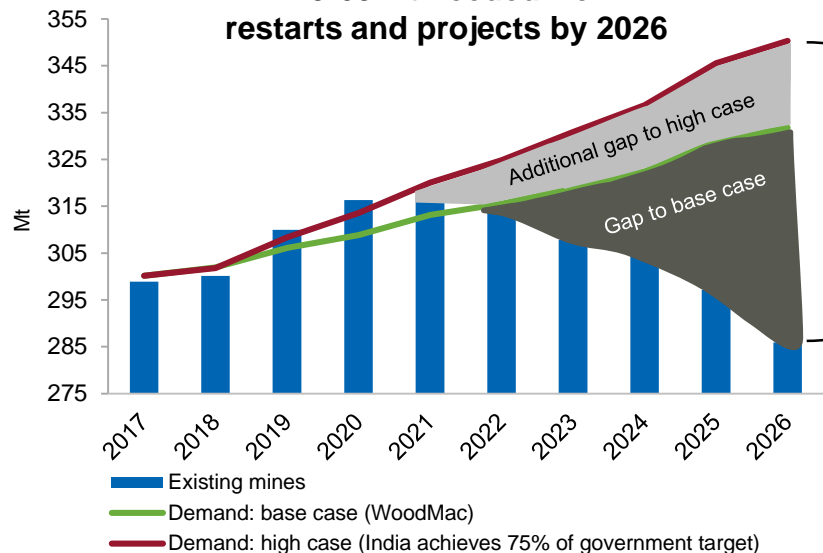


# Seaborne Steelmaking Coal Exports

Coal gap developing and market could be short due to typical disruptions

## Supply & Demand from Existing Mines<sup>1</sup>

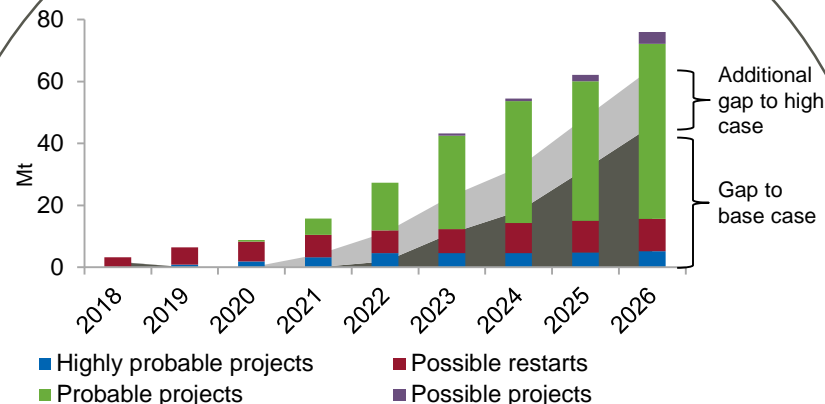
~45-65 Mt needed from restarts and projects by 2026



### Includes:

- Existing mines: expansion (~25 Mt) and depletion (~40 Mt)
- Expansions: Australia (~1/2), Indonesia/Russia/Mozambique/Canada/ROW (~1/10 each)
- Depletion: Australia (~1/2), USA (~1/3), ROW (~1/6)

## Possible Restarts and Projects<sup>1</sup>

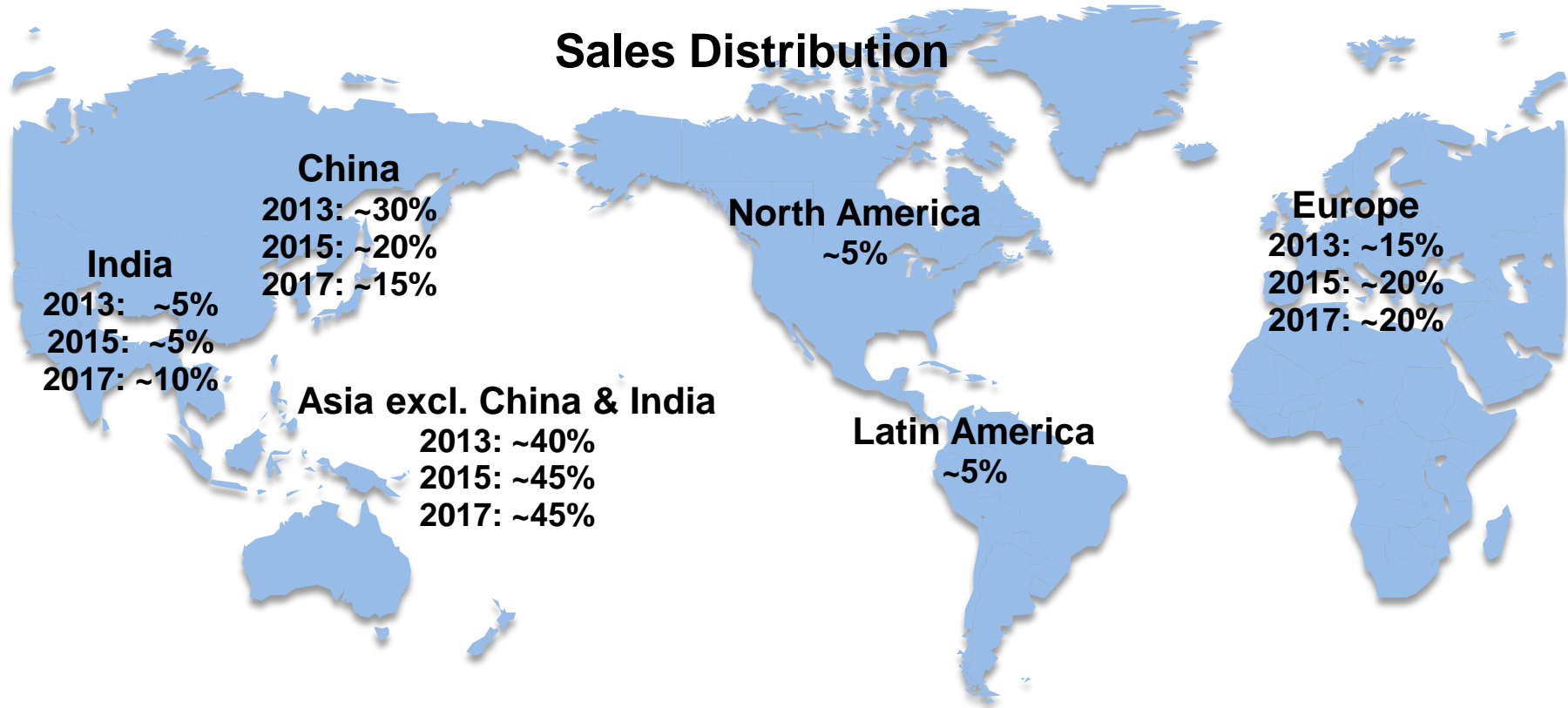


- Includes:
- Highly probable projects: Russia (~1/2), Australia (~1/4), USA (~1/4)
  - Possible restarts: Australia (~3/5), Canada (~1/5), ROW (~1/5)
  - Probable projects: Australia (~3/5); Canada (~1/5), ROW (~1/5)
  - Possible projects: Australia (~2/5), Canada (~2/5), Russia (~1/5)

# 2<sup>nd</sup> Largest Seaborne Steelmaking Coal Supplier

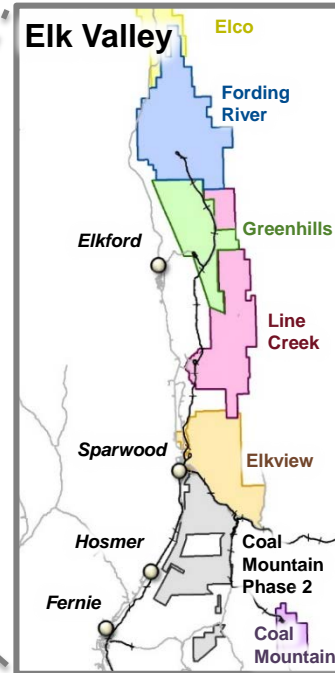
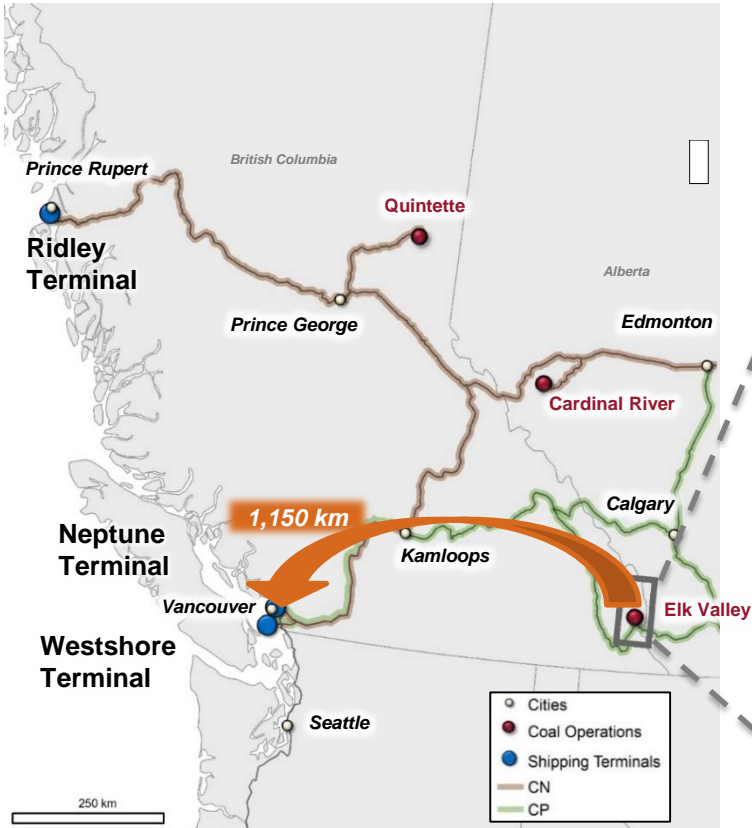
Competitively positioned to supply steel producers worldwide

## Sales Distribution





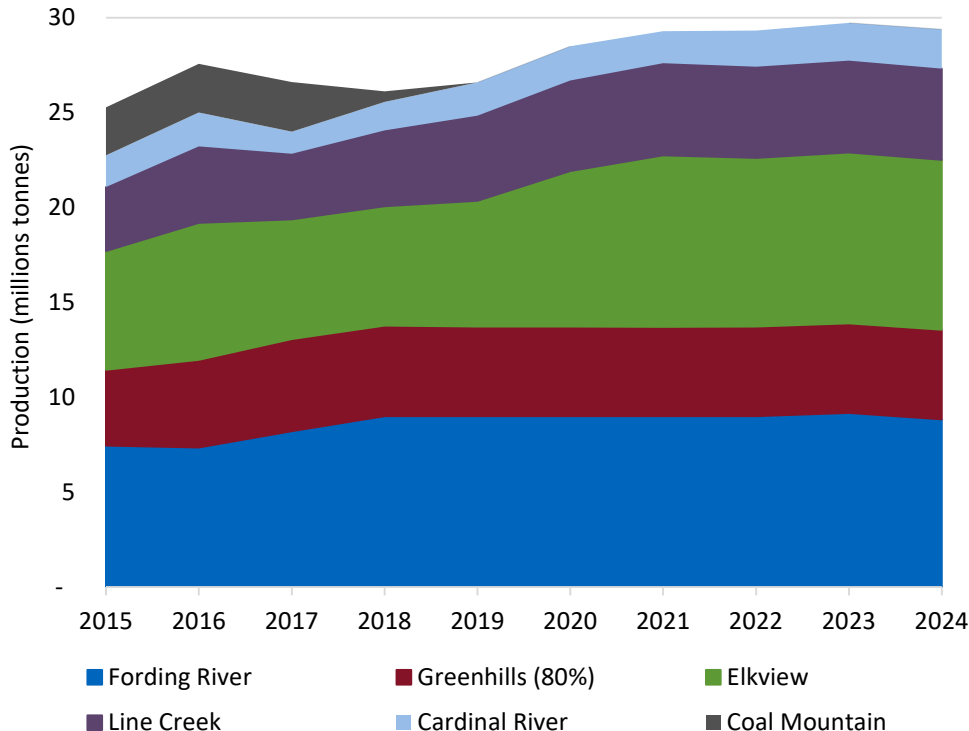
# An Integrated Long Life Coal Business



- >1 billion tonnes of reserves support ~27 Mt of production for many years
- Geographically concentrated in the Elk Valley
- Established infrastructure and capacity with mines, railways and terminals

# Maintaining 27 Mt and Growing the Business

Annual Production



## Upcoming Closure

- Coal Mountain closing in 2018 (2.5 Mt capacity)

## Current Growth

- Line Creek investing in a shovel and plant expansion to build from 4 Mt to ~5 Mt
- Elkview investing in Baldy Ridge Extension and plant capacity upgrades to build from ~7 Mt to ~9 Mt
- Greenhills investing in Cougar Pit Extension to maintain ~5 Mt
- Fording River developing Swift and Turnbull to produce ~9 Mt
- Cardinal River developing plans to potentially extend the life beyond 2020 at ~1.8 Mt

## Future Growth Potential

- Potential growth opportunities at Quintette

# Transitioning Operations to Capture Margin

## 2018 Budget vs. 2017 Actuals

**Strip ratio increasing from 10.2 to 10.5 with closure of Coal Mountain**

- Production gap will be made up at the other Elk Valley mines

**Hauling 1 km longer, offset with improved truck productivities**

- Fording River moving further into Swift development

**Truck/shovel operating costs down in the last 6 years despite normal wage and input inflation; Operating costs increasing in 2018 related to:**

- Life cycle maintenance repair work (e.g. haul truck engines)
- Higher variable rates
  - Diesel & tire prices
  - Insurance & labour rates



**Mine plan impacts, offset by higher value product**

**~\$2.70/t**

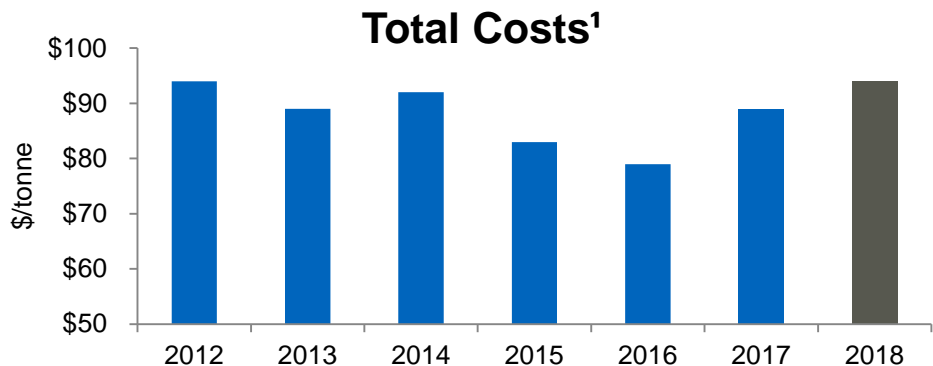
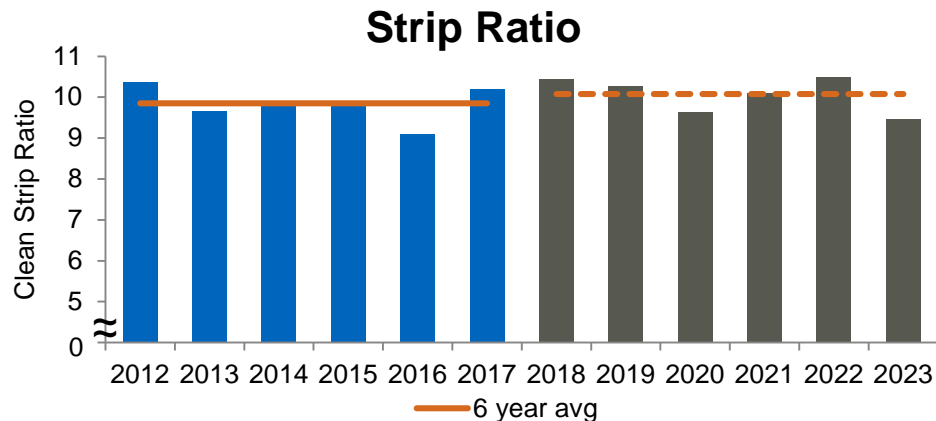


**Operating costs increasing in 2018, offset by higher productivities**

**~\$1.00/t**

**Teck**

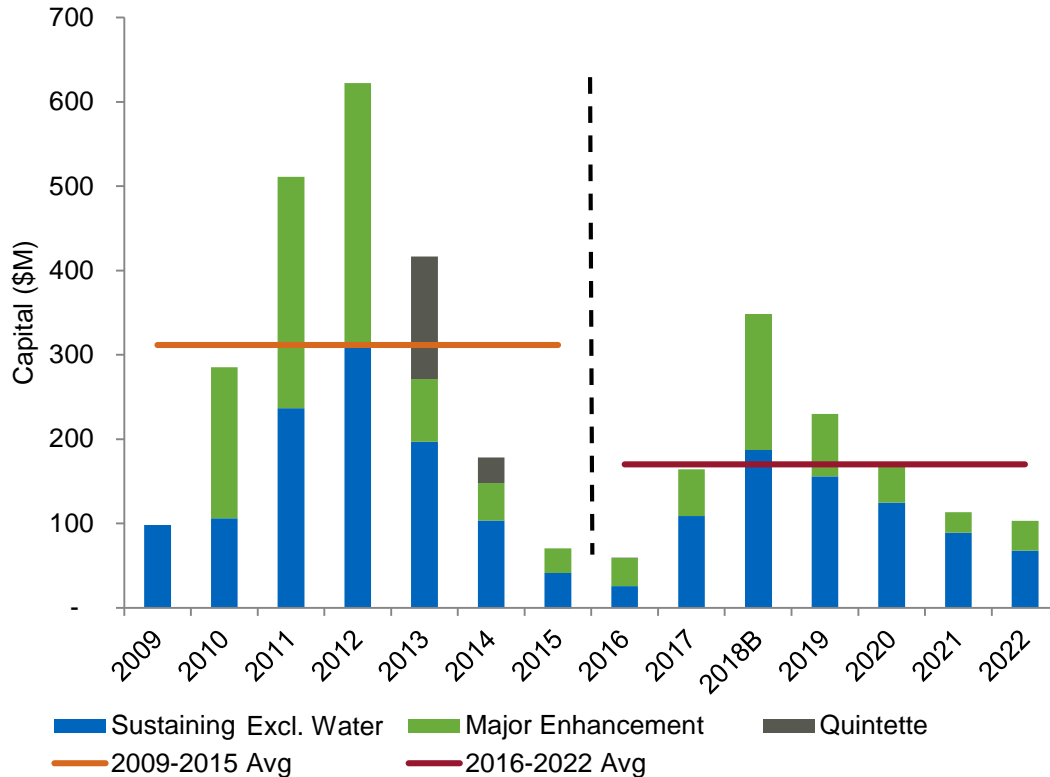
# Strip Ratio Supports Future Production



- Strip ratio increase planned in 2018
  - Low strip, low cost Coal Mountain closing
  - Development at larger mines to increase capacity and access to higher quality coals
- Future strip ratio on par with historical average

# Reducing Average Mining Capital Spend by ~\$7/t

## Capital Expenditures, Excluding Water Treatment



**2018 capital reinvestment in our operations, lower future spend**

**2009-2015: Average spend of ~\$13/t<sup>1</sup>**

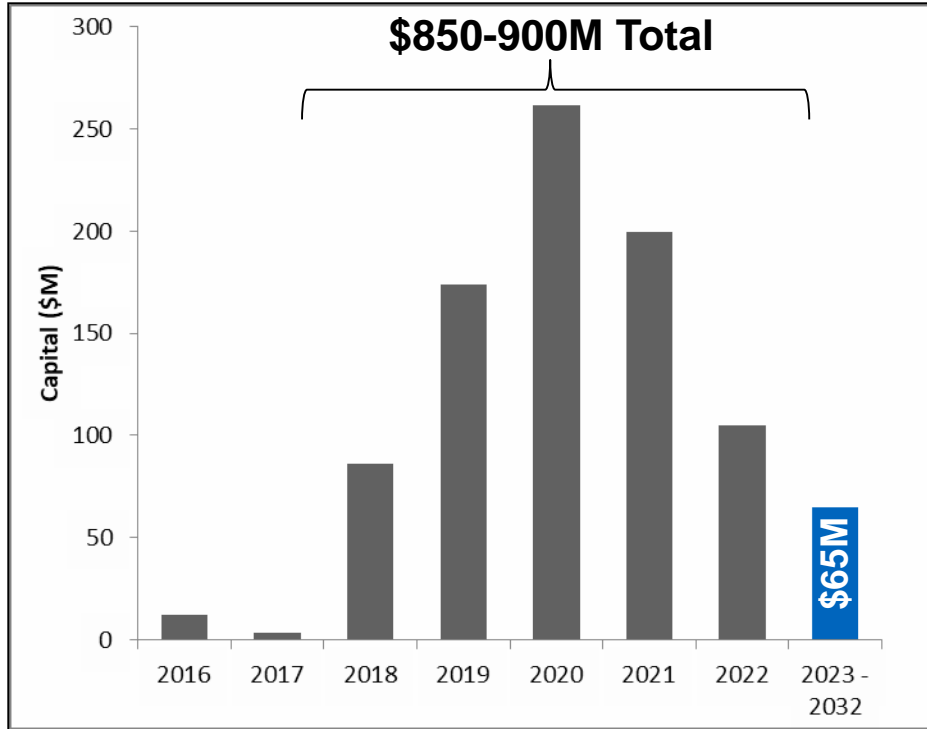
- Reinvestment in 5 shovels, 50+ haul trucks, mining area development and plant upgrades

**2016-2022: Average spend of ~\$6/t<sup>1</sup>**

- Sustaining reinvestment in shovels, trucks and technology to increase mining productivity and processing capacity

**Limited major enhancement capital required to increase existing mine capacity and offset Coal Mountain closure**

# Water Sustaining Capital



**2018-2022 - Five-year capital spend expected to be \$850M-\$900M for:**

- Commissioned one active water treatment facility (AWTF)
- Construction of three additional AWTF's

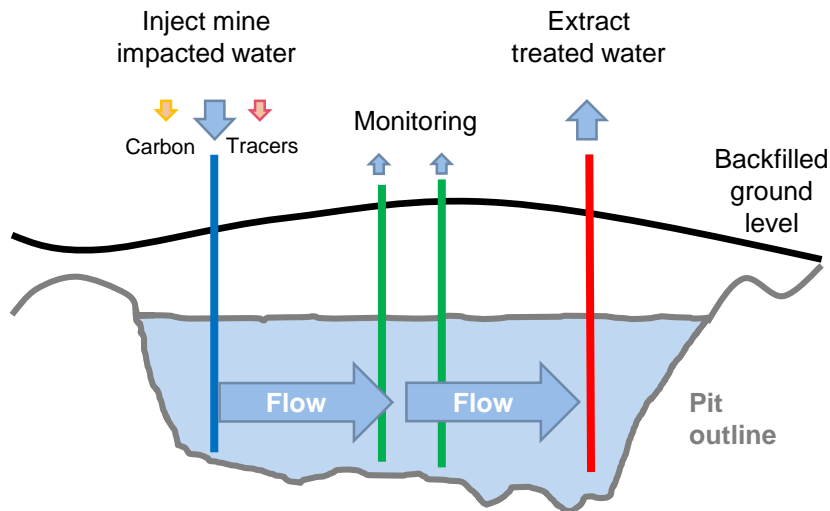
**2023-2032:**

- Average capital cost of ~\$65M per year
- Up to five additional AWTFs



# Water Strategy - Innovation

## Use and Enhancement of Biological Process Present in Backfill Pits



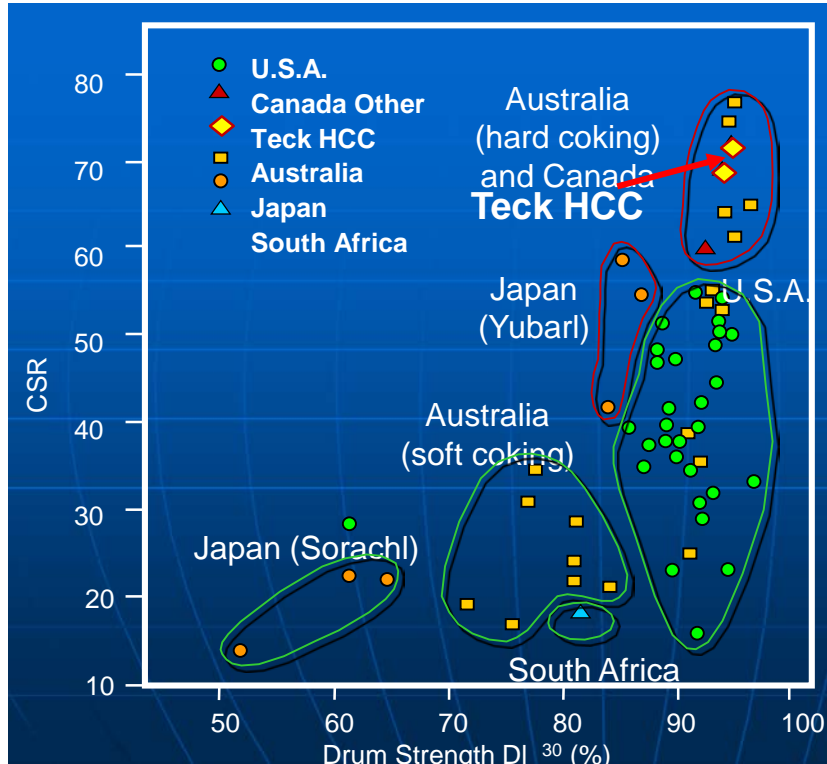
## Promising Research and Development

### Saturated Rock Fills (SRF)

- 10,000m<sup>3</sup>/d full scale trial commissioned in January 2018
  - \$41M construction, \$10M annual operating cost
  - Potential to replace or augment cost of AWTFs in the future
  - Conclusive results expected end of 2019

Comparison based on 20,000 m <sup>3</sup> /day	Capital	Operating
	Total Initial (\$M)	Annual (\$M)
AWTF (Design)	\$310	\$22
SRF (Conceptual)	\$50	\$10

# High Quality Hard Coking Coal Product



- Around the world, and especially in China, blast furnaces are getting larger and increasing PCI rates
- Coke requirements for stable blast furnace operation are becoming increasingly higher
- Teck coals with high hot and cold strength are ideally suited to ensure stable blast furnace operation
- Produce some of the highest hot strengths in the world



# Teck's Pricing Mechanisms

Coal sales book generally moves with the market

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## Sales Mix

- ~40% quarterly contract price
- ~60% shorter than quarterly pricing mechanisms (including "spot")

## Product Mix

- ~75% of production is high-quality HCC
- ~25% is a combination of SHCC, SSCC, PCI and a small amount of thermal

## Key Factors Impacting Teck's Average Realized Prices

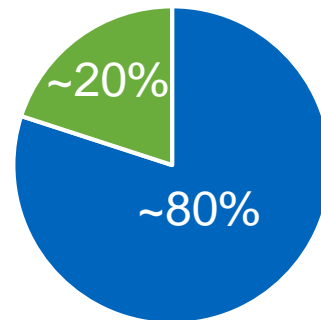
- Variations in our product mix
- Timing of sales
- Direction and underlying volatility of the daily price assessments
- Spreads between various qualities of steelmaking coal
- Arbitrage between FOB Australia and CFR China pricing

### Index Linked Sales

- Quarterly contract sales index linked
- Contract sales index linked
- Contract sales with index fallback
- Spot sales index linked

### Fixed Price Sales

- Contract sales spot priced
- Contract sales with index fallback
- Spot sales with fixed price

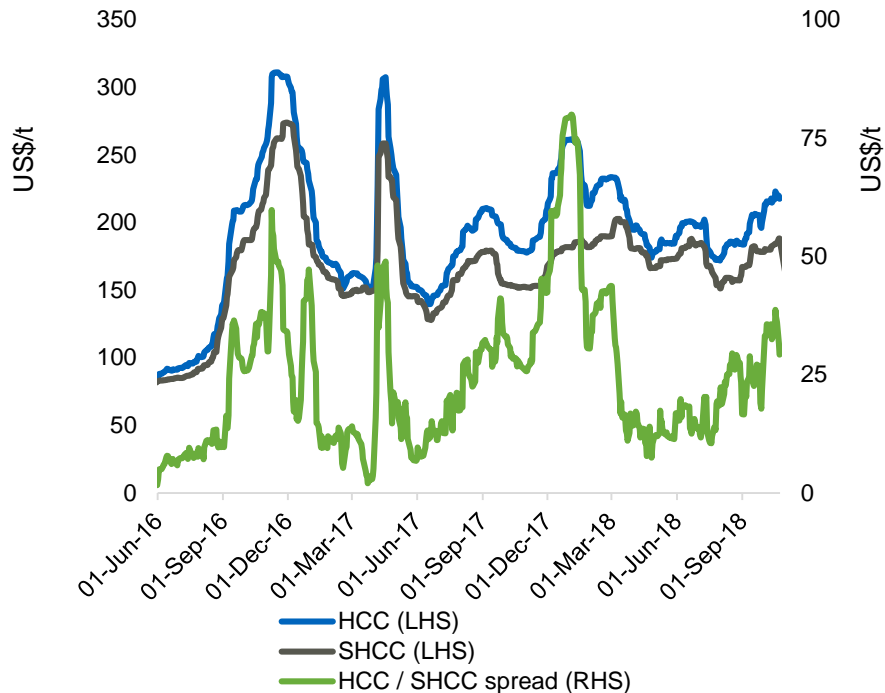


■ Index Linked ■ Fixed Price

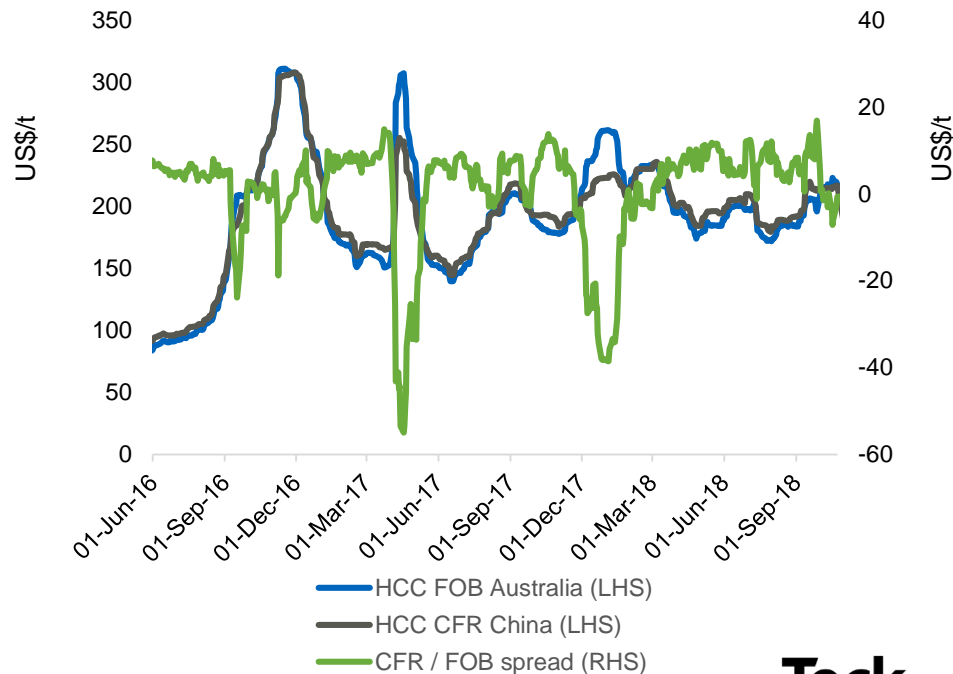
# Quality and Basis Spreads

Impact Teck's average realized steelmaking coal prices

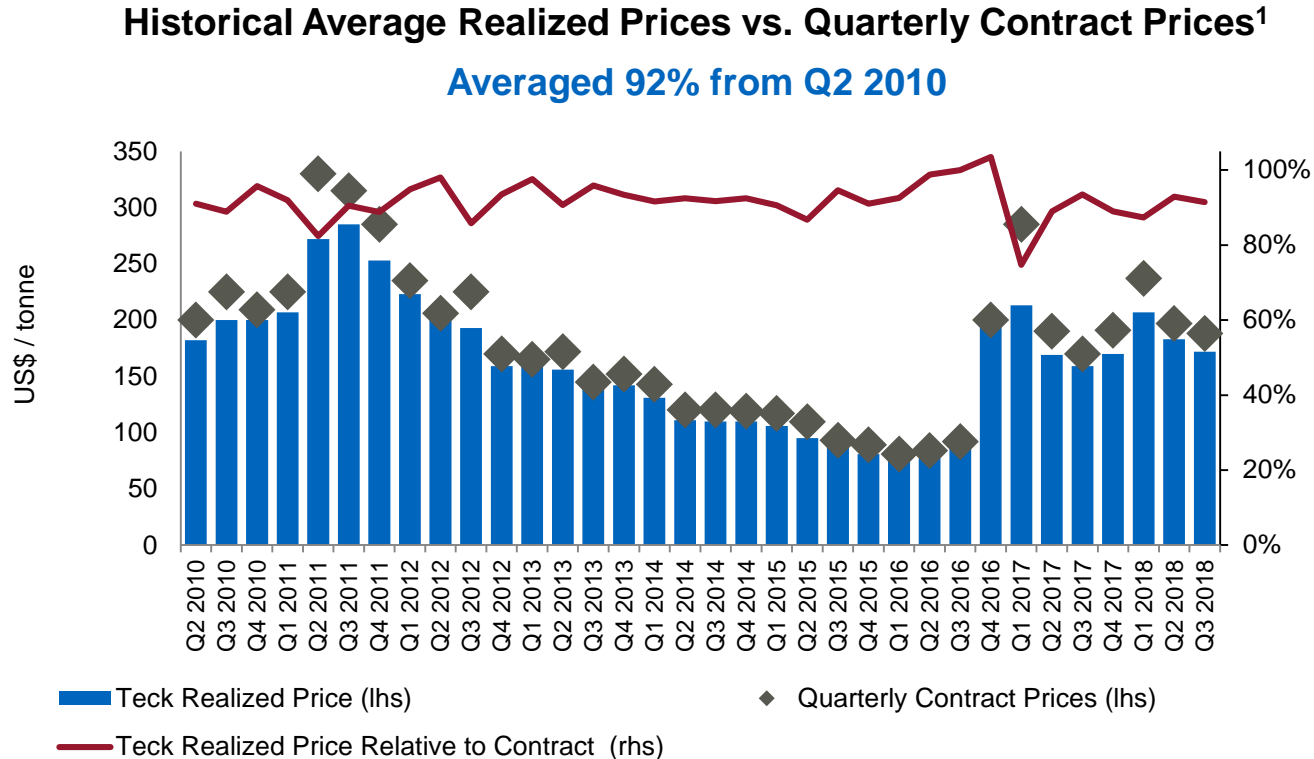
## HCC / SHCC Prices and Spread<sup>1</sup>



## HCC FOB / CFR Prices and Spread<sup>2</sup>



# Average Realized Steelmaking Coal Prices



# ~75 Mt of West Coast Port Capacity Planned

Our portion is >40 Mt; exceeds current production plans, including Quintette

## Westshore Terminals



- Teck is largest customer at 19 Mt
- Large stockpile area
- Currently 33 Mt
- \$275M project for expansion to 35-36 Mt by 2019
- Contract expires March 2021

## Neptune Coal Terminal



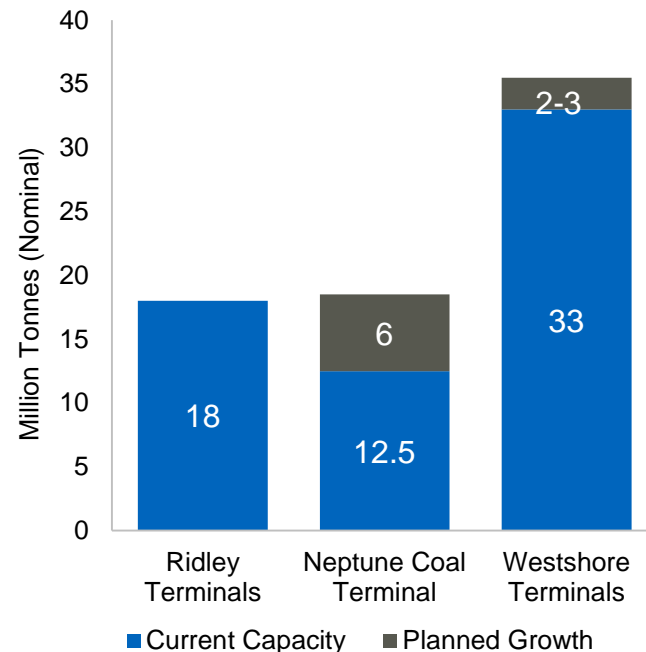
- Teck Canpotex Joint Venture
- Recently expanded to 12.5 Mt
- Planned growth to >18.5 Mt

## Ridley Terminals



- Current capacity: 18 Mt
- Teck contracted at 3 Mt

## West Coast Port Capacity



# Neptune Facility Upgrade

## Optimizing the footprint to allow for >18.5 Mtpa

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- All permits in place, final project funds sanctioned in Q2 2018, with project completion in H1 2020
- Work has commenced on the overpass and dumper vault; major construction and fabrication contracts awarded
- The investment enhances the quality of the entire steelmaking coal portfolio
  - Ensures globally competitive port rates
  - Ownership of primary berth will ensure access to market
  - Will provide sprint capacity (surge and recovery) to capitalize on price volatility

### Improvements include:

1. Overpass to improve site access
2. Investments to enhance environmental monitoring and performance
3. Improved train handling with addition of tandem coal dumper and track to land second coal train on site
4. West coal shiploader replacement to increase capacity and reach

Securing a long-term, reliable  
and globally competitive  
supply chain solution for our  
steelmaking coal business

# Notes: Appendix – Steelmaking Coal

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## **Slide 55: Steelmaking Coal Price Exceeding Expectations**

1. Average steelmaking coal prices for the past ten years are calculated from January 1, 2008. Inflation-adjusted prices are based on Statistic Canada's Consumer Price Index. Source: Argus FOB Australia, Teck. Plotted to November 19, 2018.

## **Slide 56: Steelmaking Coal Facts**

1. Source: IEA.
2. Source: CRU.
3. Source: World Coal Association. Assumes all of the steel required is produced by blast furnace-basic oxygen furnace route.
4. Source: The Coal Alliance. Assumes all of the steel required is produced by blast furnace-basic oxygen furnace route.

## **Slide 57: Synchronized Global Growth**

1. Source: WSA, CRU.
2. Source: WSA, NBS.

## **Slide 58: Strong Chinese Steel Margins**

1. Source: China HRC Gross Margins is estimated by Mysteel. China Domestic HCC Price is Liulin #4 price sourced from Sxcoal and is normalized to CFR China equivalent. Seaborne HCC Price (CFR China) is based on Argus Premium HCC CFR China. Plotted to October 19, 2018.

## **Slide 59: Growing India Steelmaking Coal Imports**

1. Source: WSA, Global Trade Atlas, Wood Mackenzie, CRU.
2. Source: Wood Mackenzie.

## **Slide 60: Capacity Reductions in China Support Pricing**

1. Source: Governmental announcements.
2. Breakdown of the remaining target for coal capacity reductions is calculated based on Fenwei estimates. Source: Fenwei, Teck.

## **Slide 61: Chinese Production Control in Winter**

1. Source: Governmental announcements.
2. Source: CRU.

## **Slide 62: Chinese Seaborne Steelmaking Coal Imports**

1. Source: NBS, China Customs, Fenwei, TTT. 2018 is September year-to-date annualized for crude steel and hot metal production and August year-to-date annualized for coking coal production and seaborne coking coal imports.

## **Slide 63: Large Users in China Increasing Seaborne Imports**

1. Source: China Customs.

# Notes: Appendix – Steelmaking Coal

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## **Slide 64: Chinese Scrap Use to Increase Slowly**

1. Source: WSA.
2. Source: China Metallurgy Industry Planning and Research Institute.
3. Source: CRU.

## **Slide 65: Steelmaking Coal Supply Growth Forecast**

1. Source: Wood Mackenzie, CRU.

## **Slide 66: US Coal Producers are Swing Suppliers**

1. Source: Global Trade Atlas. US exports do not include exports to Canada.

## **Slide 67: Seaborne Steelmaking Coal Exports**

1. Source: Wood Mackenzie. Exports include disruption allowance that is based on the difference between Q2 forecast and actual exports over the period 2015 to 2017.

## **Slide 70: Maintaining 27 Mt and Growing the Business**

1. Subject to market conditions and obtaining mining permits.

## **Slide 72: Strip Ratio Supports Future Production**

1. Total costs are transportation costs and site costs inclusive of inventory write-downs and capitalized stripping, excluding depreciation. 2018 is the mid-point of unit cost of sales guidance.

## **Slide 73: Reducing Average Mining Capital Spend by ~\$7/t**

1. All dollars referenced are Teck's portion net of Poscan credits for Greenhills at 80% and excluding the portion of sustaining capital relating to water treatment. The portion of sustaining capital relating to water treatment is addressed on the following slide.

## **Slide 78: Quality and Basis Spreads**

1. HCC price is average of the Argus Premium HCC Low Vol, Platts Premium Low Vol and TSI Premium Coking Coal assessments, all FOB Australia and in US dollars. SHCC price is average of the Platts HCC 64 Mid Vol and TSI HCC assessments, all FOB Australia and in US dollars. Source: Argus, Platts, TSI. Plotted to September 4, 2018.
2. HCC FOB Australia price is average of the Argus Premium HCC Low Vol, Platts Premium Low Vol and TSI Premium Coking Coal assessments, all FOB Australia and in US dollars. HCC CFR China price is average of the Argus Premium HCC Low Vol, Platts Premium Low Vol and TSI Premium JM25 Coking Coal assessments, all CFR China and in US dollars. Source: Argus, Platts, TSI. Plotted to September 4, 2018.

## **Slide 79: Average Realized Steelmaking Coal Prices**

1. Compares Teck's average realized price to the negotiated quarterly benchmark price from Q1 2010 to Q1 2017, and to the index-linked quarterly contract price from April 1, 2017.

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# Copper Business Unit & Markets

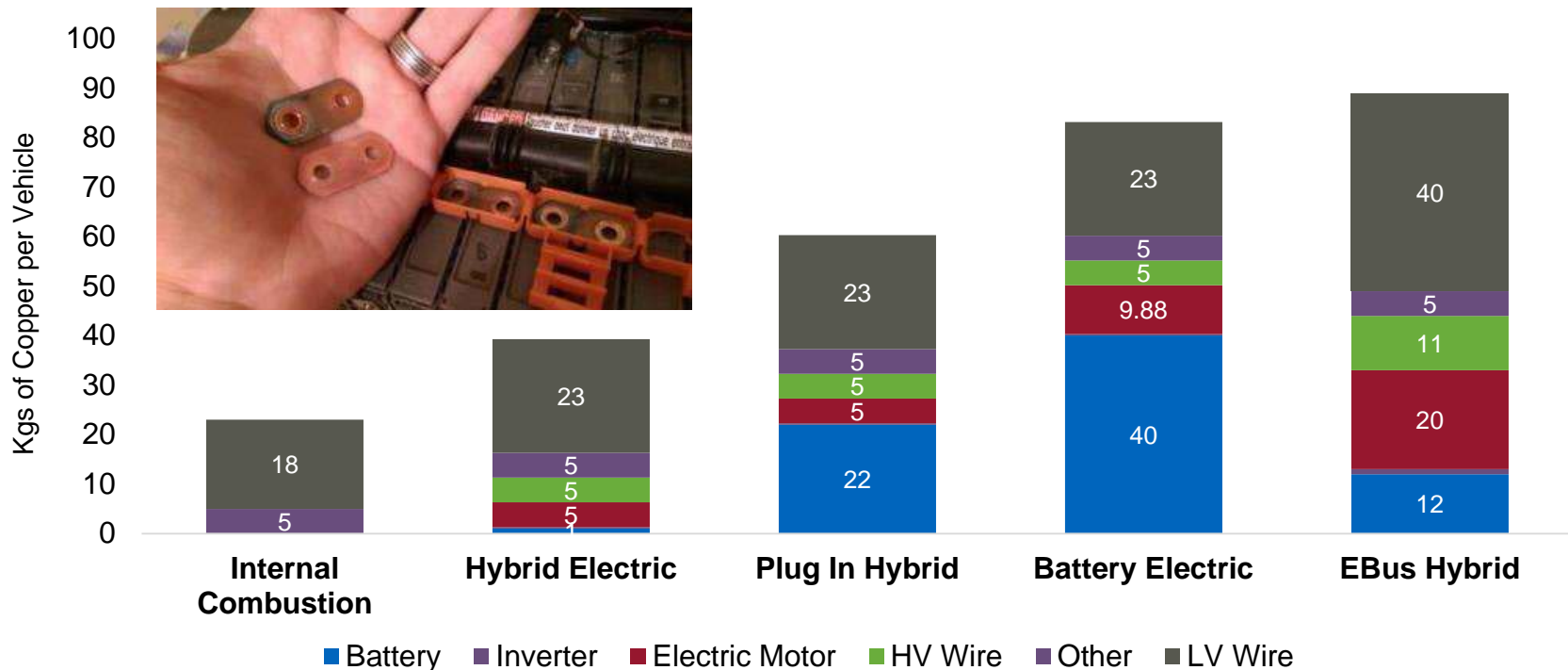
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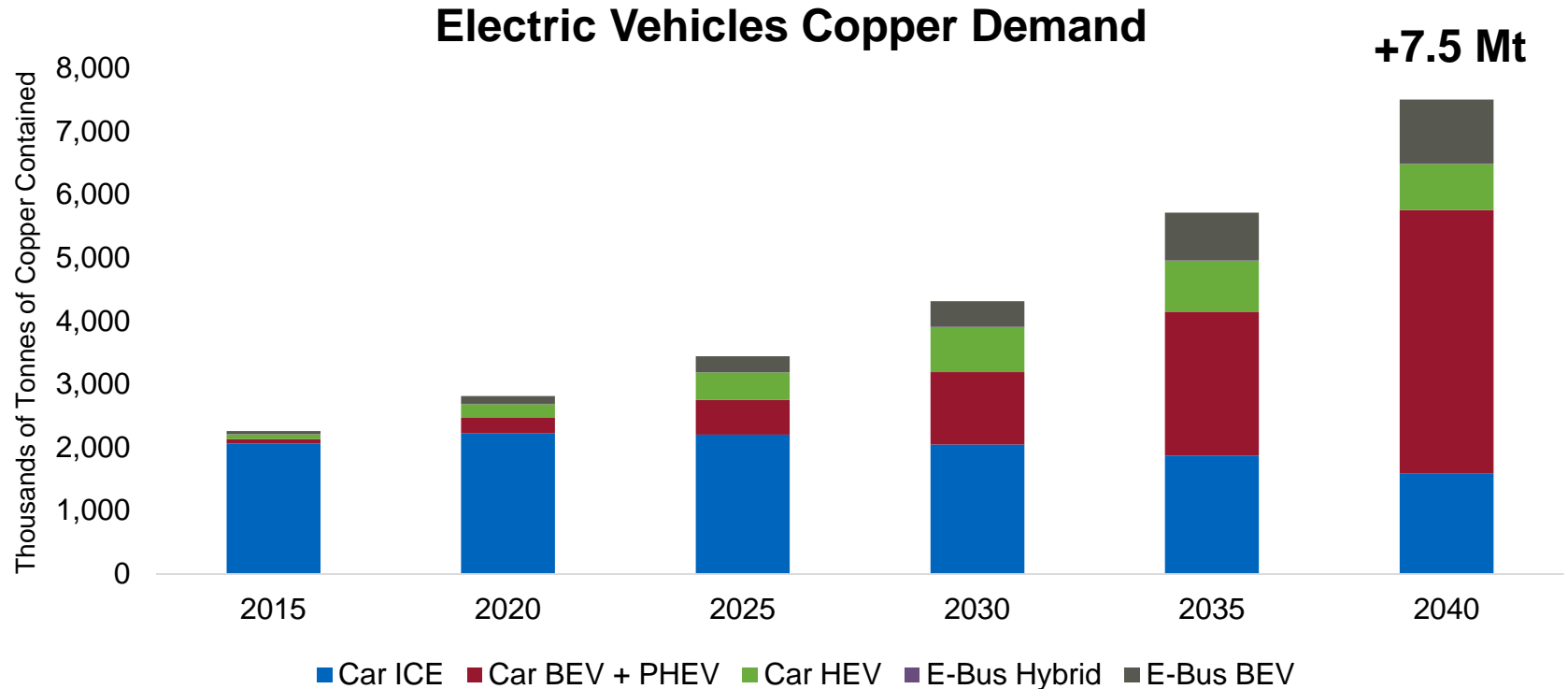
# Copper Content in Electric Vehicles

Depends on technology, vehicle size and battery size

## Copper Content by Type of Electric Vehicle

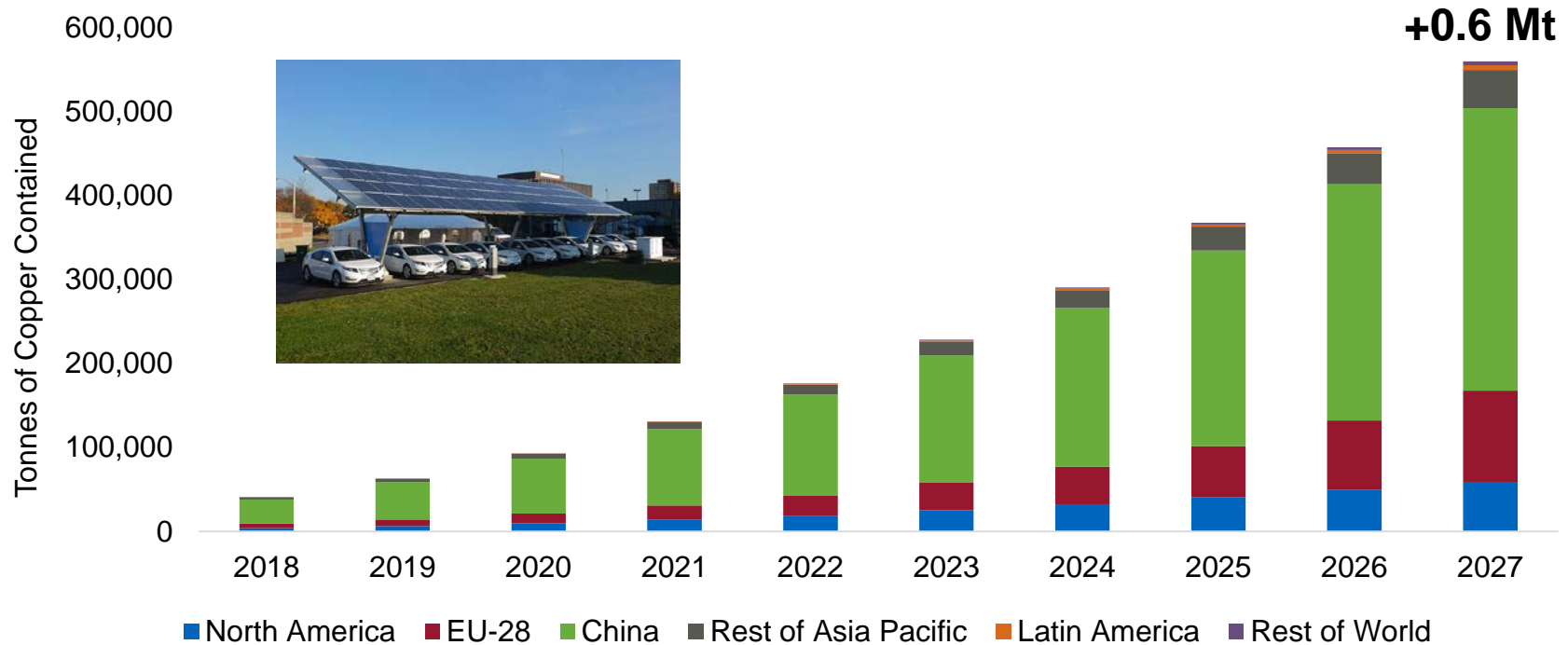


# Copper Demand for Electric Vehicles



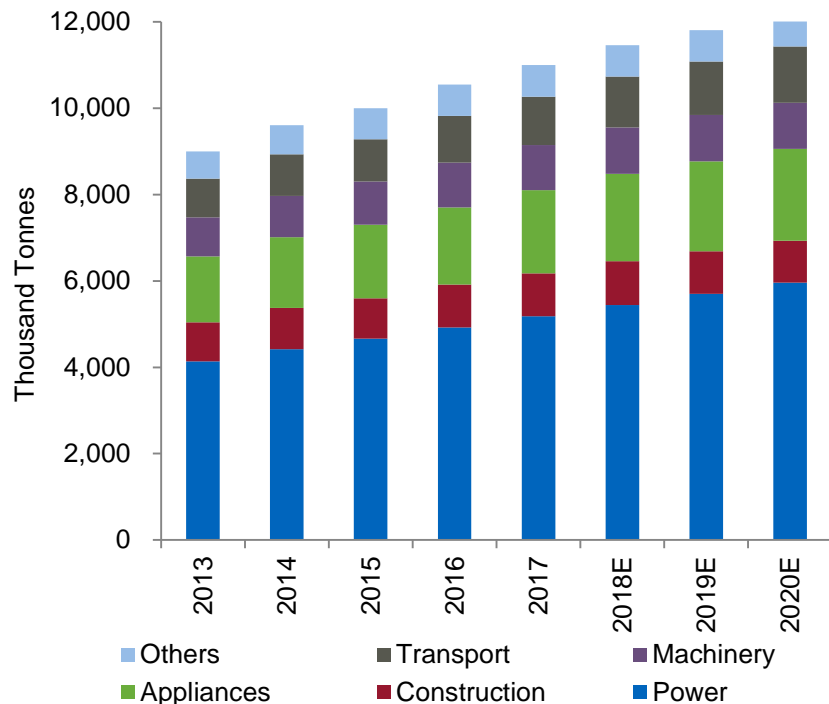
# Copper Demand for Charging Infrastructure

## Additional Copper Demand Charging Equipment

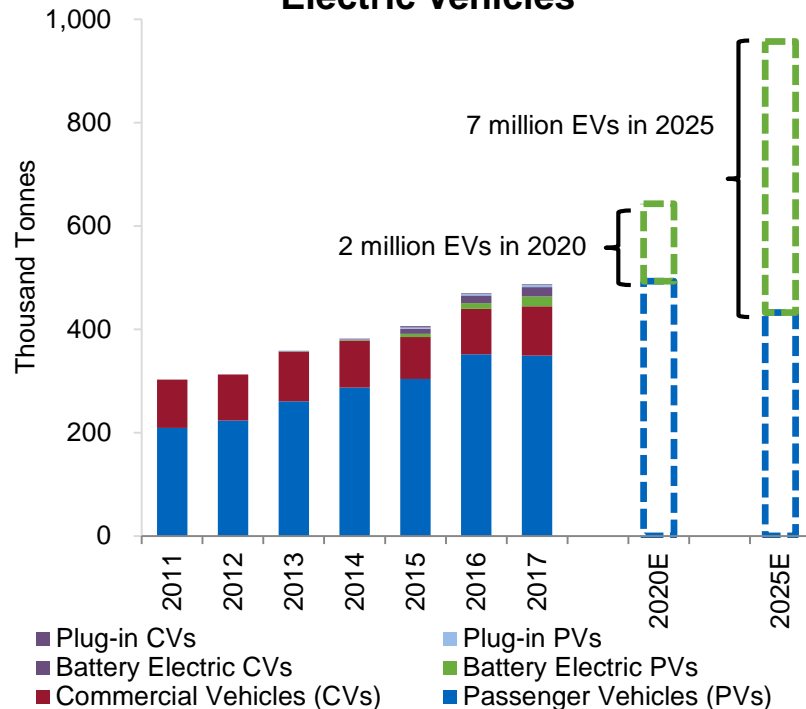


# Steady Demand Growth & Increasing Copper Intensity

## Chinese Copper Demand to Grow ~3-4%<sup>1</sup>

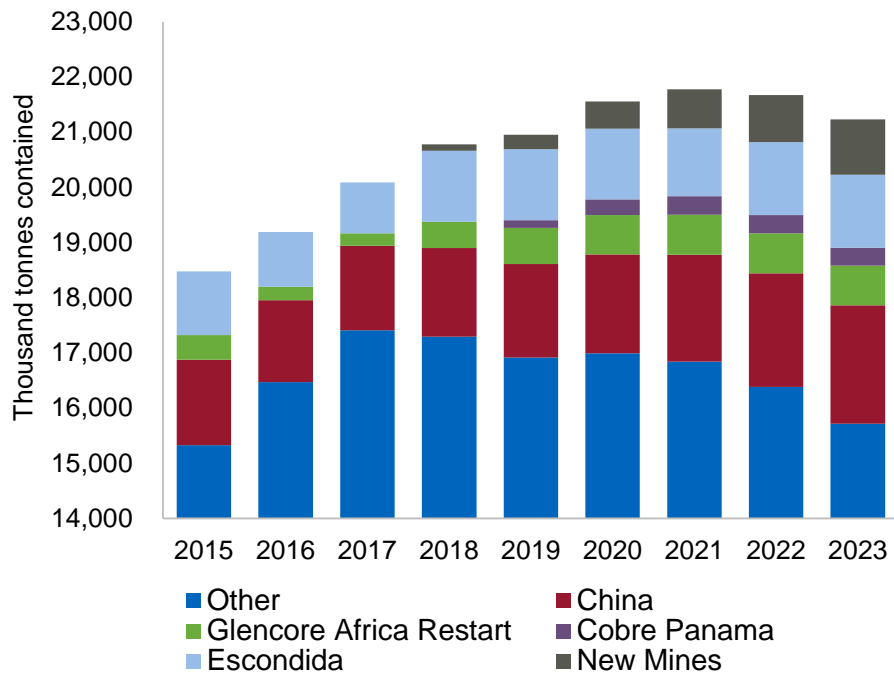


## Increasing Copper Intensity with Booming Electric Vehicles<sup>2</sup>



# Global Copper Mine Production Increasing Slowly

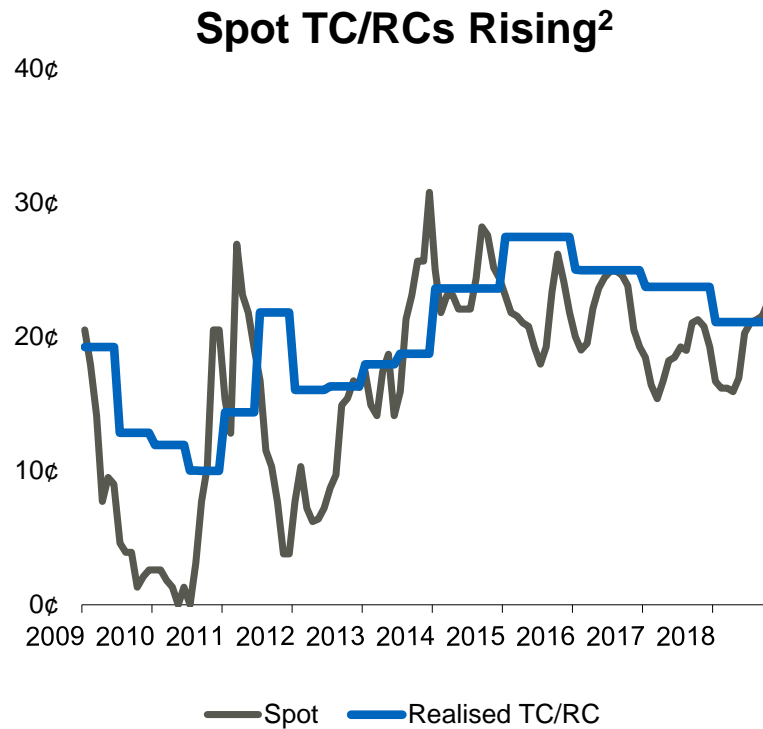
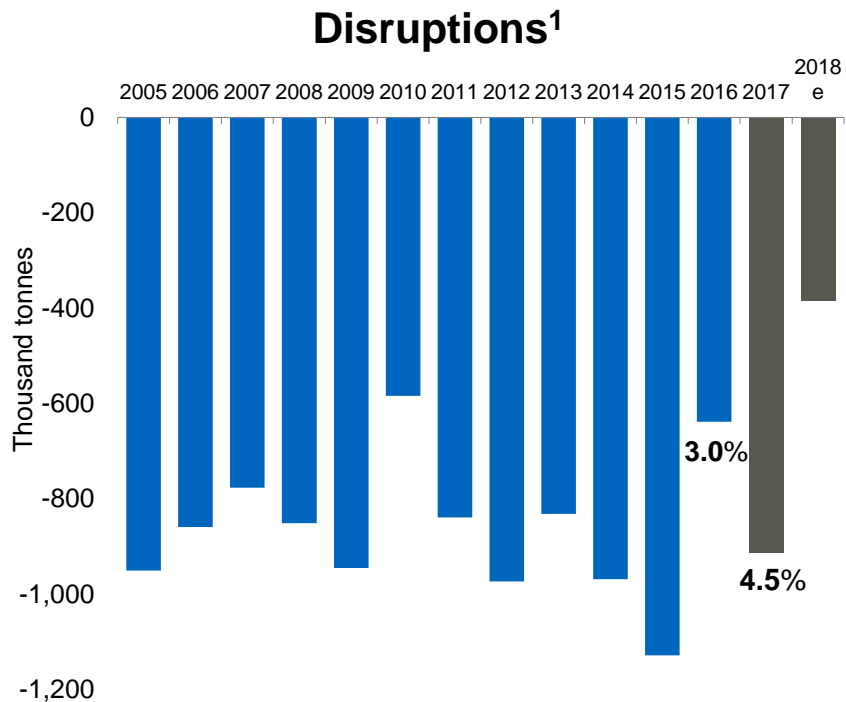
## Global Copper Mine Production<sup>1</sup>



- Mine production set to increase 1.1 Mt by 2023, including:
  - Glencore's African mine restarts: 460 kmt
  - Cobre Panama 330 kmt
  - Escondida 400 kmt
  - Quellaveco 250 kmt
  - China 475 kmt
  - All others 750 kmt
    - Oyu Tolgoi UG, Spence, Chuqui UG
  - Reductions & closures (1,500 kmt)
- Mine production currently peaks in 2021
- Chinese mine production growth relatively flat at ~100 kmt per year
- Total probable projects: 576 kmt

# Copper Disruptions

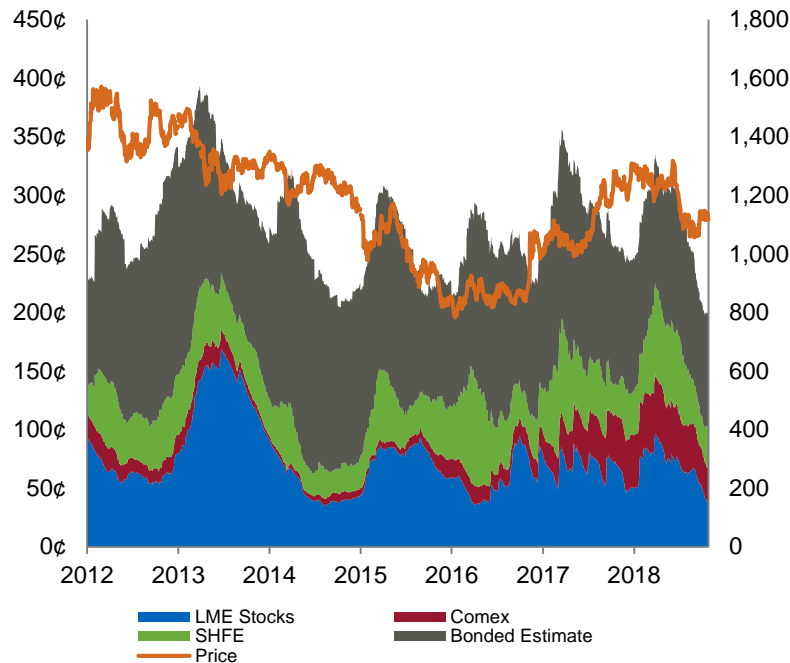
Less impact at mines; smelters impacted more in 2018



# Copper Metal Stocks Falling

Better than expected demand – smelter disruptions

## Copper Stocks Fall to Early 2014 Levels

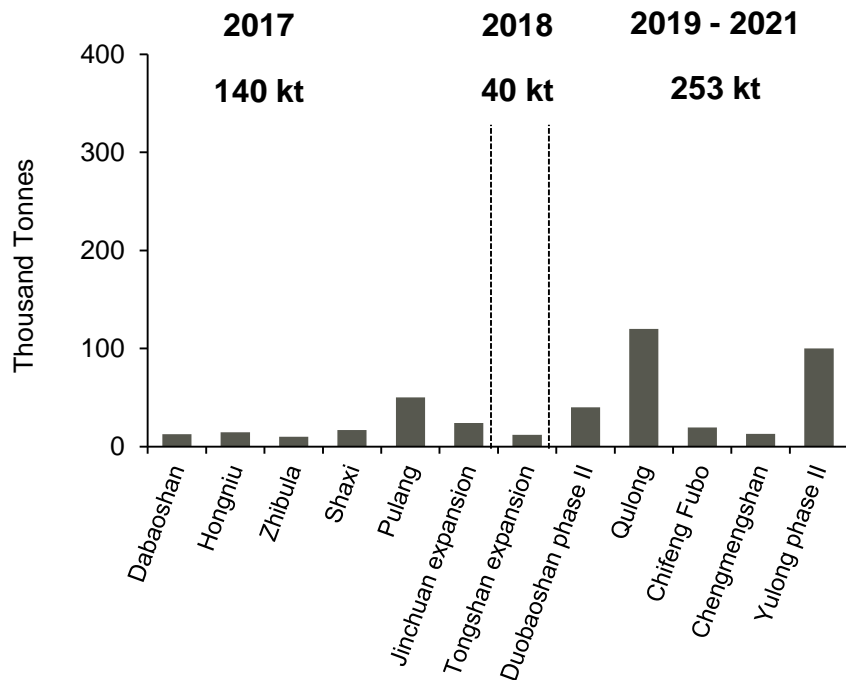


- Production cuts at smelters in Asia combined with lower scrap availability has meant a shortage of cathode
- Exchange stocks have fallen 490,000 tonnes since March. Days of consumption at 6.4 days, lowest since late 2014
- China's refined copper demand continues to defy global expectations – up 4% ytd. End-use growth has been supportive (incl. housing starts +16% ytd; white goods +5.5% ytd), but tighter scrap availability due to import restrictions is boosting refined demand
- Outlook for 2019 is that the refined market will remain relatively balanced however, scrap restrictions in China and smelter disruptions are pushing up premiums
- The concentrate market will drift back into tightness following as new Chinese smelters come on line
- Recent indications are that TC/RCs for 2019 are being settled again in the 50s – 60s

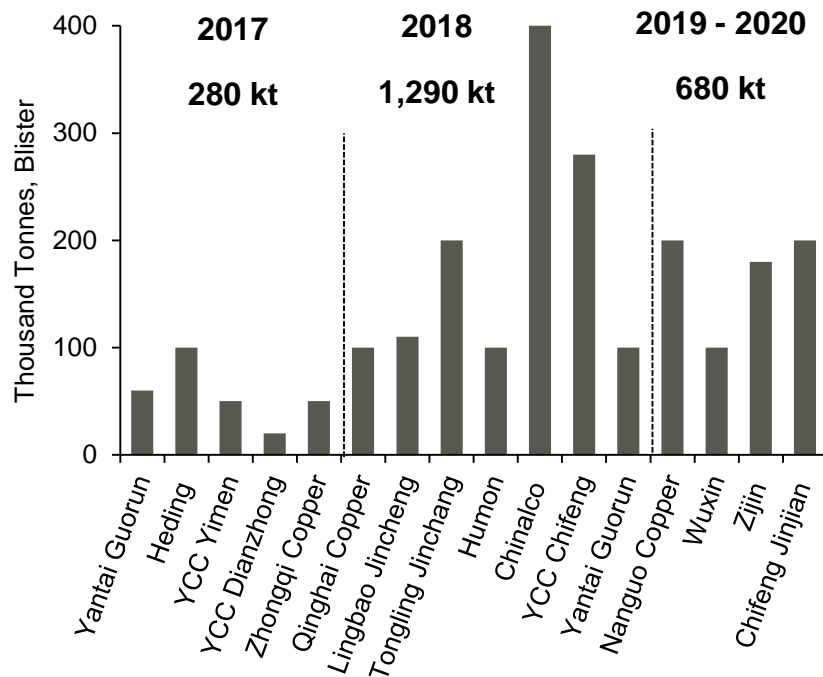
# Rapid Growth in Chinese Copper Smelter Capacity

Limited domestic mine projects and lots of delays

## Chinese Copper Mine Projects<sup>1</sup>



## +2 Mt of Smelting Projects in the Pipeline<sup>2</sup>

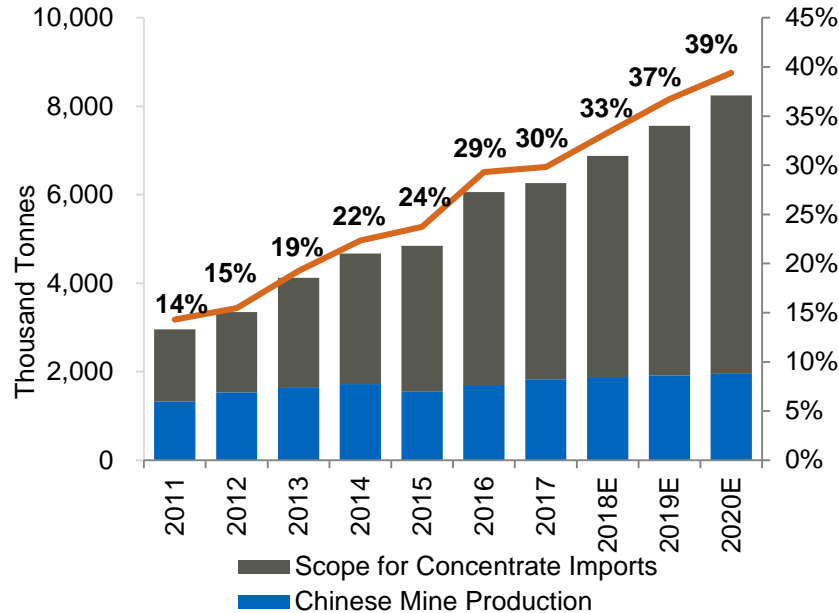




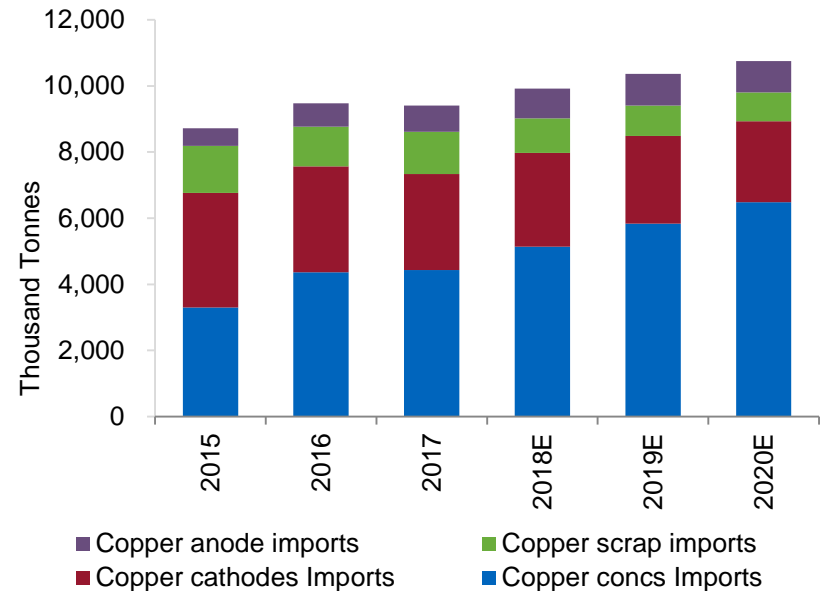
# China More Important in Global Copper Market

Buying more copper from the rest of the world

## Substantial Concentrate Imports Growth<sup>1</sup>



## Continuous Growth of Imported Copper Units<sup>2</sup>



**Demand for imported cathodes shifting towards concentrate and scrap;  
Copper scrap imports to drop 300-400 kt under China's ban**

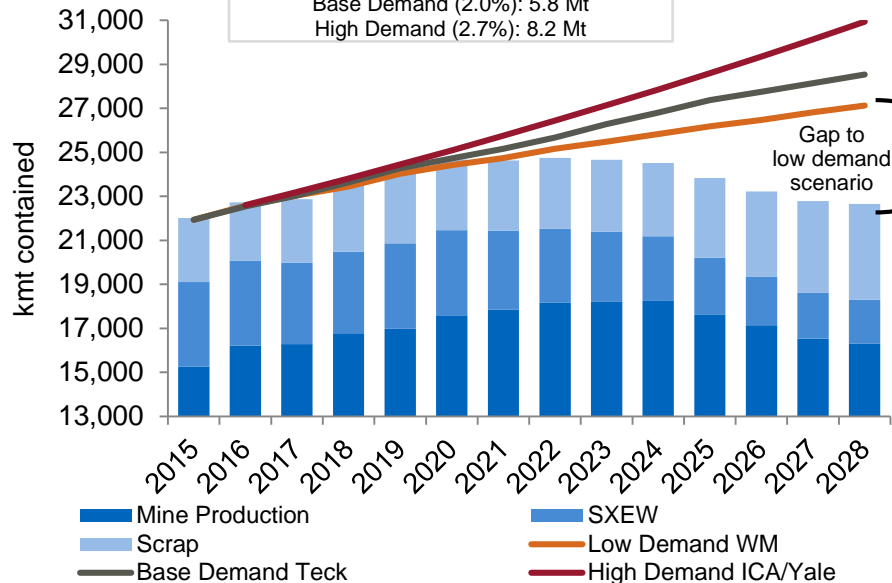
# Planned Copper Projects Will Not Meet Demand

## Copper mine production peaks in 2021

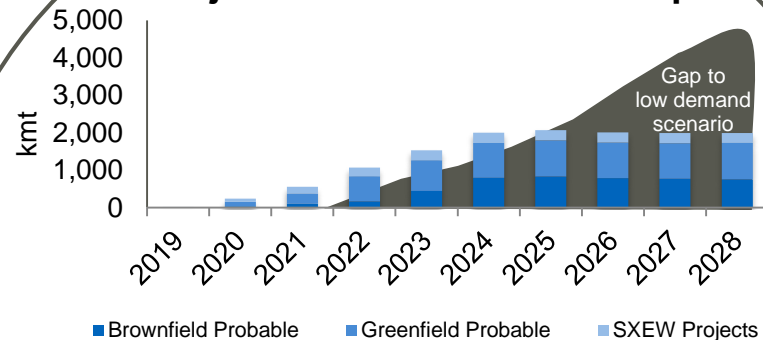
### Existing and Fully Committed Supply<sup>1</sup>

**At least 4.4 Mt needed  
from new projects by 2028**

Low Demand (1.5%): 4.4 Mt  
Base Demand (2.0%): 5.8 Mt  
High Demand (2.7%): 8.2 Mt



### Highly Probable + Probable Projects Insufficient to Fill Gap<sup>1</sup>



### Uncommitted projects set to increase 1.9 Mt by 2028

*Includes:*

El Abra (300kmt)	Kamoakakula (300 kmt)
QB2 (275 kmt)	Golpu (110 kmt)
Rosemont (120 kmt)	Tominsky (90 kmt)
Manto Verde (80 kmt)	Mirador (60 kmt)
Los Pelambres Exp (55 kmt)	Iranian Small Mines (135kmt)

# Growth and Improvement Opportunities

## Highland Valley Copper 2040 Project

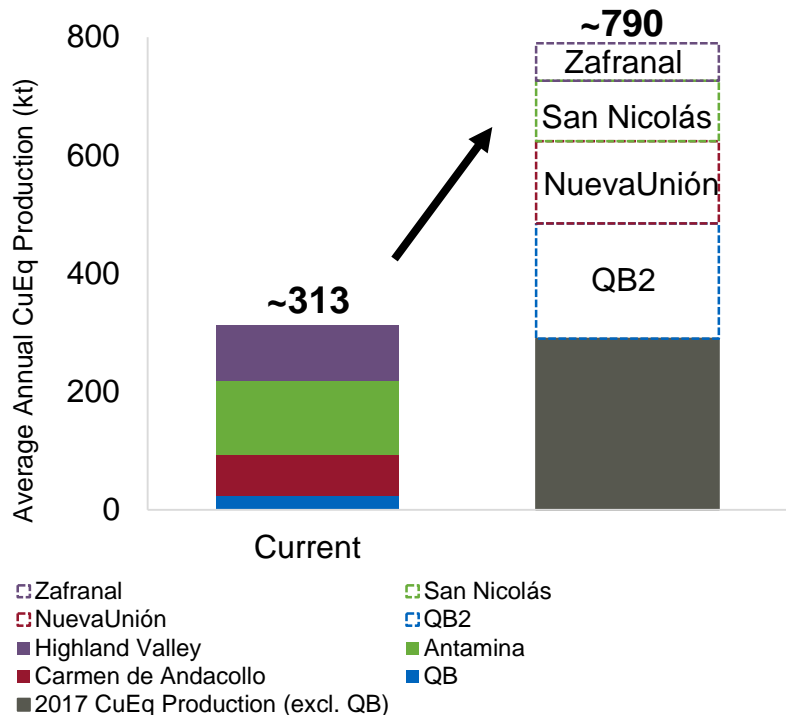
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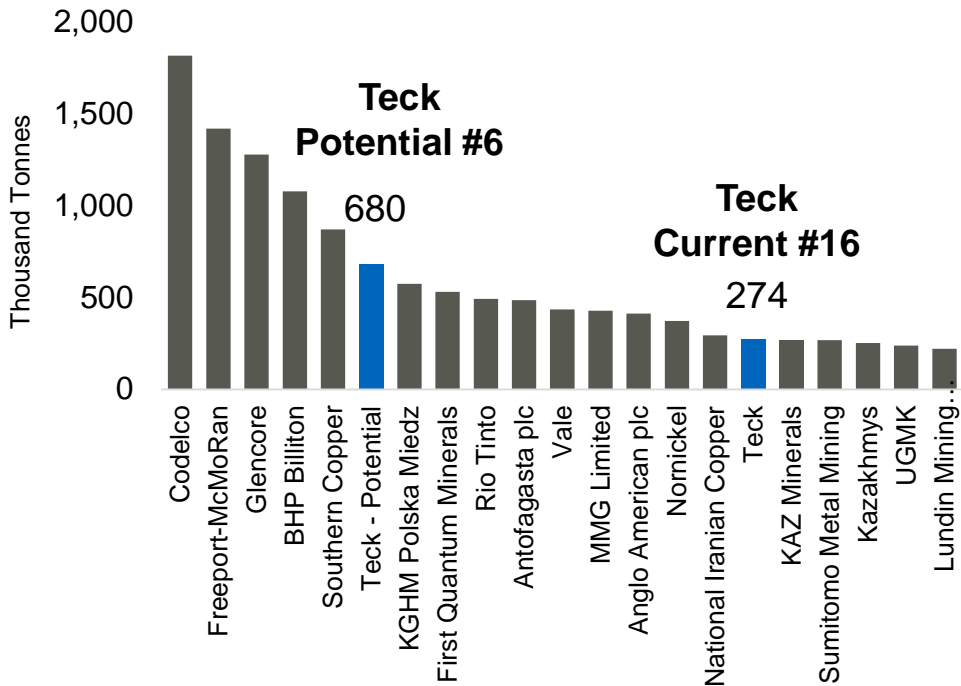
- **Advancing HVC Mine Life Extension Pre-Feasibility Study**
  - Targeting extension of ~15 years, to at least 2040
  - Leveraging investments in Mill Optimization Project (2013) and D3 Ball Mill (2019)
  - Capturing value from Shovel-based Ore Sorting and Autonomous Hauling

# Growth Potential: QB2, NuevaUnión, Project Satellite

Potential Production Profile  
On a Copper Equivalent Basis<sup>1</sup>



Mine Production 2017 - Copper Only<sup>2</sup>



# QB2: Potential Tier One Asset

## Robust economics and expansion optionality

- ✓ Potential top 15 copper producer globally at 300,000 tonnes/year Cu equivalent production, including 7,700 tonnes/year Mo, in the first five years<sup>1</sup>
- ✓ Long initial life (25 years) with only 25% of resource; life extension and expansion optionality
- ✓ Project capital of US\$4.7B<sup>1</sup>; attractive capital intensity of ~\$16k per tonne annual CuEq<sup>2</sup>
- ✓ Low cost - C1 cash cost of US\$1.33/lb and AISC of US\$1.37/lb in first 10 years<sup>3</sup>
- ✓ Familiar, stable jurisdiction

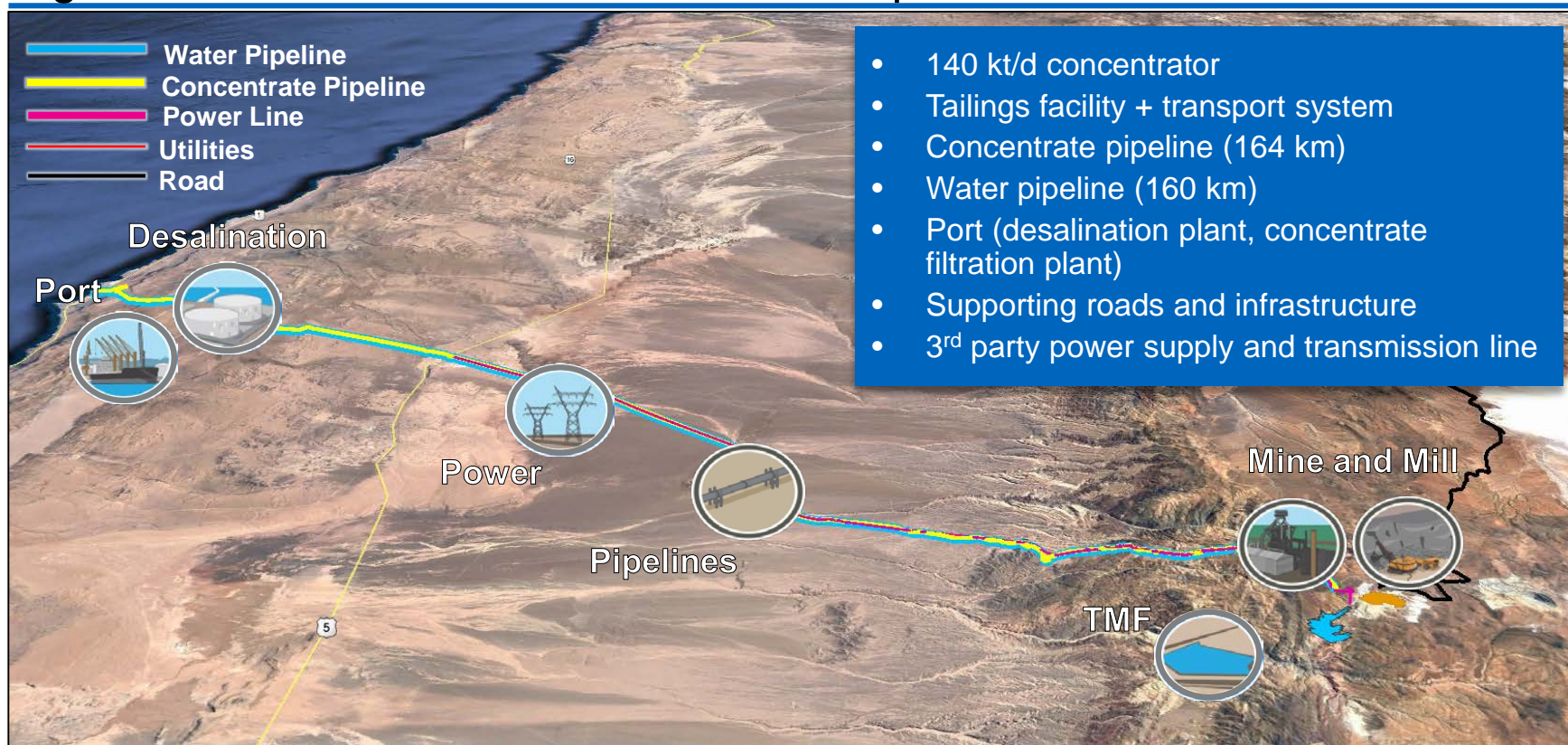
### Project Highlights<sup>4</sup>

Copper Price (US\$ per pound)	\$2.75	\$3.00	\$3.25	\$3.50
Net present value at 8% (US\$ millions)	565	1,253	1,932	2,604
Internal rate of return (%)	9.7%	11.7%	13.5%	15.2%
Payback from first production (years)	6.8	5.8	5.0	4.4
Annual EBITDA				
First Full Five Years (US\$M pa)	856	1,002	1,148	1,294
First Full Ten Years (US\$M pa)	781	918	1,055	1,192
Life of Mine (US\$ million pa)	685	811	937	1,063



# Quebrada Blanca 2

## Significant mine and infrastructure development



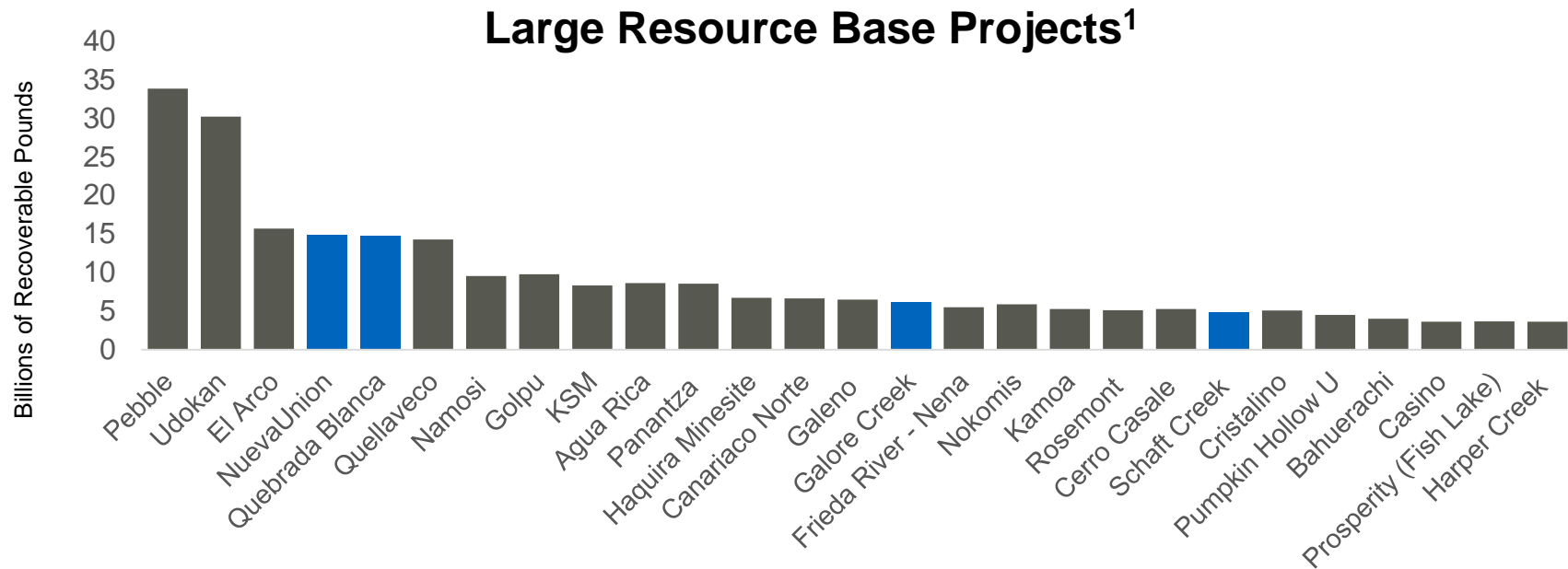
# Quebrada Blanca 2

Greenfield development; brownfield site



# QB2: Large Resource Base

Great potential to significantly extend mine life

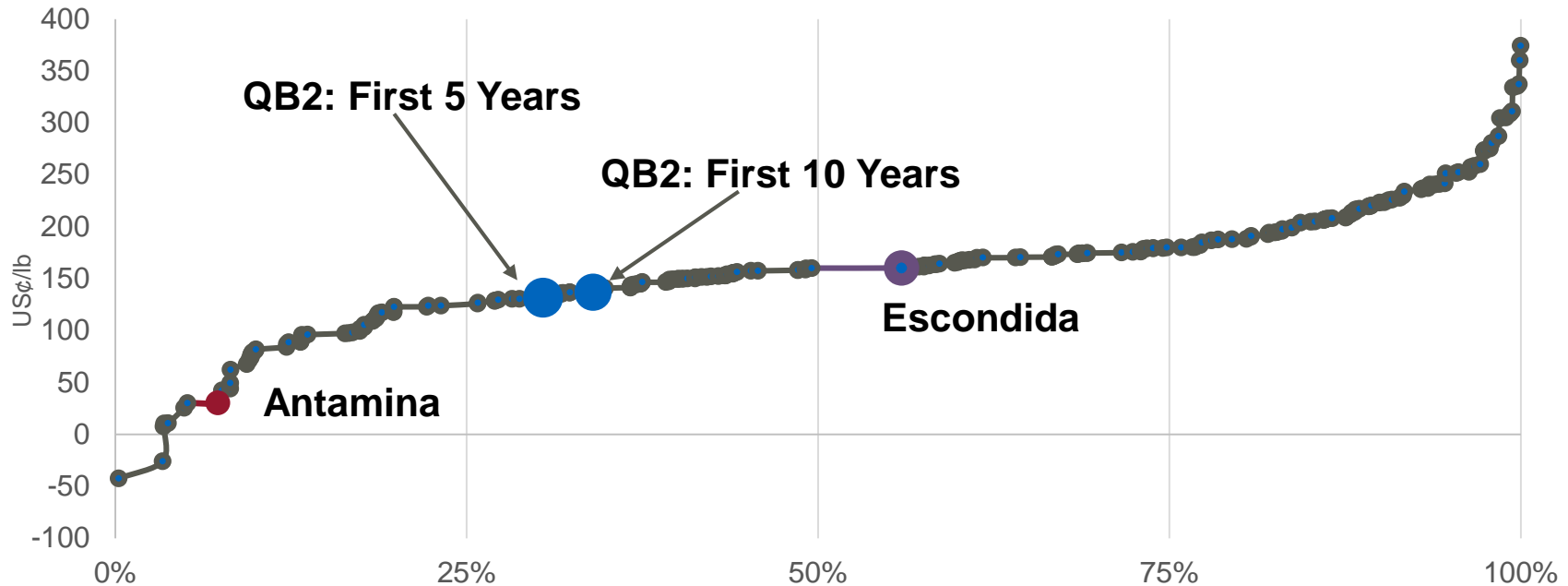




# QB2: Bottom Half of C1+Sustaining Cost Curve

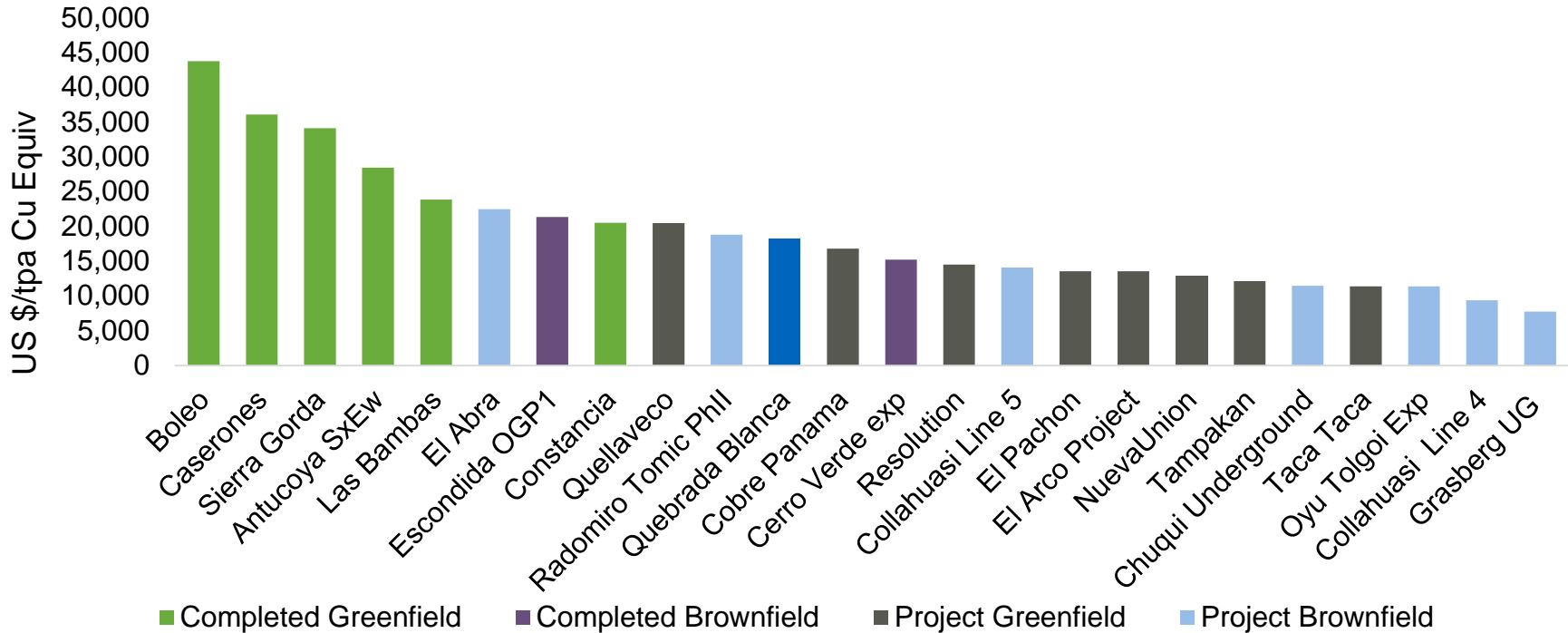
Expected to generate significant economic returns

**C1+Sustaining Cost Curve 2017<sup>1</sup>**



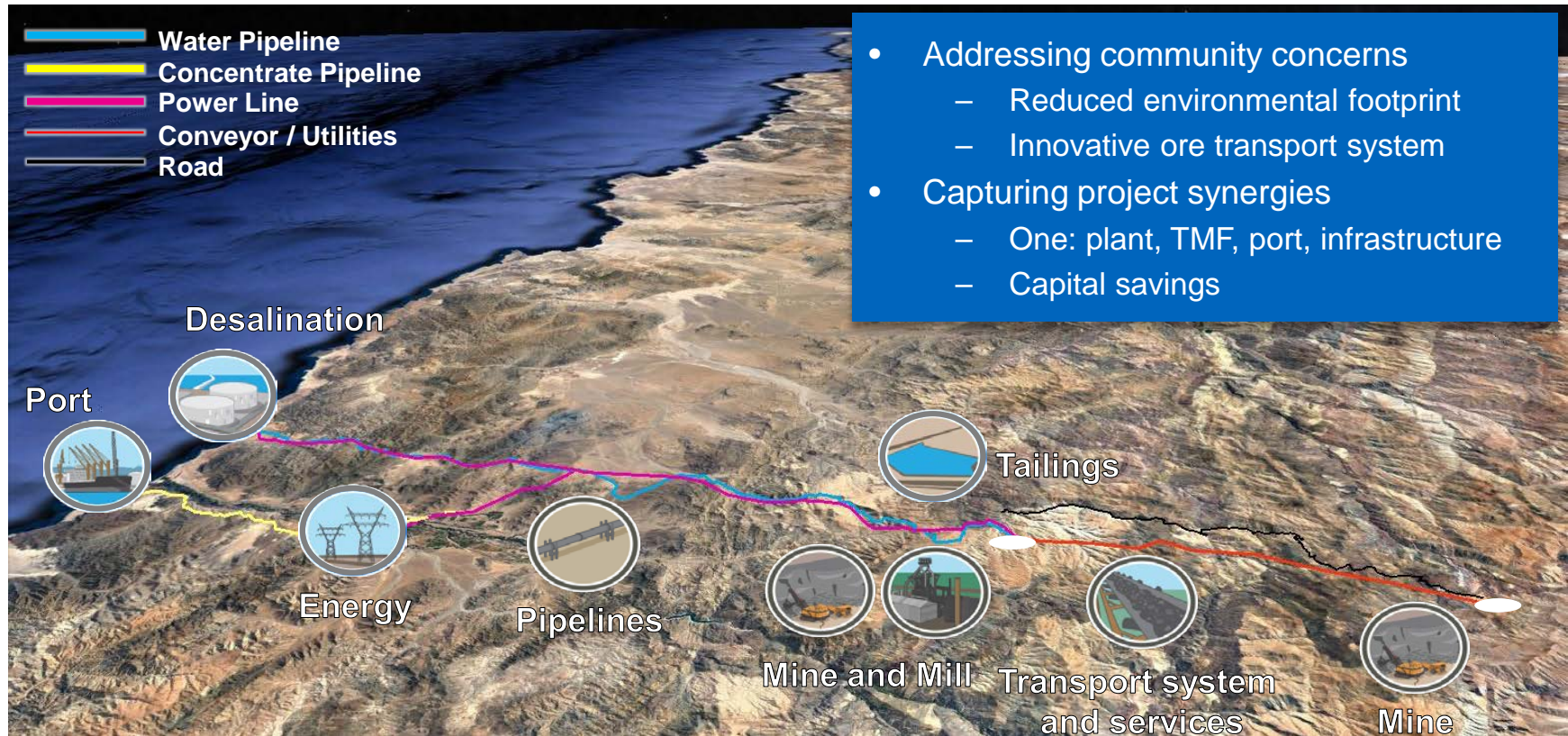
# QB2: Competitive Capital Intensity

## Projects With >200 kmt/yr Copper<sup>1</sup>



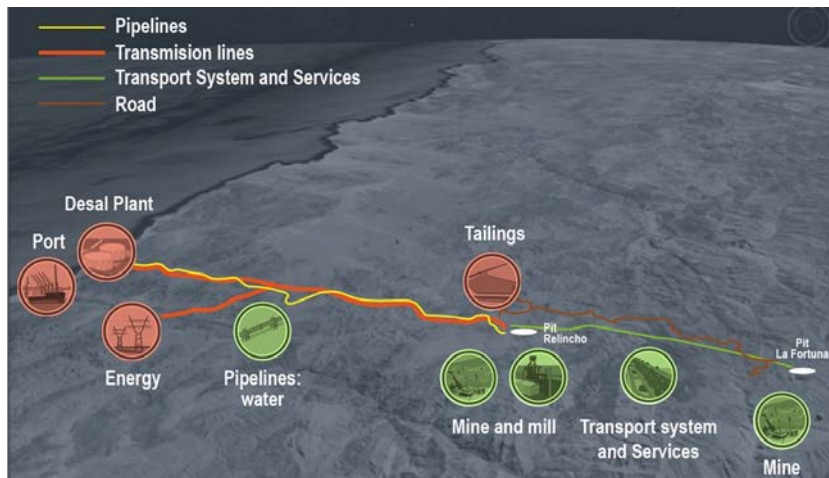
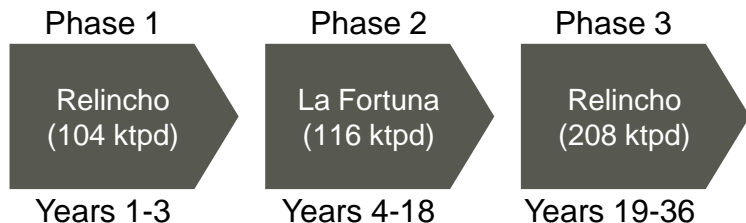
# NuevaUnión (50% Interest)

A new, innovative approach to major mine development



# NuevaUnión Prefeasibility Study Results

## Phased Development Approach

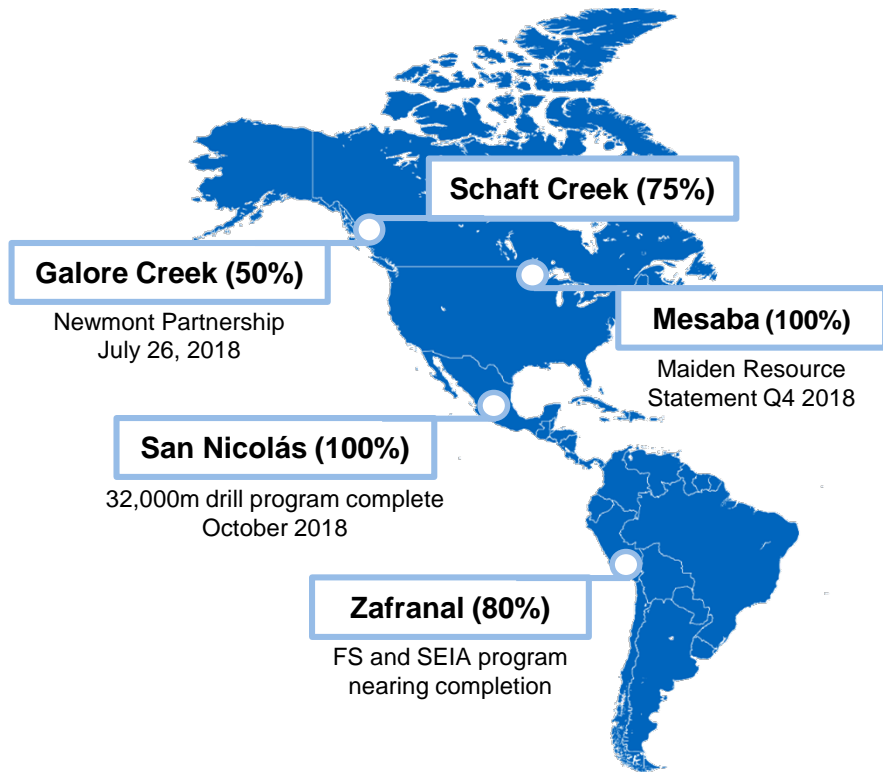


## Prefeasibility Study Parameters (100%)

Mine Life	36 years
Gold Contained in Concentrate	5.9 million oz
Copper Contained in Concentrate	15.7 billion lbs
Plant Size: Phases 1 / 2 / 3 (tonnes/day)	104,000 / 116,000 / 208,000
Copper Grade	0.40%
Gold Grade (La Fortuna only)	0.48 g/t
Molybdenum Grade (Relincho only)	0.016%
Strip Ratio (waste to ore)	1.70 : 1
C1 Costs first full 5 years (net of by products)	~US\$0.71 / payable pound Cu
Average Production first 5 full years	224,000 t Cu / 269,000 oz Au
Initial Capital – Phase 1	US\$3,400 to US\$3,500 million
Major Enhancement Capital – Phase 2 & 3	US\$3,600 to US\$3,700 million
Sustaining Capital	US\$2,000 to US\$2,100 million

# Project Satellite

## Defining the path to value recognition



Disciplined and coordinated decision making



Strategic capital allocation – prudent investment plans



Commercial, technical and community expertise

Quality Assets – Dedicated, Focused Team – Advancing to Key Milestones



# Zafranal (80% Interest)

## Advancing an attractive copper-gold asset in Peru



### Long Life Asset

- 19 year life of mine<sup>1</sup>
- Further upside potential within the deposit footprint and in the district



### Quality Investment

- Attractive front-end grade profile
- Mid range forecast LOM C1 cash costs
- Competitive capital intensity



### Stable Jurisdiction

- Strong support from Peruvian regulators including MINEM and SENACE
- Engaged with full spectrum of communities



Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Cu (Mlbs)	Au (Mozs)
Measured & Indicated <sup>1</sup>	467.3	0.38	0.07	3,925	1.051
Inferred <sup>1</sup>	21.4	0.24	0.06	114	0.041

### Path to Value Realization:

- C\$43M budget in 2018<sup>2</sup>
- 2019 Work Plan and Budget in preparation
- Targeting Feasibility Study completion and SEIA submission in Q1 2019 and H1 2019 respectively

# San Nicolás (100% Interest)

## Unlocking value from a high grade copper-zinc Teck greenfield discovery



### Long Life Asset

- One of the world's most significant undeveloped VMS deposits<sup>1</sup>



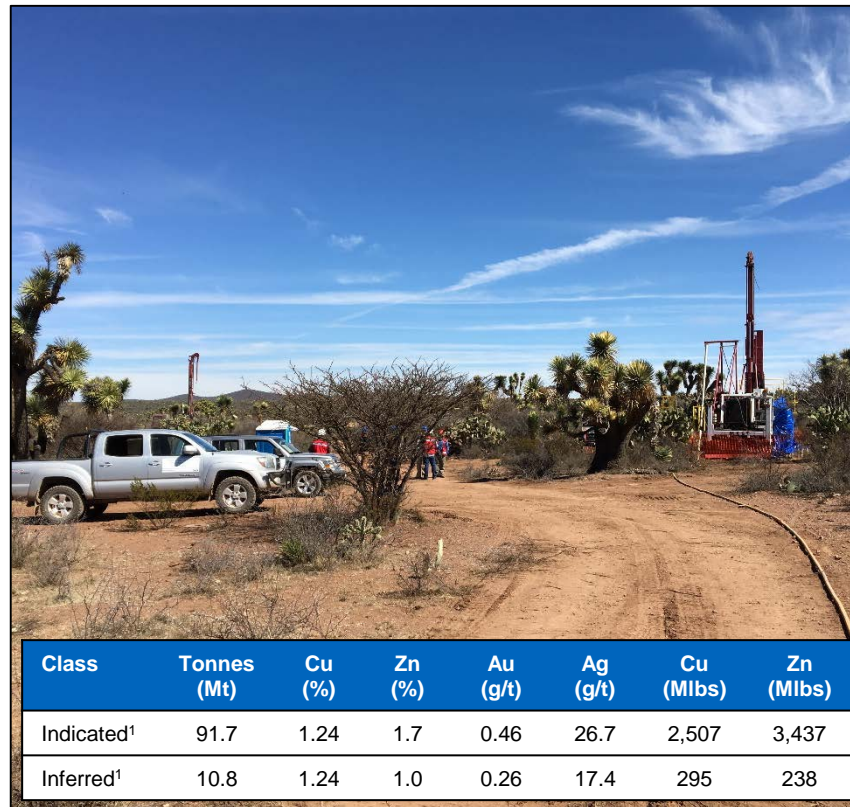
### Quality Investment

- Expect C1 cash costs in the 1<sup>st</sup> quartile
- Competitive capital intensity
- Co-product Zn and Au & Ag credits<sup>1</sup>



### Stable Jurisdiction

- Well-established mining district in Mexico
- Community office established and engagement plan well underway



### Path to Value Realization:

- 32,000m multi-purpose drill program complete Oct 2018
- C\$28M Budget in 2018
- 2019 Work Plan and Budget in preparation
- PFS completion and MIA submission H2 2019

Class	Tonnes (Mt)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (Mlbs)	Zn (Mlbs)
Indicated <sup>1</sup>	91.7	1.24	1.7	0.46	26.7	2,507	3,437
Inferred <sup>1</sup>	10.8	1.24	1.0	0.26	17.4	295	238

# Galore Creek (50% Interest)

Updated partnership on a high grade copper-gold-silver deposit in NW BC



## Long Life Asset

- Large high grade copper-gold system
- Legacy zone extension and Bountiful zone discovered in 2013-14




## Quality Investment and Partnership

- Expect C1 cash costs in the 1<sup>st</sup> quartile
- Strong technical, commercial, and community expertise from Partners



## Stable Jurisdiction

- Improving infrastructure in Golden Triangle
- Well-established Participation Agreement with Tahltan First Nation



Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Cu (Mlbs)	Au (Mozs)
Proven <sup>1</sup>	69	0.61	0.52	928	1.154
Probable <sup>1</sup>	459.1	0.58	0.29	5,870	4.281
Measured <sup>1</sup>	39.5	0.25	0.39	218	0.495
Indicated <sup>1</sup>	247.2	0.34	0.26	1,853	2.066
Inferred <sup>1</sup>	346.6	0.42	0.24	3,209	2.674

## Path to Value Realization:

- C\$100M<sup>2</sup> investment plan over 3-4 years to complete prefeasibility study and re-initiate permitting studies
- 2019 Work Plan and Budget in preparation
- Focused on lower risk and cost access options



# Project Satellite

## A path to value recognition

### Mesaba (100% Interest)

*Positioning a significant undeveloped Cu-Ni-PGE (Au-Ag-Co) deposit*

- Maiden Resource statement due at the end of 2018
- Continued focus on developing a permitting pathway
- Evaluating partnership opportunities



### Schaft Creek (75% Interest)

*Assessing development options for this large Cu-Mo-Au-Ag deposit*

- Received Multi-Year Area Based permit to carry out field studies over 5 years
- Evaluating staged development options
- Continuing baseline environmental and social programs



# Notes: Appendix – Copper

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## **Slide 85: Copper Content in Electric Vehicles**

1. Source: ICA, Navigant Research, IDTechEx.
2. Source Photo: ICA, IDTechEx for ICA.

## **Slide 86: Copper Demand for Electric Vehicles**

1. Wood Mackenzie.

## **Slide 87: Copper Demand for Charging Infrastructure**

1. Source: Navigant Research for ICA presentation.
2. Source: Photo: Baka.Ca/Solar – file is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported license.

## **Slide 88: Steady Demand Growth & Increasing Copper Intensity**

1. Source: NBS, ICA, Wood Mackenzie, CEC, ChinalOL, Teck.
2. Source: Government plans, CAAM, ICA, Teck.

## **Slide 89: Global Copper Mine Production Increasing Slowly**

1. Source: Wood Mackenzie, AME, Teck.

## **Slide 90: Copper Disruptions**

1. Source: Wood Mackenzie, AME, Teck, Company Reports.
2. Source: Wood Mackenzie, CRU, Metal Bulletin.

## **Slide 91: Copper Metal Stocks Falling**

1. LME, SHFE, SMM, CME, Teck, Fast Markets

## **Slide 92: Rapid Growth in Chinese Copper Smelter Capacity**

1. Includes mine projects with copper capacity >10 ktpa. Source: BGRIMM.
2. Source: CRU, BGRIMM, SMM, Teck.

## **Slide 93: China More Important in Global Copper Market**

1. Source: China Customs, Wood Mackenzie, BGRIMM, Teck.
2. Source: China Customs, Wood Mackenzie, SMM, Teck.

## **Slide 94: Planned Copper Projects Will Not Meet Demand**

1. Source: Wood Mackenzie, AME, Teck.

# Notes: Appendix – Copper

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## **Slide 96: Growth Potential - QB2, NuevaUnión, Project Satellite**

1. Illustrative potential production profiles, including 65% of Quebrada Blanca 2's first five years of full production, 50% of NuevaUnión's first ten years of full production, 100% of San Nicolás' first five years of full production, and 80% of Zafranal's first five years of full production, in each case based on relevant feasibility or pre-feasibility studies or scoping studies. Copper equivalent production calculation assumes gold at US\$1,200 per ounce, silver at US\$18 per ounce, copper at US\$3.00 per pound, zinc at US\$1.10 per pound and molybdenum at US\$10 per pound.
2. Teck's current production as reported by Wood Mackenzie. Teck's potential production as estimated by Teck, based on current production, QB2, NuevaUnión, San Nicolas and Zafranal. Source: Wood Mackenzie, SNL, Teck. As at September 4, 2018.

## **Slide 97: QB2 – Potential Tier One Asset**

1. Average production rates, copper equivalent production rates, and initial development capital are based on the first full five years of full production and are on a 100% basis.
2. 100% basis, in constant first quarter of 2016 dollars, excluding working capital and interest during construction. Teck currently owns 90% and has a 100% funding interest. We have launched a process to seek an additional partner for Quebrada Blanca Phase 2, and our objective is to ultimately hold a 60-70% interest in the project. See Teck's Q4 2018 press release.
3. C1 cash costs and strip ratio are based on the first ten years of full production. C1 cash costs are net of by-product credits.
4. 100% basis. See Teck's fourth quarter 2016 news release dated February 15, 2017. Quebrada Blanca Phase 2 scientific and technical information was approved by Mr. Rodrigo Alves Marinho, P.Geo., an employee of Teck. Mr. Marinho is a qualified person, as defined under National Instrument (NI) 43-101. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

## **Slide 100: QB2 - Large Resource Base**

1. Source: Wood Mackenzie. Shows reserves only for uncommitted projects.

## **Slide 101: QB2 - Bottom Half of C1+Sustaining Cost Curve**

1. Source: Wood Mackenzie

## **Slide 102: QB2 - Competitive Capital Intensity**

1. Source: Wood Mackenzie

## **Slide 106: Zafranal (80% Interest)**

1. See the June 2016 Technical Report on the Pre-Feasibility published by AQM Copper Inc. filed on SEDAR.
2. Total project budget. Teck's 80% Pro-rated share is approximately C\$35M.

## **Slide 107: San Nicolas (100% Interest)**

1. For current Reserve and Resource statements, see Teck's 2017 AIF filed on SEDAR.

## **Slide 108: Galore Creek (50% Interest)**

1. See the July 2011 Technical Report on the Pre-Feasibility published by NovaGold and filed on SEDAR.
2. Total project budget. Teck's 50% Pro-rated share is approximately C\$50M.

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Zinc

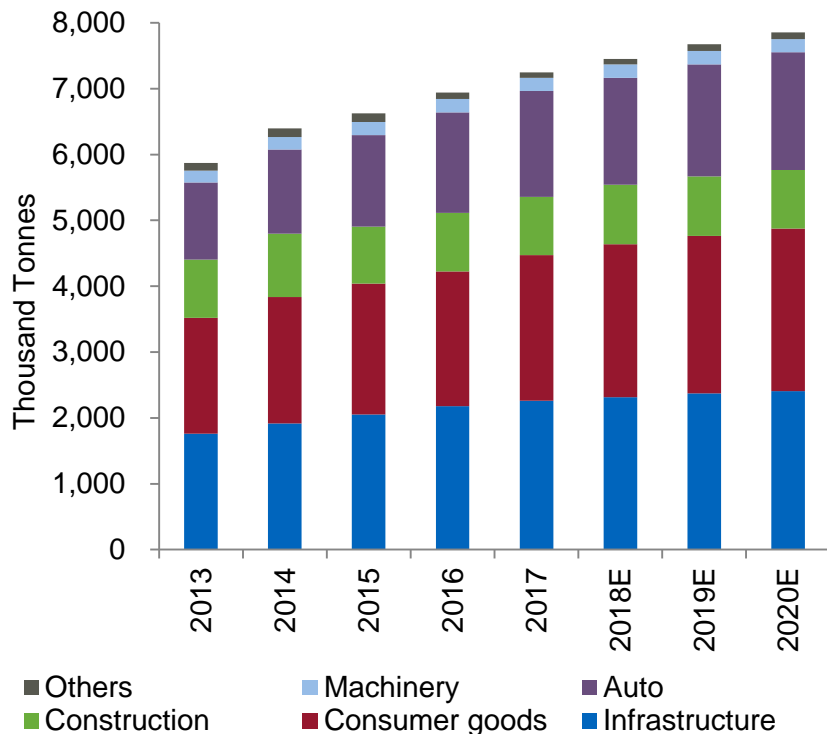
Business Unit & Markets

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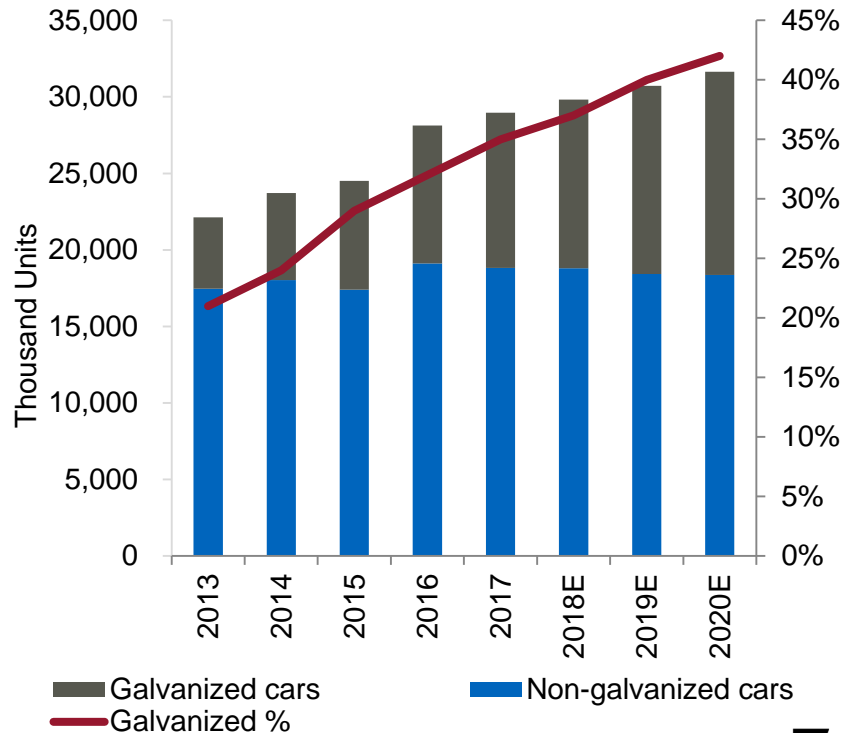
Teck

# Steady Demand Growth & Increasing Zinc Intensity

## Chinese Zinc Demand to Grow ~2-3%<sup>1</sup>



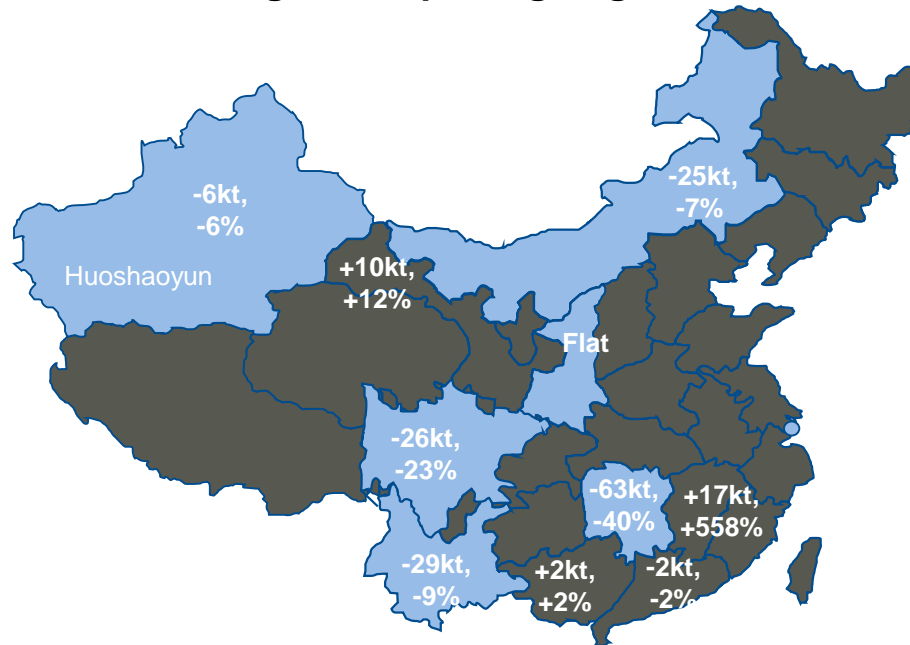
## More Cars Expected to be Galvanized<sup>2</sup>



# Environmental/Safety Inspections & Depletions

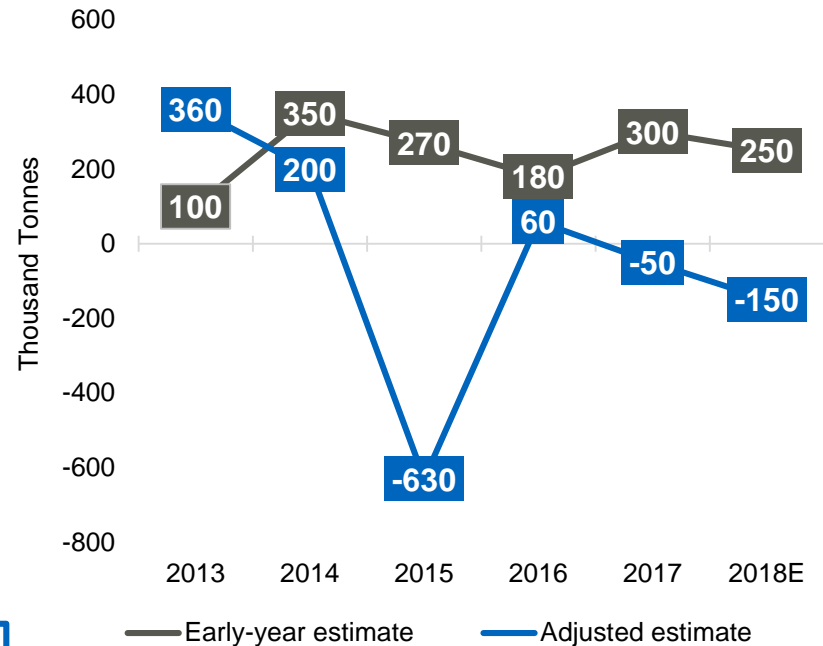
## Constraining zinc mine production

### Most Regions Reporting Negative Growth<sup>1</sup>



- Entire country under environmental & work safety inspections
- Blue regions are also suffering from depletion evidently
- 2018 mine production down 1% YoY

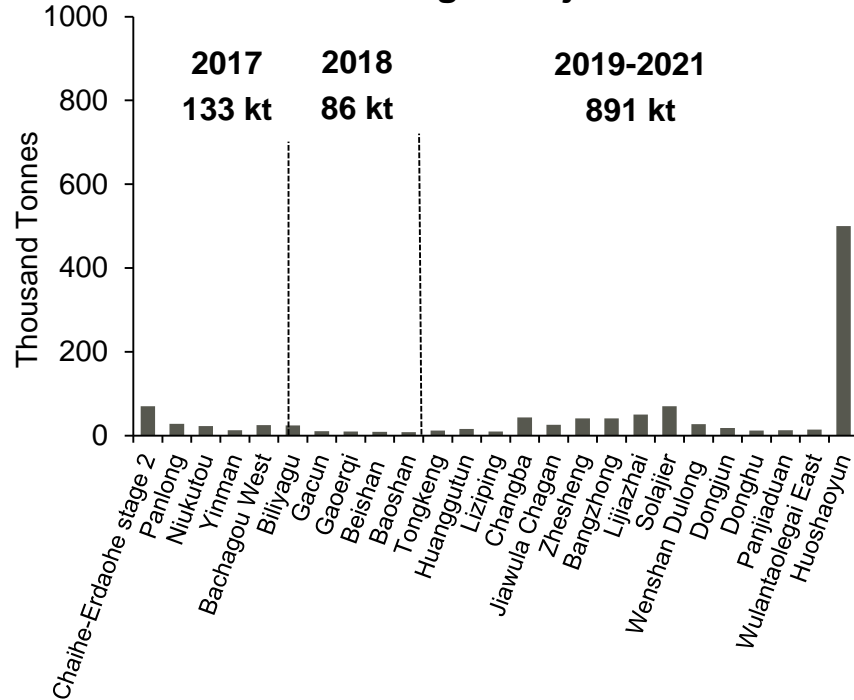
### Estimated Zinc Mine Growth Rarely Achieved<sup>2</sup>



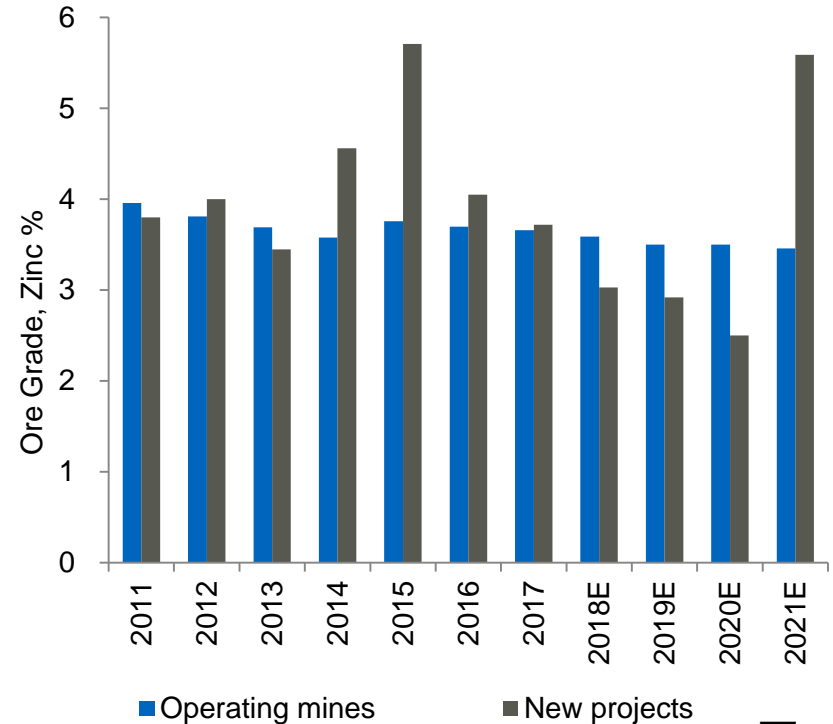
# Zinc Mine Projects Increasingly Delayed

## Impacted by inspections and low zinc ore grades

**Future Mine Growth Heavily Dependent On One Single Project<sup>1</sup>**

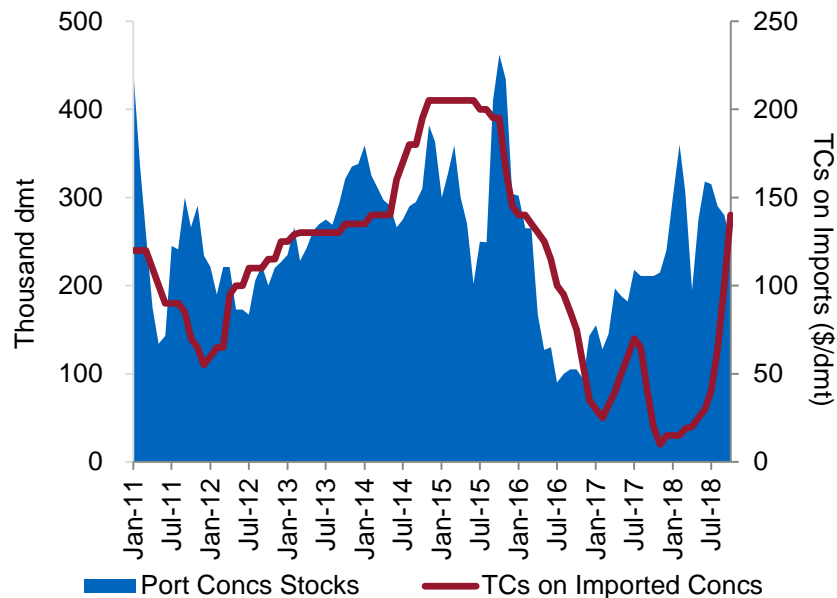


**Mine Depletion & Low Grades of Projects<sup>2</sup>**

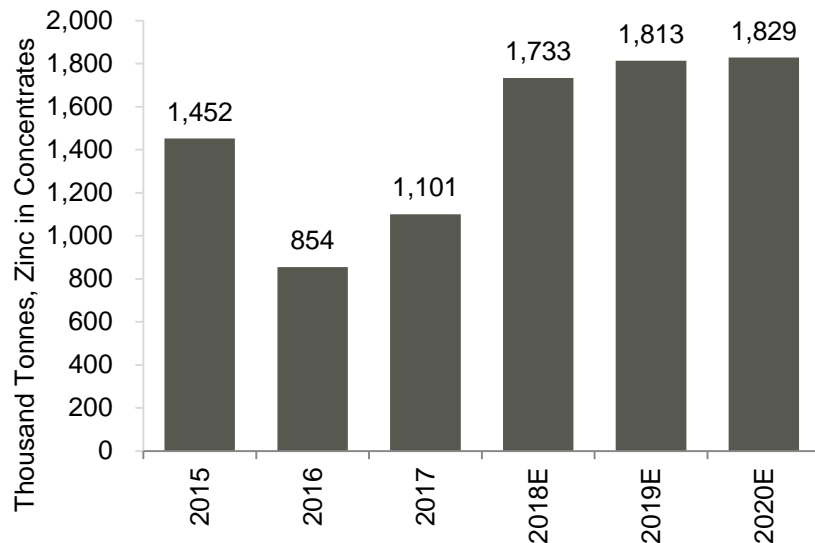


# China to Require More Zinc Concentrate Imports

## Concentrate Stocks Rise<sup>1</sup>



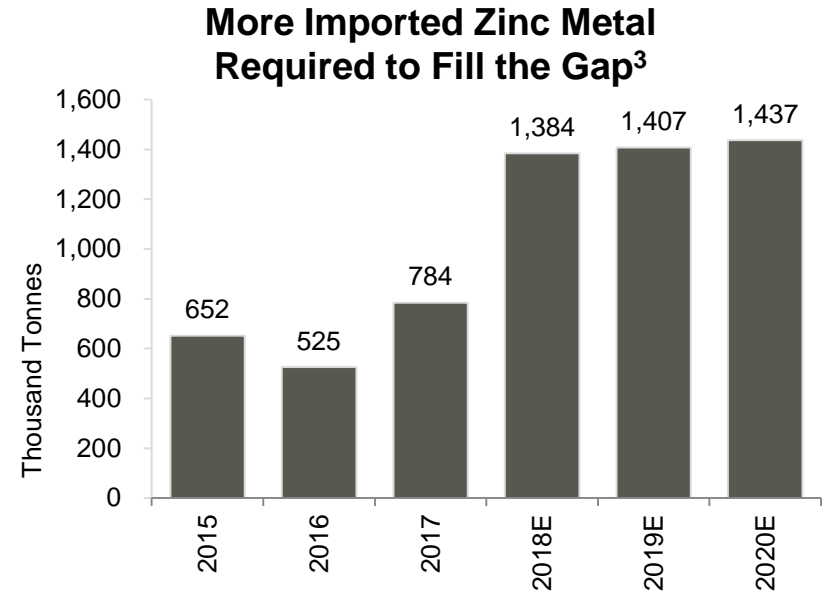
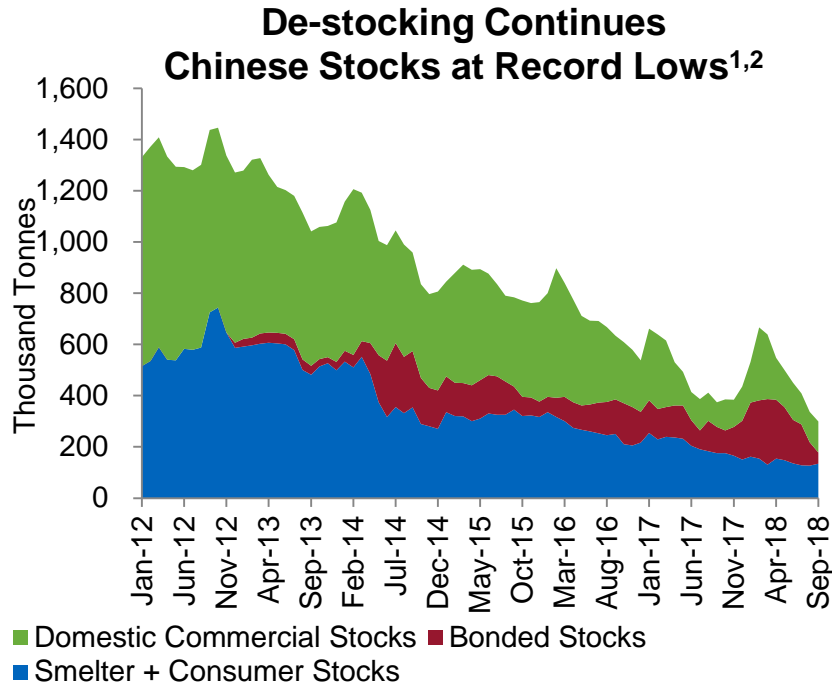
## China Will Have to Import More Zinc in Concentrate<sup>2</sup>



**Concentrate stocks rebounded since Q2 2018 due to Chinese smelter cuts and increasing imports; Chinese mine production fell again in 2018, increasing scope for imports**



# Increasing Demand for Zinc Metal Imports

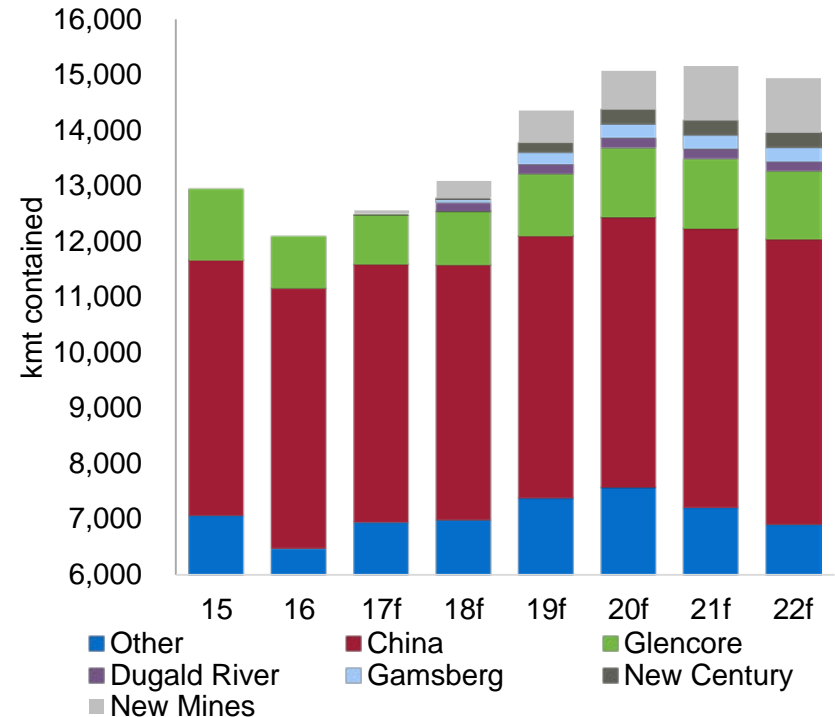


**Smelter cutbacks lead to drawdown of warehouse inventories – now record low;  
If China does import 1.7 Mt of concentrates, still requires 1.4 Mt of metal imports**

# Zinc Price Incentivizing New Mines

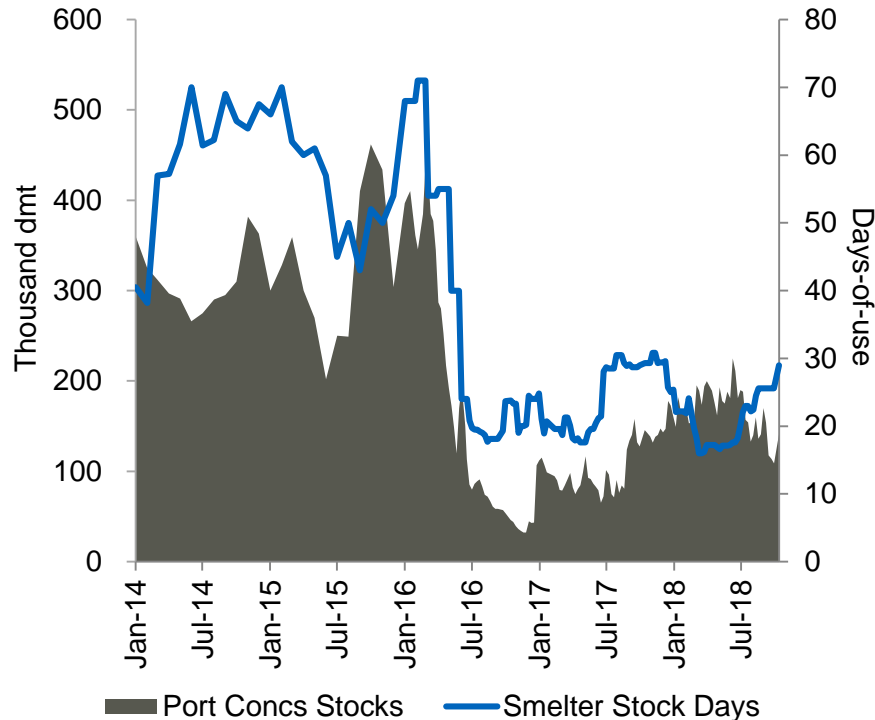
- Decline in mine production in 2016 (845 kmt)
- 2018 increase brings mine production back to 2015 levels
  - Market living off refined stocks for the past four years
- Mine production peaks in 2021
- Mine production set to increase 530 kmt this year
  - Dugald River (170 kmt)
  - Gamsberg (250 kmt) to ramp up towards 2019
  - New Century (270 kmt)
  - Zhairem (160 kmt) by mid-2020
  - Several new small mines and restarts also planned
- Estimate mine production will increase 3.6%/yr 2018-2022
  - Limited Chinese mine growth (~100-150 kmt increase)

**Global Zinc Mine Production<sup>1</sup>**

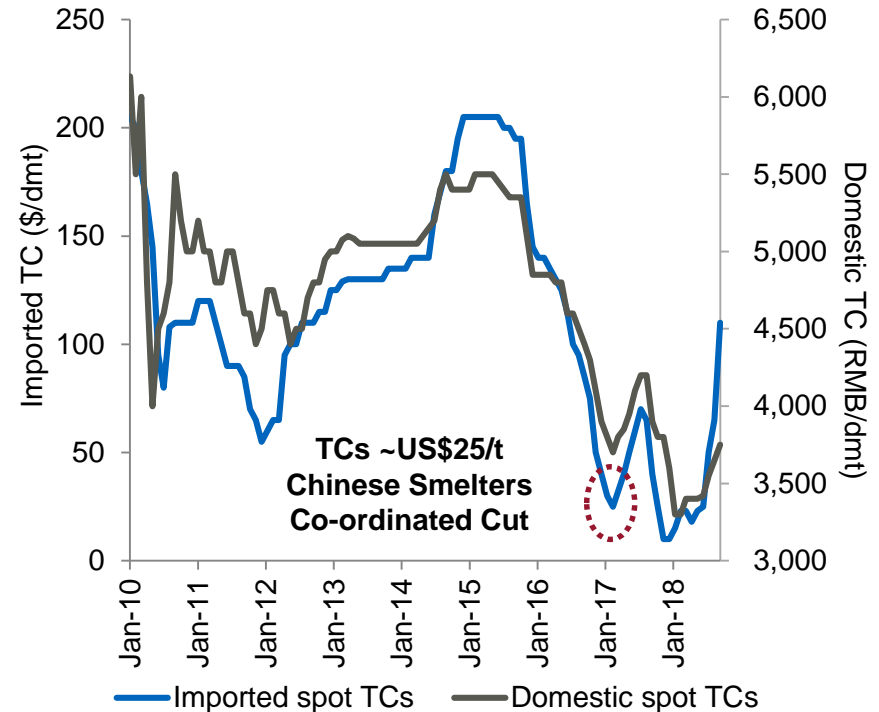


# Zinc Treatment Charges Rebounded Since Q2 2018

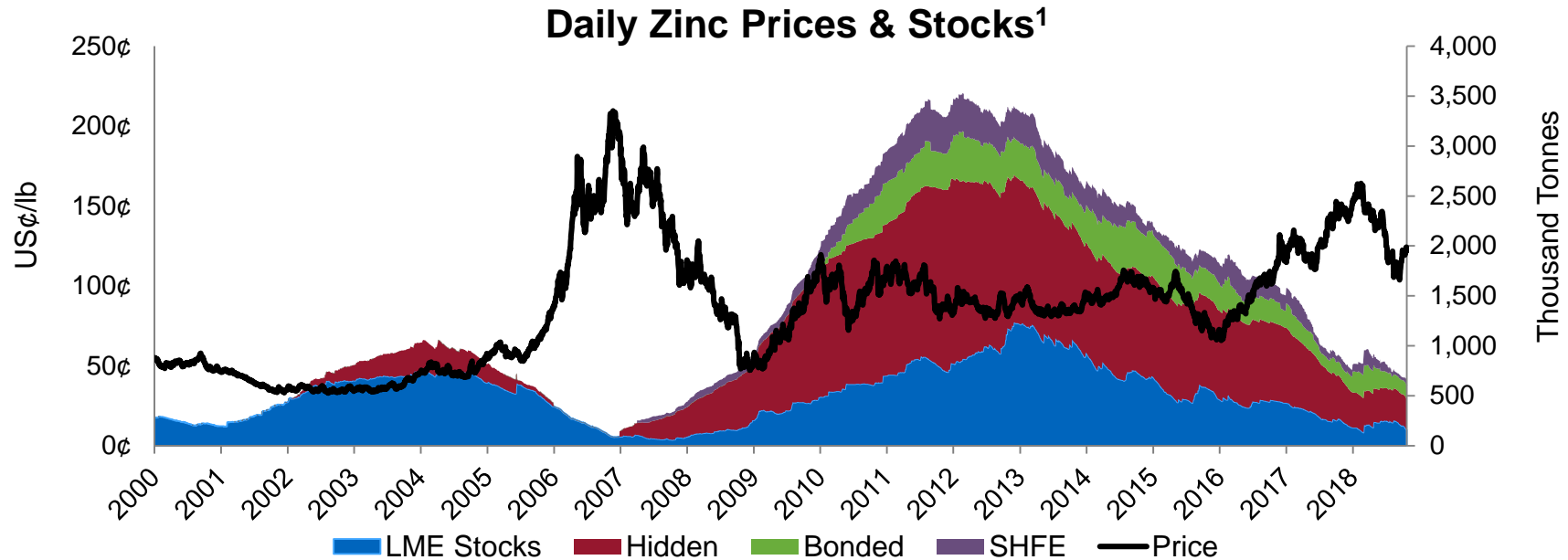
## Concentrate Stocks Rising – Still Low<sup>1</sup>



## Smelter Cuts Push Up TCs<sup>2</sup>



# Consecutive Deficits Decreasing Zinc Inventory



- Global hidden stocks may have reached ~1.4 Mt in 2012, and total global stocks reached ~3.3 Mt
- Total stocks expected to reach critical levels in 2018, which will make the metal market very tight
- SHFE stocks at the end of September reached the lowest level since 2007

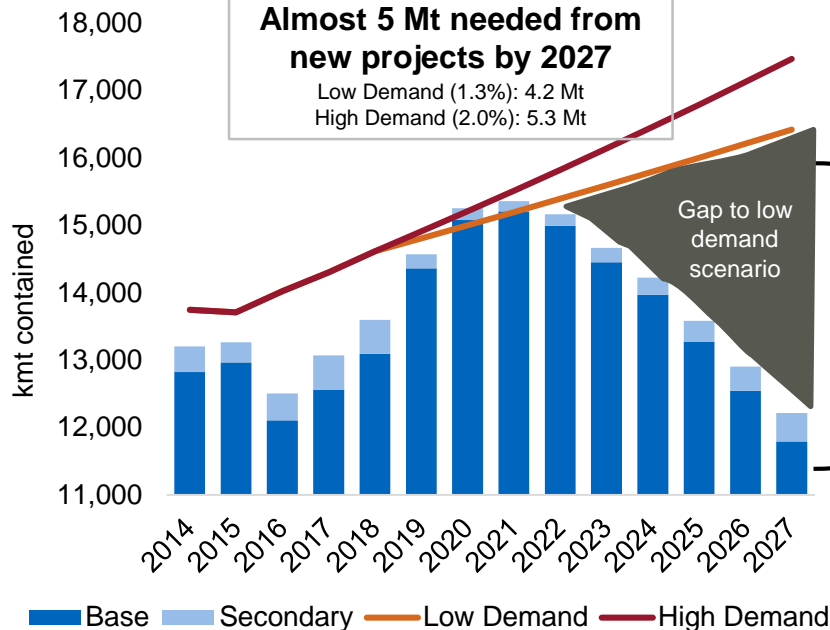
# Zinc Gap Forecast to Continue

## Zinc mine production peaks in 2020

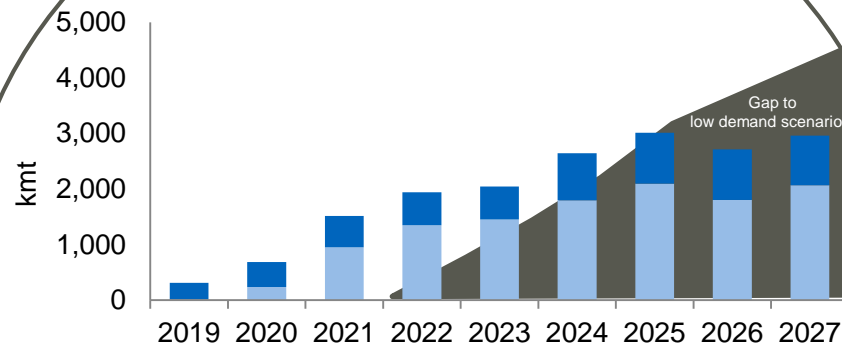
### Existing and Fully Committed Supply<sup>1</sup>

**Almost 5 Mt needed from new projects by 2027**

Low Demand (1.3%): 4.2 Mt  
High Demand (2.0%): 5.3 Mt



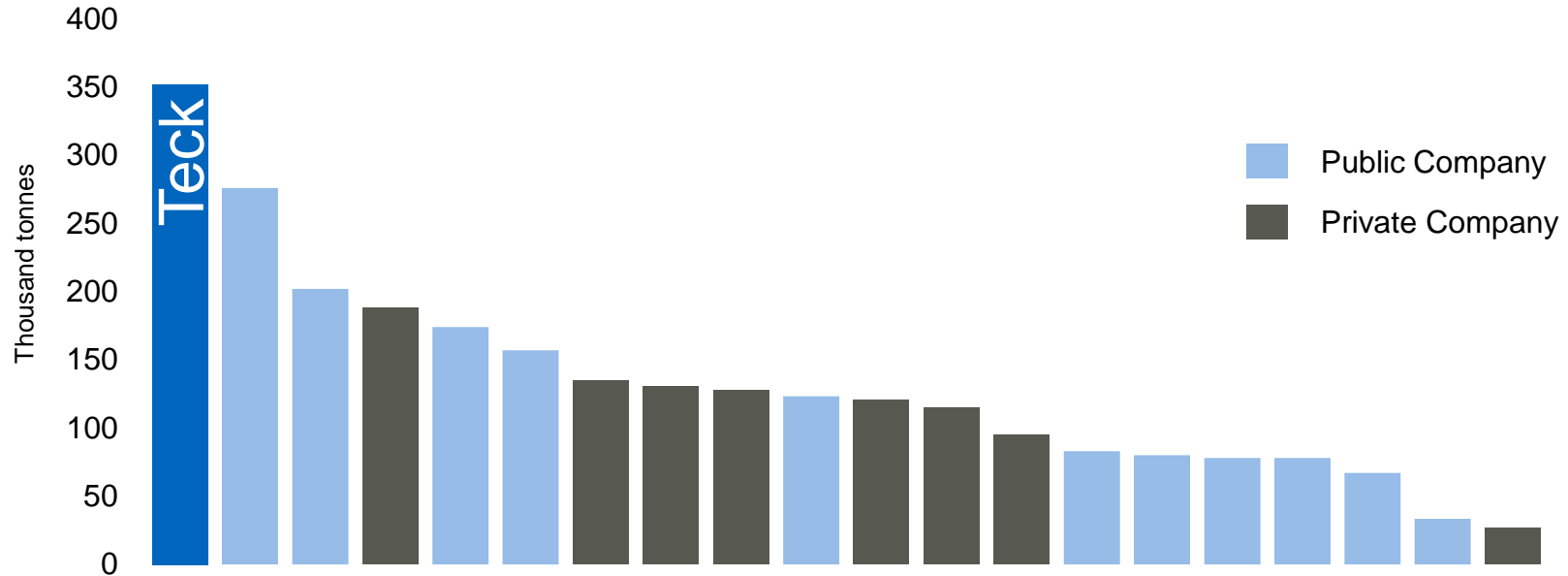
### Uncommitted Projects Insufficient to Fill Gap<sup>1</sup>



Includes:	Greenfield	Brownfield/Restart
Tala Hamza	(60 kmt)	
Citronen	(180 kmt)	
Ozemoë	(350 kmt)	
McArthur Exp	(185 kmt)	
Selwyn	(450 kmt)	
Asmara	(70 kmt)	
Iscaycruz	(80 kmt)	
Other projects	(325 kmt)	
		Huoshayun (400 kmt)
		Mehdiabad (400 kmt)
		Pavlovskoye (150 kmt)
		Aripuana (85 kmt)
		Kipushi (225 kmt)
		Dairi (125 kmt)
		Aznalcollar (100 kmt)

# Largest Global Net Zinc Mining Companies

**Teck is the Largest Net Zinc Miner<sup>1</sup>**  
**Provides Significant Exposure to a Rising Zinc Price**



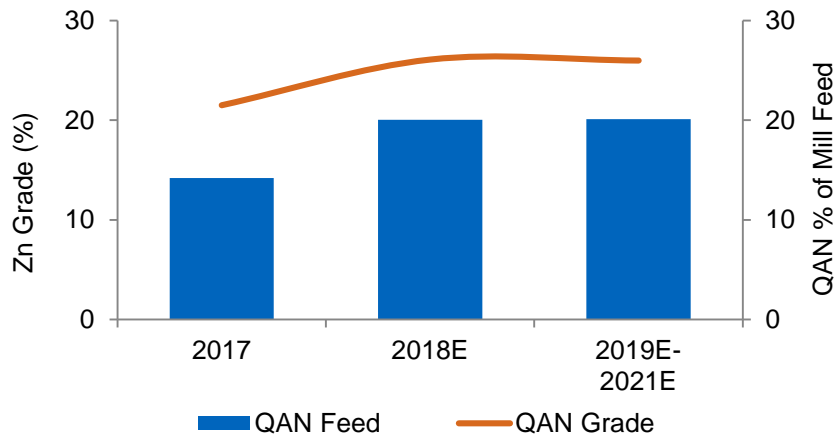
# Red Dog Quickly Adapting to New Ore Source

## Successful Qanaiyaq pit ramp up

- Difficult metallurgy and weathered ore at start
- Stockpile blending strategies modified
- Achieving feed tonnage blend target of ~20%

## Significant cost reductions realized

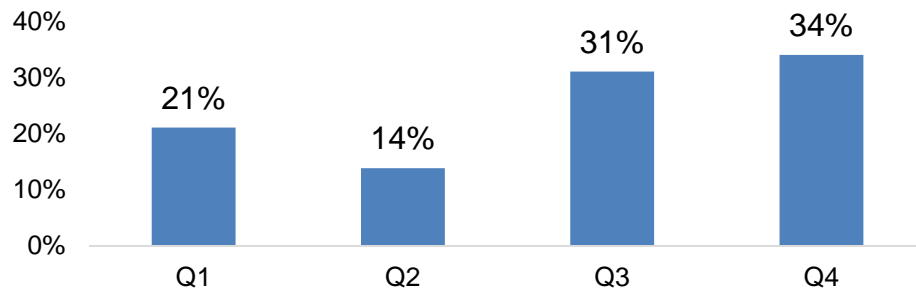
- Significantly improved throughput rates from 450 tph to 510 tph
- Optimized use of reagents
- Higher Zn and Pb recoveries



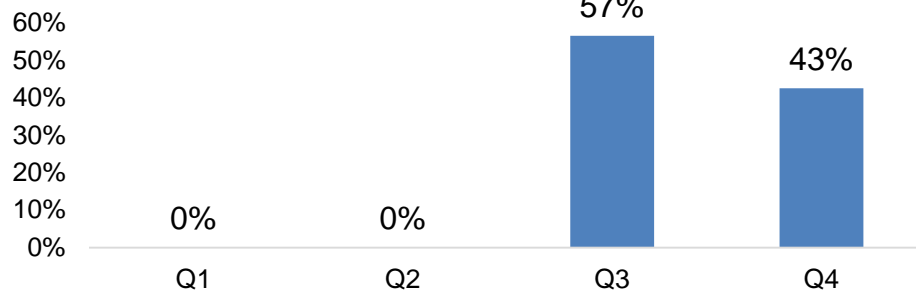
# Red Dog Sales Seasonality

- Operates 12 months
- Ships ~ 4 months
- Shipments to inventory in Canada and Europe; Direct sales to Asia
- ~65% of zinc sales in second half of year
- ~100% of lead sales in second half of year

**Zinc Sales<sup>1</sup>**



**Lead Sales<sup>1</sup>**



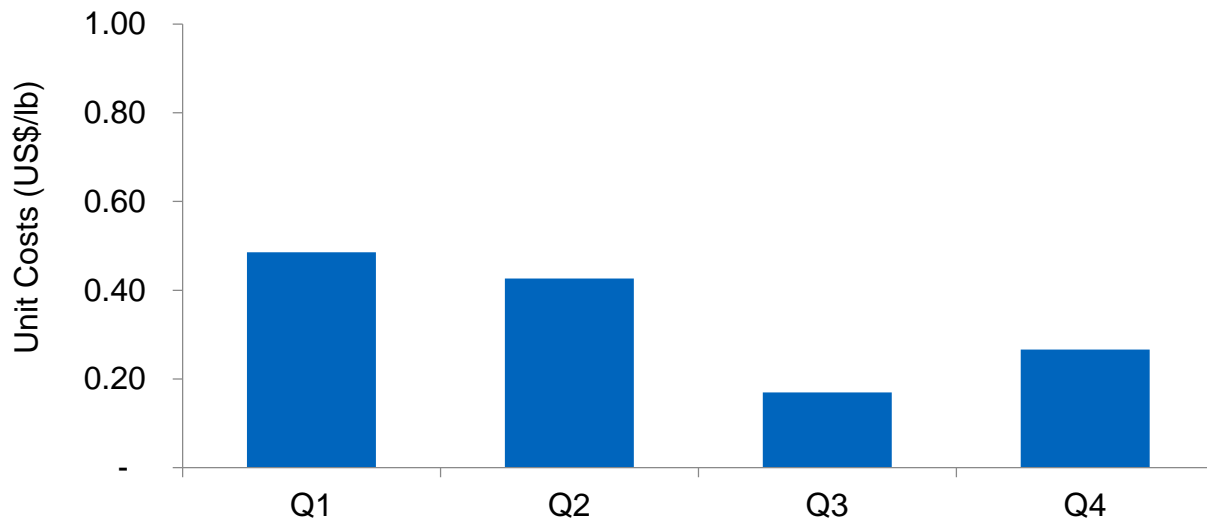


# Red Dog Operating Cost Seasonality

Significant quarterly variation

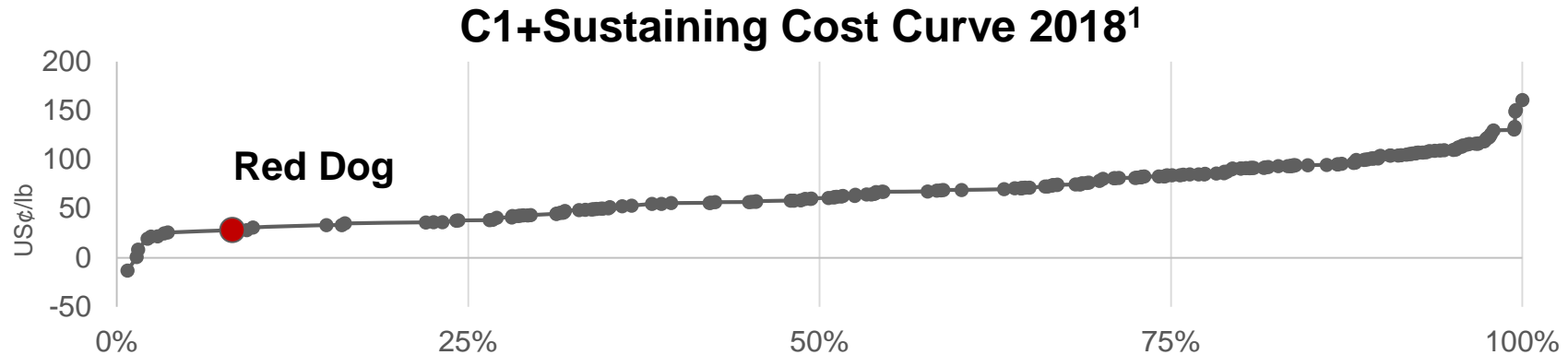
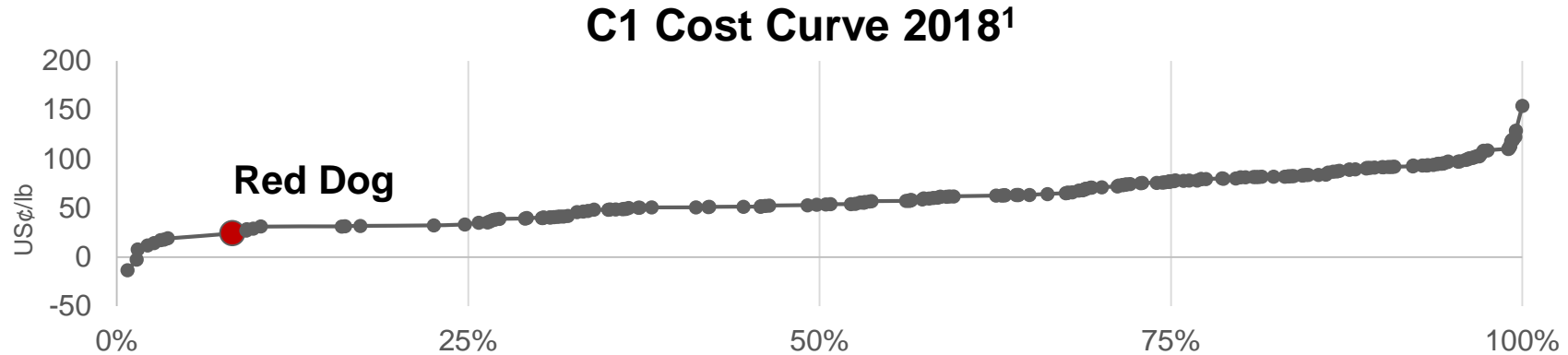
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**Red Dog Unit Costs<sup>1</sup>**

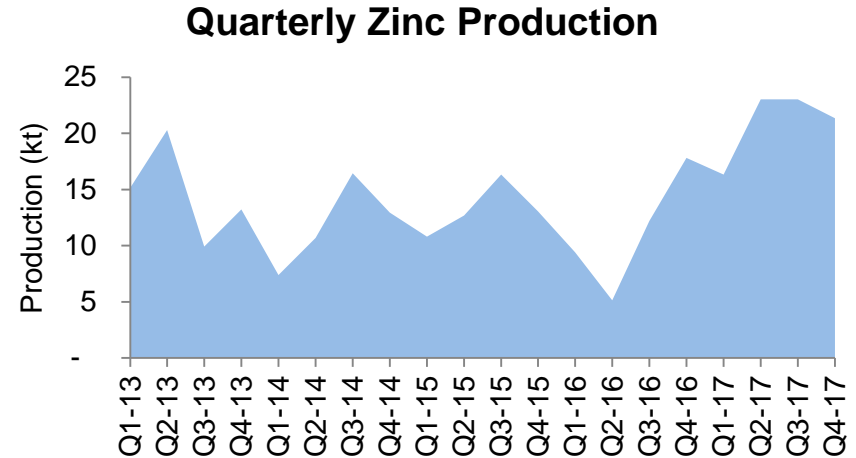
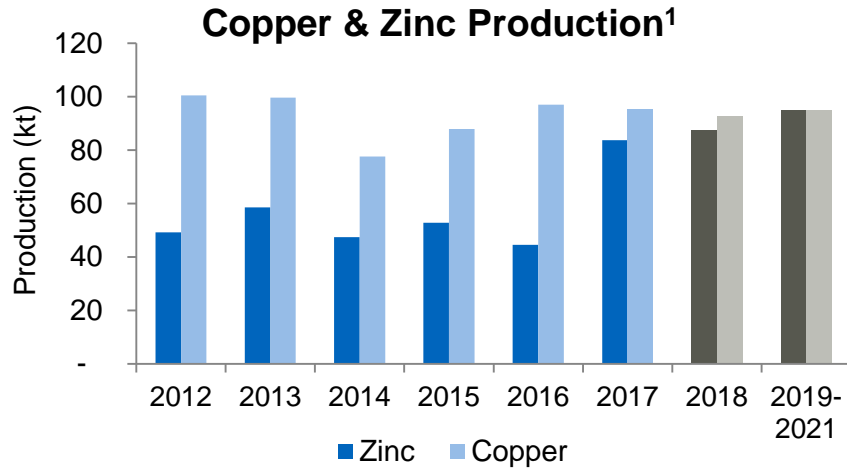


- Seasonality of Red Dog unit costs largely due to lead sales during the shipping season
- Zinc is a by-product credit at Antamina and accounted for in the Copper Business Unit

# Red Dog in Bottom Quartile of Zinc Cost Curves



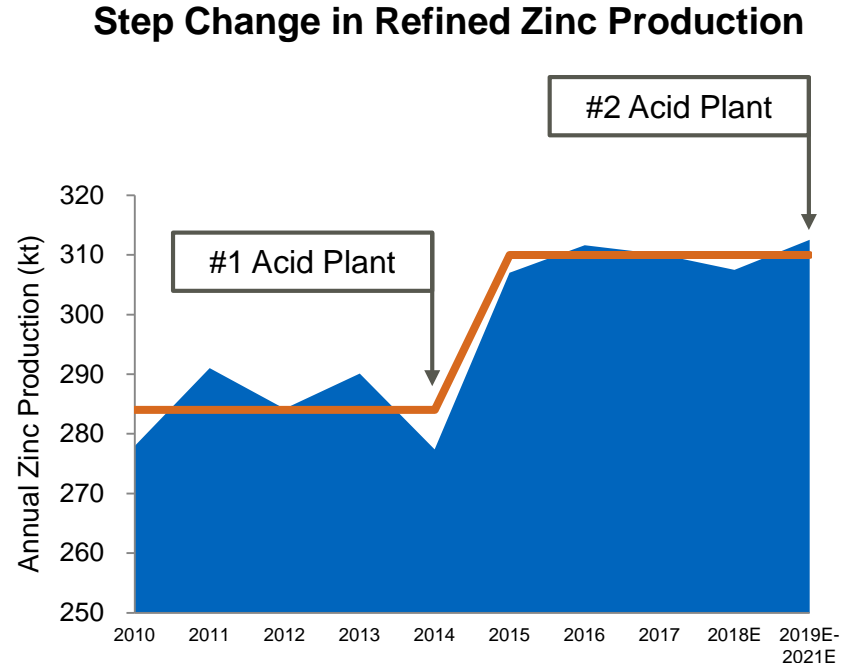
# Strong Zinc Production at Antamina



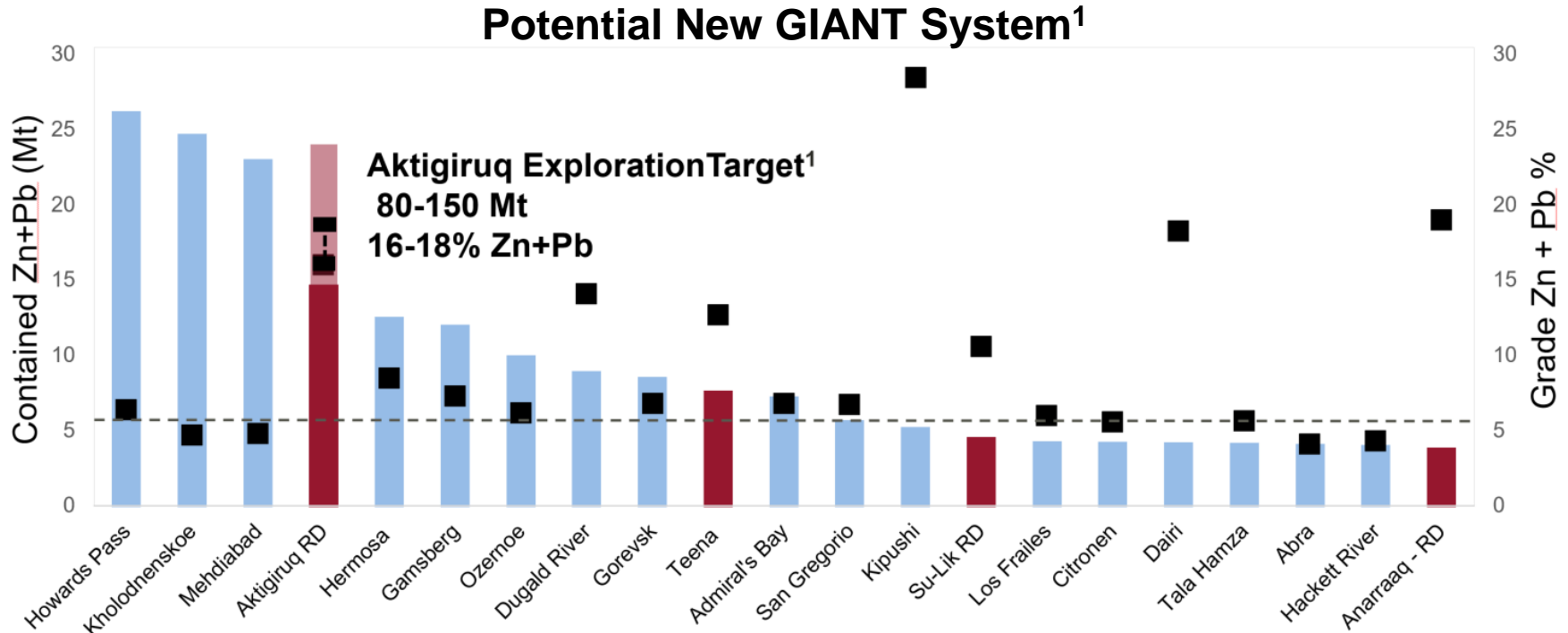
- Large zinc production increase
  - >50% in 2017 vs. the last 5 years
  - Quarterly zinc production profile varies based on mine sequencing
- Mine life extension studies progressing

# Resetting the Bar at Trail Operations

- **Annual refined zinc production increased to ~310 kt since 2015**
  - Targeting further sustainable improvements in zinc production
- **Second new acid plant advancing well**
  - Improved reliability and stability
- **Margin improvement programs**
  - Focus on cost management
  - Improve efficiency
  - Introduce value-added products
- **Pend Oreille life extension potential**
  - Important low-iron feed source very close to Trail

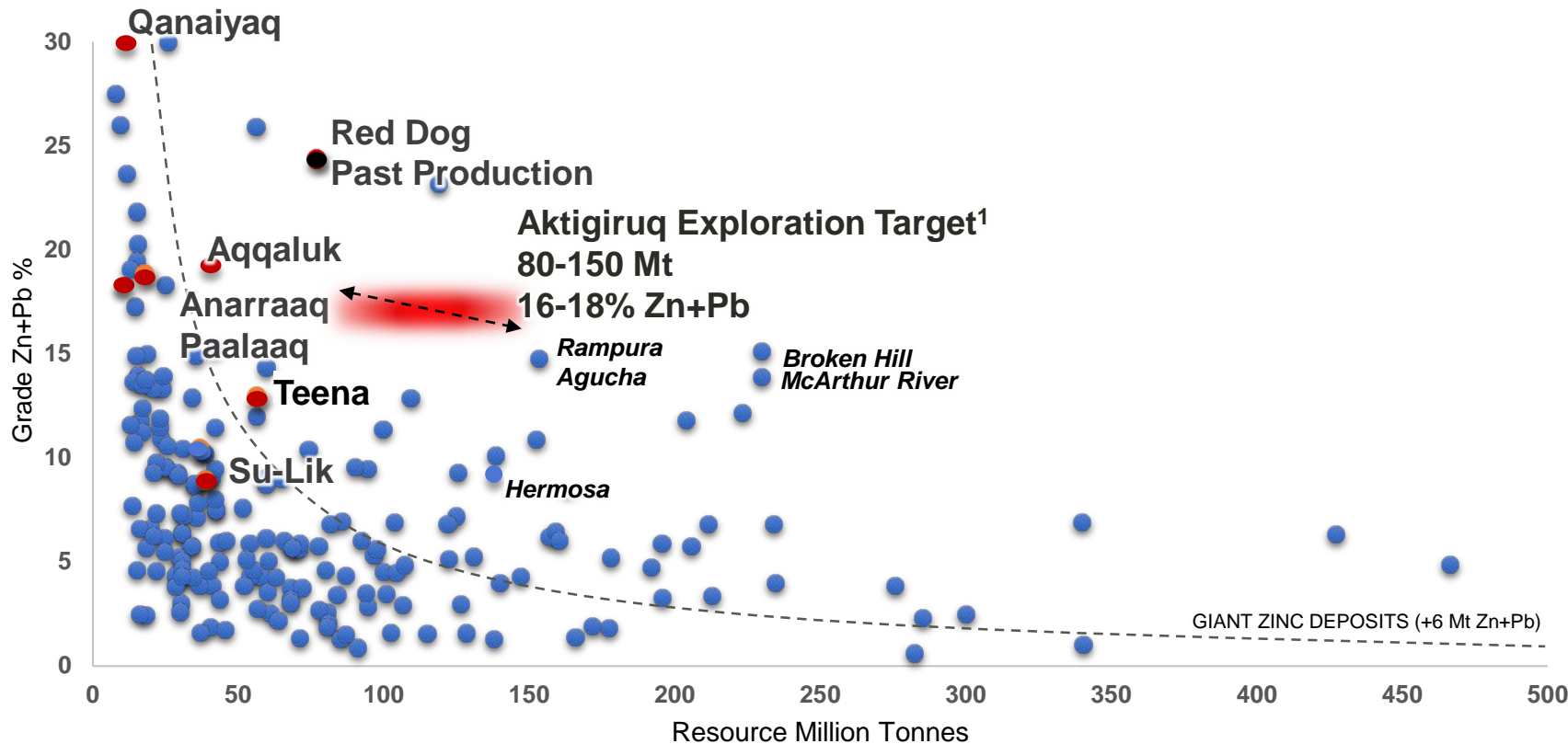


# Building a Quality Zinc Inventory



# Global Context of Teck's Zinc Resources

Well positioned; world class<sup>1</sup>



# Teena (100% Interest)

Greenfield discovery - right time, right place, right insights



## Long Life Asset

- 58Mt @ 11.1% Zn and 1.5% Pb (Inferred)<sup>1</sup>
- Most significant Zn-Pb discovery in Australia since 1990 (Century/Cannington)



## Quality Project

- Significant mineralized system
- High grade
- Premier zinc district

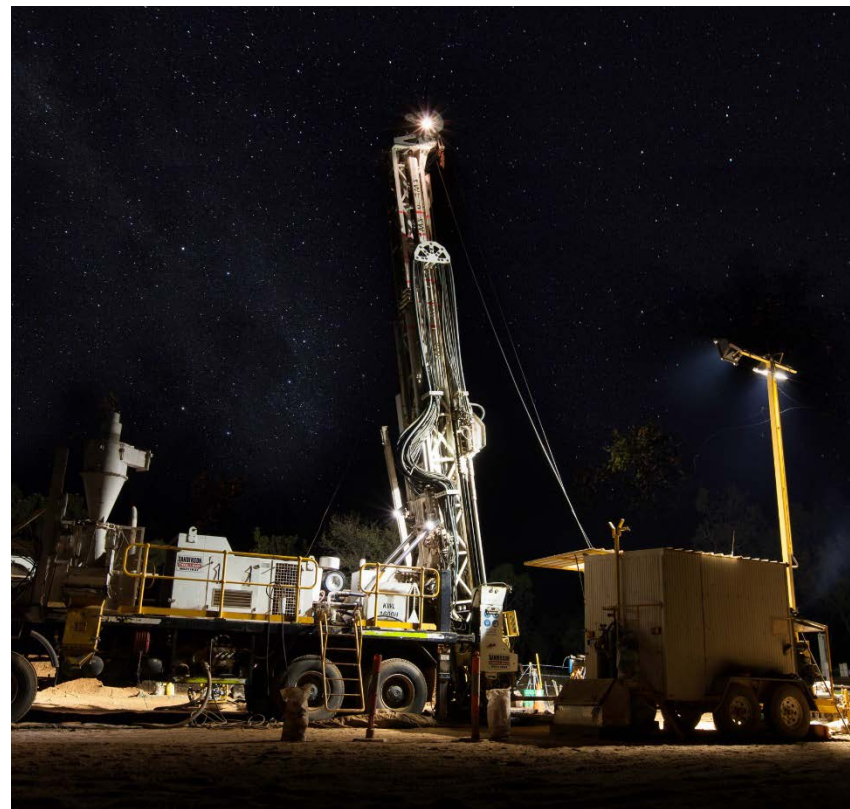


## Stable Jurisdiction

- Stable regulatory environment
- Low sovereign risk
- Skilled workforce

## Path to Value Realization:

- 2013 discovery
- 2016: Consolidated 100% ownership
- Next 18 months: Advancing delineation



# Aktigirug (100% Interest)

## Uncovering potential in the brownfield environment



### Long Life Asset

- Exploration target of 80-150 Mt @ 16-18% Zn + Pb<sup>1</sup>



### Quality Project

- Premier zinc district
- Significant mineralized system
- High grade



### Stable Jurisdiction

- Operating history
- ~12 km from Red Dog operations
- Strong community ties

### Path to Value Realization:

- 2001: Initial drill hole
- 2017: Exploration target announced
- Next 18 months: Advancing delineation





# Notes: Appendix – Zinc

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## **Slide 113: Steady Demand Growth & Increasing Zinc Intensity**

1. Source: NBS/CNIA, CAAM, ChinaIOL, Wind, CEIC, Teck.
2. Source: Mysteel, Teck.

## **Slide 114: Environmental/Safety Inspections & Depletions**

1. Source: NBS/CNIA.
2. Source: BGRIMM, Antaika, Teck.

## **Slide 115: Zinc Mine Projects Increasingly Delayed**

1. Includes mine projects with zinc capacity ~ 10 ktpa. Source: BGRIMM, Antaika, Teck.
2. Source: BGRIMM.

## **Slide 116: China to Require More Zinc Concentrate Imports**

1. Source: MyMetal, Industrial sources, Teck.
2. Source: China Customs, Wood Mackenzie, Teck.

## **Slide 117: Increasing Demand for Zinc Metal Imports**

1. Source: SHFE, MyMetal, SMM, Industrial sources, Teck.
2. "Smelter + consumer stocks" refers to zinc metal held in the plants of smelters and semi producers and those on the road; "Bonded stocks" refers to zinc stored in bonded zones and will need to complete Customs clearance before entering China; "Domestic commercial stocks" refers to zinc stored in SHFE warehouses and other domestic commercial warehouses not registered in SHFE.
3. Source: China Customs, Wood Mackenzie, Teck.

## **Slide 118: Zinc Price Incentivizing New Mines**

1. Source: Wood Mackenzie, AME, Teck.

## **Slide 119: Zinc Treatment Charges Rebounded Since Q2 2018**

1. Source: MyMetal, Industrial sources, Teck.
2. Source: MyMetal, SMM, Teck.

## **Slide 120: Consecutive Deficits Decreasing Zinc Inventory**

1. Source: LME/SHFE, GTIS, Teck. Plotted to October 26, 2018.

## **Slide 121: Zinc Gap Forecast to Continue**

1. Source: Wood Mackenzie, AME, Teck.

# Notes: Appendix – Zinc

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## **Slide 122: Largest Global Net Zinc Mining Companies**

1. Source: Wood Mackenzie, 2018.

## **Slide 124: Red Dog Sales Seasonality**

1. Average sales from 2010 to 2017.

## **Slide 125: Red Dog Operating Cost Seasonality**

1. Average quarterly unit cost (2013-2017) before royalties, based on Teck 's reported financials.

## **Slide 126: Red Dog in Bottom Quartile of Zinc Cost Curves**

1. Source: Wood Mackenzie

## **Slide 125: Strong Zinc Production at Antamina**

1. Guidance numbers are based on the mid-point of production guidance. Production numbers reflect Teck's 22.5% share.

## **Slide 129: Building a Quality Zinc Inventory**

1. Sources: S&P Global Market Intelligence, SNL Metals & Mining Database, Teck Public Disclosures. Aktigirug is an exploration target, not a resource. Refer to press release of September 18, 2017, available on SEDAR. Potential quantity and grade of this exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

## **Slide 130: Global Context of Teck's Zinc Resources**

1. Sources: S&P Global Market Intelligence, SNL Metals & Mining Database, Teck Public Disclosures. Aktigirug is an exploration target, not a resource. Refer to press release of September 18, 2017, available on SEDAR. Potential quantity and grade of this exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

## **Slide 131: Teena (100% Interest)**

1. At a 6% zinc plus lead cut off, estimated in compliance with the Joint Ore Reserves Committee (JORC) Code.

## **Slide 132: Aktigirug (100% Interest)**

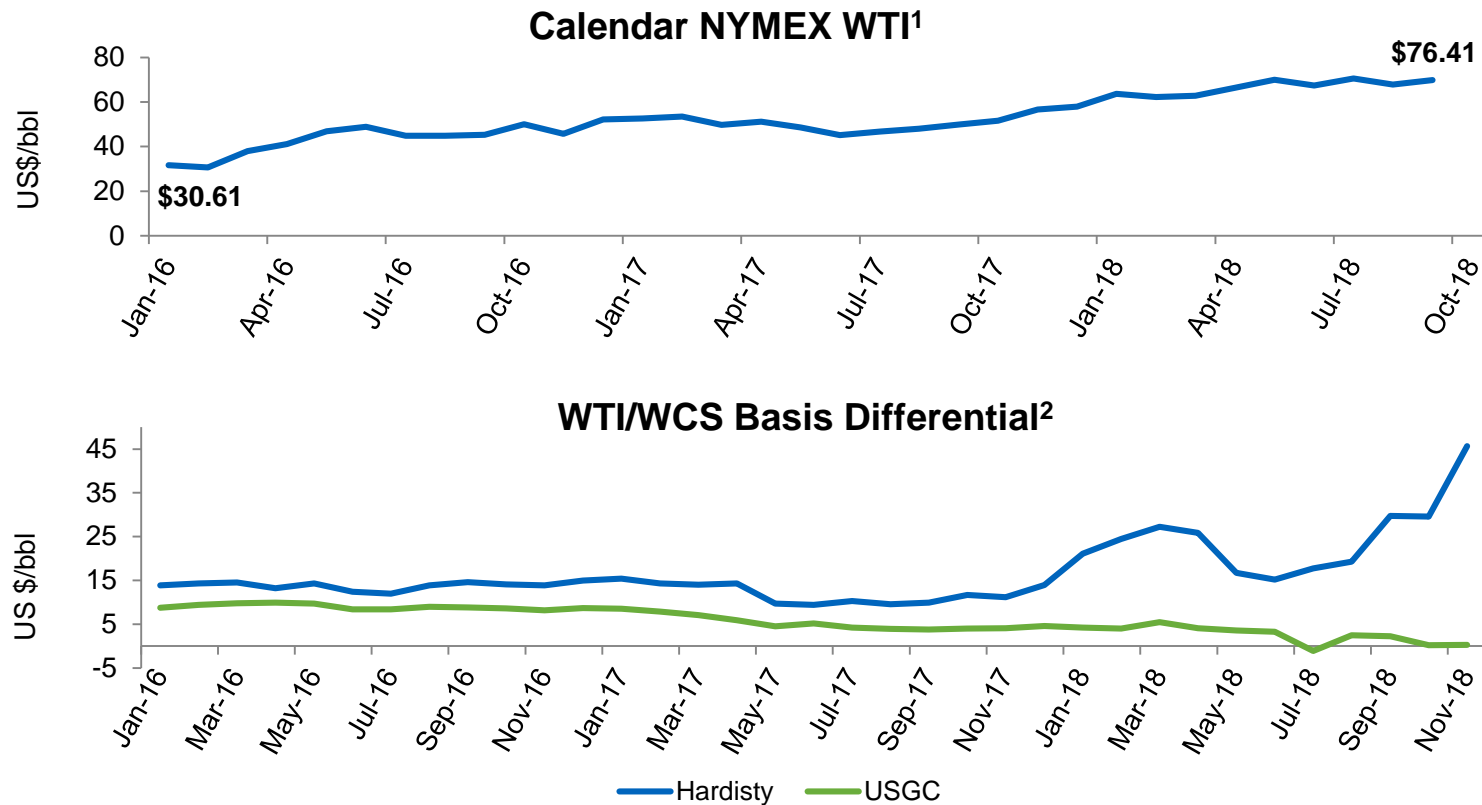
1. Refer to press release of September 18, 2017, available on SEDAR. Aktigirug is an exploration target, not a resource. Potential quantity and grade of this exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the target being delineated as a mineral resource.

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# Energy Business Unit & Markets

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# Energy Benchmark Pricing



# Quality Barrels in a Progressive Jurisdiction

4<sup>th</sup> largest oil sands mining portfolio

## Fort Hills is in operation

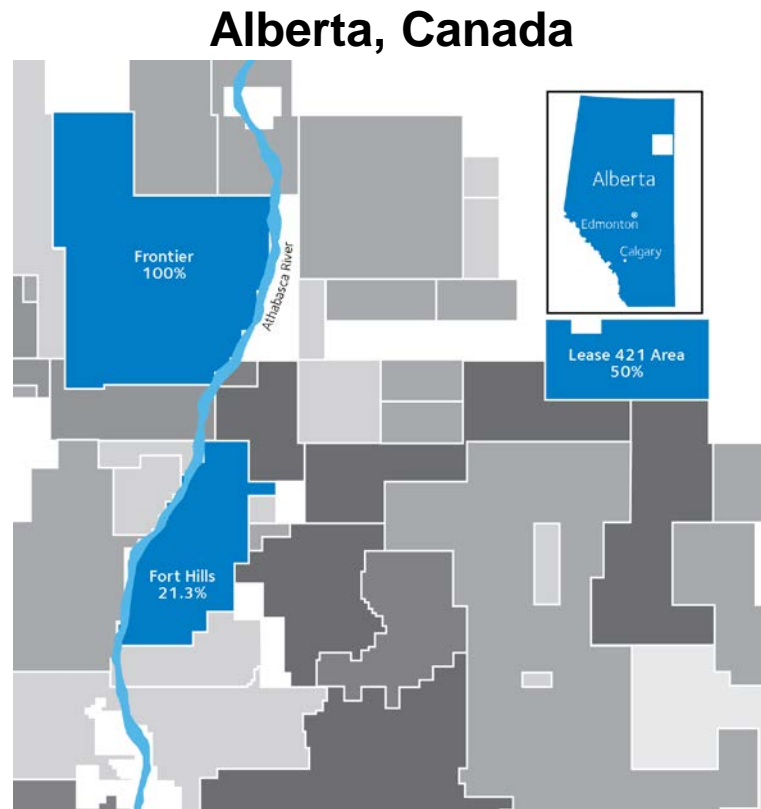
- Teck 21.3% = 0.6 billion barrels<sup>1</sup>

## Frontier is in the regulatory phase

- Teck 100% = 3.2 billion barrels<sup>2</sup>

## Lease 421 is a future growth opportunity

- Teck 50%
- High quality lease: high grade, high recovery, low fines



# Energy Within Teck's Portfolio

Consistent with all our strategic criteria

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- ✓ Strategic diversification
- ✓ Long life assets
- ✓ Truck & shovel operations
- ✓ Low unit operating costs
- ✓ Resource quality & scale
- ✓ Stable jurisdiction



# Our Energy Strategy

Teck as a partner of choice

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## **Focus on maximizing value of Fort Hills**

- Safe and efficient ramp-up, increase production volumes, lower costs



## **De-risk Frontier & Lease 421**

- Frontier regulatory hearing scheduled for September 25, 2018



## **Drive business results through technology & innovation**

- Safe & reliable production, cost and footprint

# Fort Hills is a Premier Asset

Long-life of >45 years with a very low decline rate

- Commissioning has exceeded our expectations, and full production expected by Q4 2018
- We won't rest on our laurels; focus on unit costs & low capital intensity debottlenecking opportunities
- Executing our comprehensive sales & logistics strategy

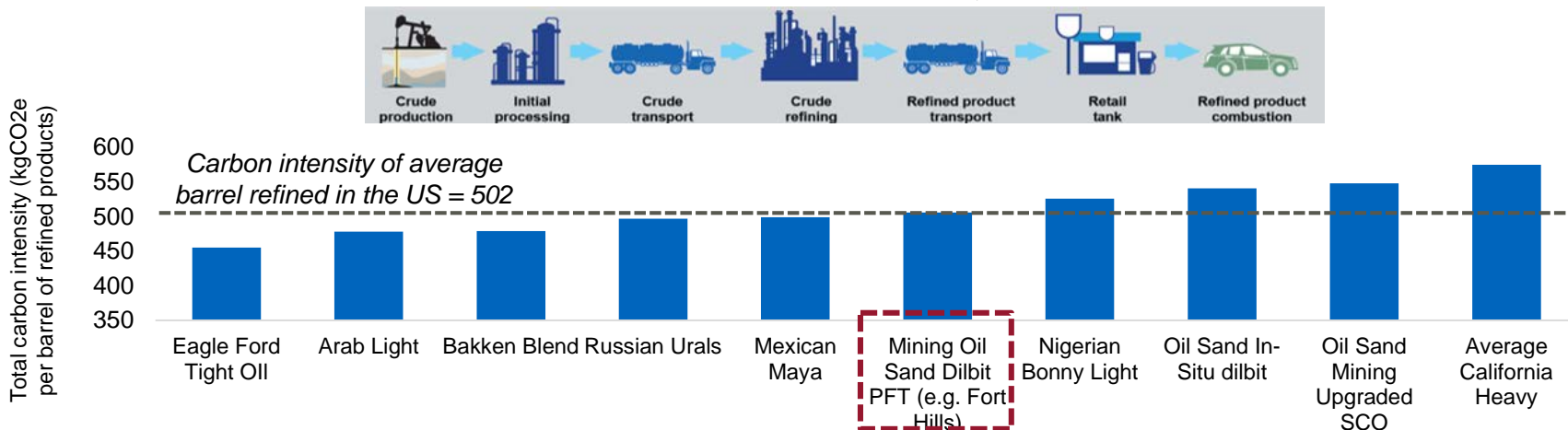




# Lower Carbon Intensity Product at Fort Hills

Comparable to the average barrel refined in the U.S.

**PFT Diluted Bitumen has a Lower Carbon Intensity Than  
Around Half of the Barrels of Oil Refined in the US, on a Wells-to-Wheels Basis<sup>1</sup>**



Source: IHS Energy Special Report "Comparing GHG Intensity of the Oil Sands and the Average US Crude Oil", May 2014.

- Paraffinic Froth Treatment (PFT) removes asphaltenes
- Best in-class Canadian oil sands carbon intensity, including in-situ
- Pushing technology for continuous improvement

# A Modern Mine Built for Low Cost Operations

## Provides the foundation for our Energy business

---



### **Safe & efficient operations:**

- Using leading-edge technology
- Learnings from other facilities

### **Operating costs:**

- Life of mine cash operating costs: C\$22-23/bbl<sup>1</sup>
- Target below C\$20 per barrel

### **Capital efficiency:**

- Life of mine sustaining capital: C\$3-5/bbl<sup>2</sup>
- Higher in 2019 due to tailings and equipment ramp-up spending

# Debottlenecking and Expansion Opportunities

With significant incremental cash flow potential

---

## Potential capacity increase of 20-40 kbpd on a 100% basis

- Teck's 21.3% share of annual production could increase from 14.0 Mbpa to 15.5-17.0 Mbpa
- Near term opportunities to achieve some of the increase with minimal capital
- Longer term opportunities may require modest capital



# Free Cash Flow for Decades

Providing Teck with steady and reliable cash flow

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## Assumptions

WTI price	US\$75/bbl
-----------	------------

Weighted average WTI-WCS differential	US\$15/bbl
--	------------

C\$/US\$ exchange rate	1.25
------------------------	------

Operating costs	C\$20/bbl
-----------------	-----------

- Energy EBITDA potential of ~C\$500M at full production of 14 Mbpa<sup>1</sup>
- Significant upside with debottlenecking

# Significant Market Presence

Developing a reputation as a preferred counterparty

---



First sales in March 2018, rapid increase to full supply capability

Excellent acceptance of Fort Hills' product (FRB) in the US Midwest and Gulf Coast

## Teck's Commercial Activities<sup>1</sup>

Bitumen production	38.5 kbpd
+ Diluent acquisition	11.0 kbpd
<b>= Bitumen blend sales</b>	<b>49.5 kbpd</b>

Active purchaser of diluent blendstock, sufficient supply to meet demand

# Executing Our Comprehensive Sales & Logistics Strategy

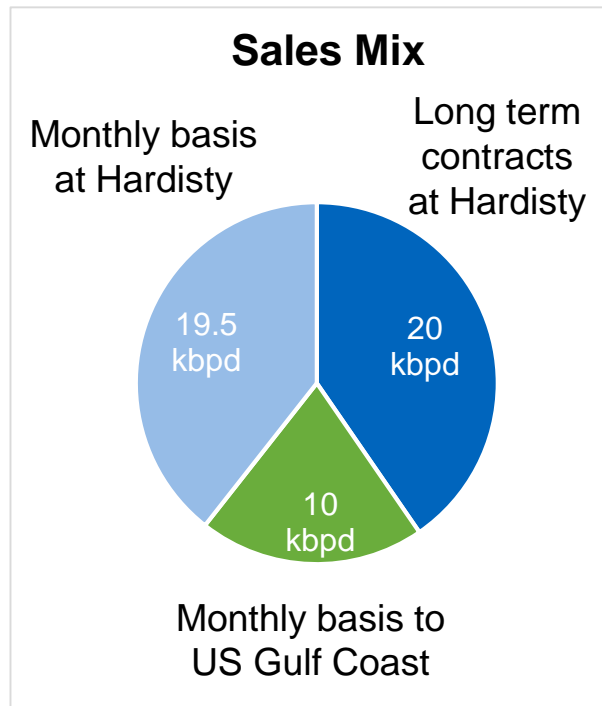
Seeing early returns from diverse market access

## Our sales mix provides diverse market access<sup>1</sup>

- 10 kbpd shipped to premium value **US Gulf Coast** market via Keystone pipeline
- 39.5 kbpd at **Hardisty**, a key Canadian market hub
- Significant connectivity to export pipelines and rail loading facilities

## Well positioned for future opportunities, including:

- Rail loading capacity at Hardisty and customer sales
- Export pipeline expansions



# Frontier is Another Major Resource

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100% Teck

Nameplate capacity of 260,000 bpd

Resource of 3.2 billion barrels<sup>1</sup>

>40 year mine life

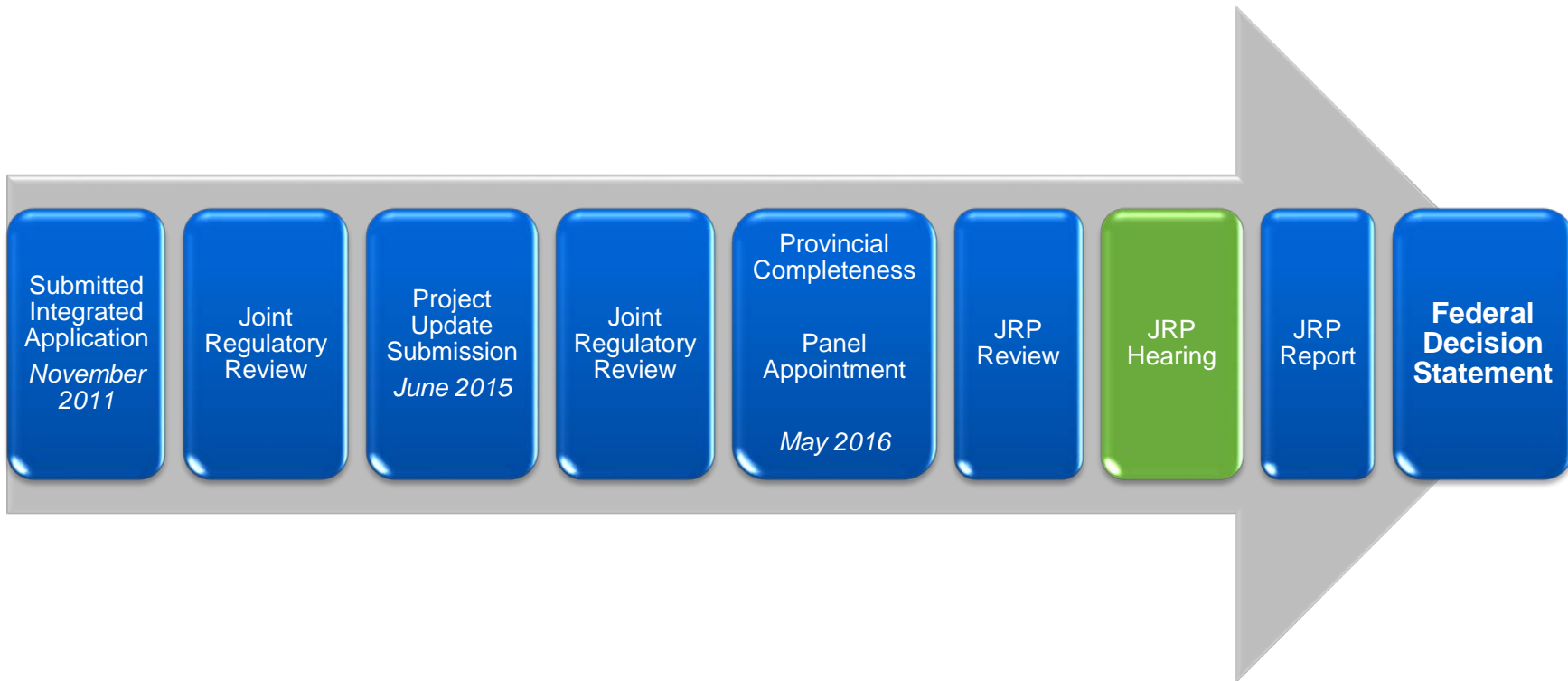




# Frontier Hearing Commenced September 25, 2018

Strong community support

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# Notes: Appendix – Energy

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## **Slide 136: Energy Benchmark Pricing**

1. Source: CME Group.
2. Sources: Net Energy and CalRock.

## **Slide 137: Quality Barrels in a Progressive Jurisdiction**

1. Proved and probable reserves as at December 31, 2017. See Teck's annual information form dated February 26, 2018 for further information regarding Fort Hills reserves.
2. Best estimate of unrisked contingent resources as at December 31, 2017, prepared by an independent qualified resources evaluator. See Teck's management discussion and analysis dated February 14, 2018 for further information regarding the Frontier resource. There is uncertainty that it will be commercially viable to produce any portion of the resources.

## **Slide 141: Lower Carbon Intensity Product at Fort Hills**

1. Source: IHS Energy Special Report "Comparing GHG Intensity of the Oil Sands and the Average US Crude Oil" May 2014. SCO stands for Synthetic Crude Oil.

## **Slide 142: A Modern Mine Built for Low Cost Operations**

1. Operating cost estimate represents the Operator's estimate of costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Estimates of Fort Hills operating costs could be negatively affected by delays in or unexpected events involving the ramp up of production. Steady state operations assumes full production of ~90% of nameplate capacity of 194,000 barrels per day.
2. Sustaining cost estimates represent the Operator's estimate of sustaining costs for the Fort Hills mining and processing operations. Estimates of Fort Hills sustaining costs could be negatively affected by delays in or unexpected events involving the ramp up of production. Fort Hills has a >40 year mine life.

## **Slide 144: Free Cash Flow for Decades**

1. Free cash flow is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.
2. Fort Hills' full production is ~90% of nameplate capacity of 194,000 barrels per day. Includes Crown royalties assuming pre-payout phase. EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" slides.

## **Slide 145: Significant Market Presence**

1. Annualized average at full production. Reflects 21.3% Fort Hills partnership interest.

## **Slide 146: Executing Our Comprehensive Sales & Logistics Strategy**

1. Annualized average at full production. Reflects 21.3% Fort Hills partnership interest.

## **Slide 147: Frontier is Another Major Resource**

1. Best estimate of unrisked contingent resources as at December 31, 2017, prepared by an independent qualified resources evaluator. See Teck's management discussion and analysis dated February 14, 2018 for further information regarding the Frontier resource. There is uncertainty that it will be commercially viable to produce any portion of the resources.

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# Energy Business Unit Modelling

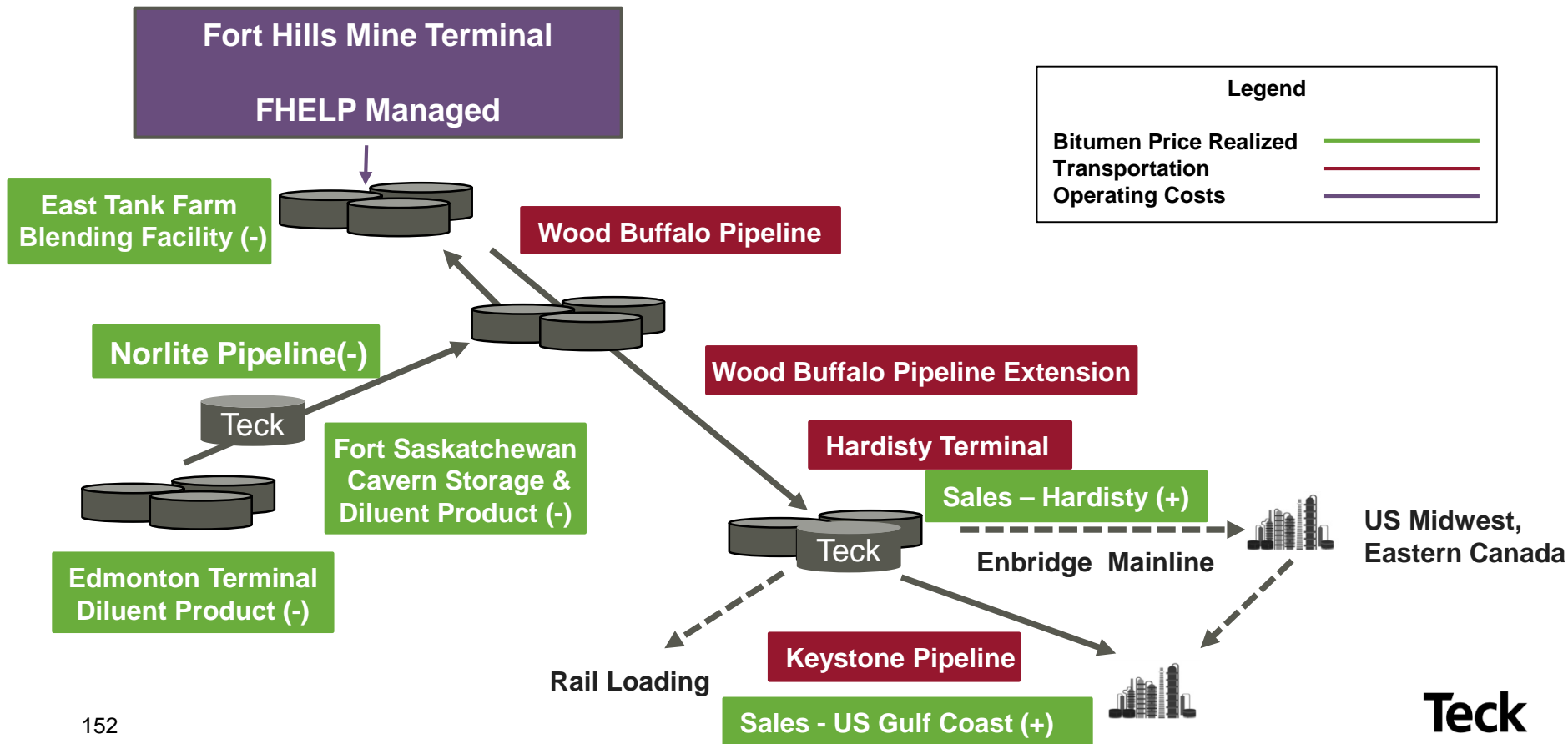
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# Operating Netback – Q2 2018 (June)

- Operating netback is a non-GAAP measure, **presented on a product and sales barrel basis** on page 22 of the Q2 2018 news release.
- Derived from the Energy segmented information (P&L), after adjusting for items not directly attributable to the revenues and costs associated with production and delivery.
- Excludes depreciation, taxes and other costs not directly attributable to production and delivery of Fort Hills product.

CAD\$/bbl	June 1-30, 2018	
Bitumen price realized	\$64.59	Blended bitumen sales revenue less diluent expense (includes diluent product, Norlite, East Tank Farm)
Transportation	(\$8.90)	Downstream of East Tank Farm: Wood Buffalo system, Keystone, Hardisty tank
Crown royalties	(\$3.59)	Royalties are payable at 1-9% of gross revenue or 25-40% of net revenue depending on project's financial status. More information on royalties is available at: <a href="#">Alberta Energy</a>
Operating costs	(\$38.25)	Costs at the mine to produce bitumen: labour, fuel (diesel, natural gas), materials (tools, tires), maintenance, Teck 100% Fort Hills G&A
<b>Operating netback</b>	<b>\$13.85</b>	

# Operating Netback – Q2 2018 (June)



# Operating Netback Reconciliation – Q2 2018 (June)

## Non-GAAP Financial Measure on page 49 of Q2 2018 news release

(C\$ in millions, except where noted)	One month ended June 30, 2018	(C\$ in millions, except where noted)	One month ended June 30, 2018
<b>Revenue as reported</b>	<b>\$ 78</b>	<b>Per barrel amounts (C\$/barrel)</b>	
Less:		Bitumen price realized (A/B)	\$64.59
Cost of diluent for blending	(22)	Transportation (C/B)	(8.90)
Add back: Crown royalties <sup>1</sup> (D)	3	Crown royalties (D/B)	(3.59)
Adjusted revenue (A)	\$ 59	Operating costs (E/B)	(38.25)
<b>Cost of sales as reported</b>	<b>\$ 77</b>	Operating netback (C\$/barrel)	\$ 13.85
Less:		<b>Blended Bitumen Price Realized Reconciliation</b>	
Cost of diluent for blending	(22)	Revenue as reported	\$ 78
Transportation (C)	(8)	Add back: crown royalties <sup>1</sup>	3
Depreciation and amortization	(12)	Blended bitumen revenue (F)	\$ 81
Adjusted cash cost of sales (E)	\$ 35		
Blended bitumen barrels sold (000s of barrels)	1,162	Blended bitumen barrels sold (000s of barrels) (G)	1,162
Less: diluent barrels included in blended bitumen (000s of barrels)	(244)	Blended bitumen price realized — (CAD\$/barrel) (F/G) = H	\$ 70.00
Bitumen barrels sold (000s of barrels) (B)	918	Average exchange rate (I)	1.31
		Blended bitumen price realized — (US\$/barrel) (H/I)	\$ 53.32

# Energy Gross Profit - Q2 2018 (June)

## From Revenue and Gross Profit Table Q2 2018 news release; page 35

CAD\$ in millions	June 1-30, 2018
Revenue (A)	\$78
Gross profit (loss) (B)	\$1

## From Cost of Sales Summary Table Q2 2018 news release; pages 36-37

CAD\$ in millions	June 1-30, 2018
Operating costs (C)	\$35
Transportation costs (D)	\$8
Concentrate and diluent purchases (E)	\$22
Depreciation and amortization (F)	\$12

## Blended Bitumen Revenue Calculation

CAD\$ in millions	June 1-30, 2018
Revenue, as reported (A)	\$78
Add back: crown royalty (G) – from Q2 2018 news release; page 49	3
Blended bitumen revenue, calculated (H)	<u>\$81</u>

## Energy Business Unit Operating Statement

CAD\$ in millions	June 1-30, 2018
Revenue:	
Blend sales (H)	\$81
Less: crown royalty (G)	(3)
Revenue (A)	<u>\$78</u>
Less: Cost of sales:	
Cost of diluent for blending (E)	\$22
Operating expenses (C)	35
Transportation (D)	8
Depreciation and amortization (F)	12
Cost of sales, calculated	<u>\$77</u>
Gross profit (B)	<u>\$1</u>

# Modelling Bitumen Price Realized – Q2 2018 (June)

## Non-GAAP Financial Measure

$$\text{Bitumen price realized} = (\text{blend sales}^A - \text{diluent expense}^B) / \text{bitumen bbls sold}^C$$

- A. Blend sales = blend sales @ Hardisty + blend sales @ U.S. Gulf Coast (USGC)  
= \$81 per “Blended Bitumen Price Realized Reconciliation” and “Reconciliation of Energy Gross Profit”
- Blend sales @ Hardisty = [(WTI – **WTI/WCS differential @ Hardisty** – negotiated differential) x F/X rate] x # of barrels sold at Hardisty
  - Blend sales @ USGC = [(WTI – **WTI/WCS differential @ USGC** – negotiated differential) x F/X rate] x # of barrels sold at USGC

\*\*\***WTI/WCS differentials are not the same at Hardisty vs. USGC**

- B. Cost of diluent for blending:  
= Cost of diluent product + diluent transportation/storage + blending cost  
= \$22 per “Cost of Sales Summary Table” and “Reconciliation of Energy Gross Profit”
- Cost of diluent product = [(WTI +/- condensate premium/discount) x **# of diluent barrels sold in blend**] x F/X rate
- \*\*\***Diluent contained in a barrel of blend ranges from approximately 20% to 25% depending on the quality of blend and season (temperature)**
- Diluent transportation and blending cost includes tolls on the Norlite pipeline, East Tank Farm blending facility and diluent storage at Fort Saskatchewan

- C. Bitumen barrels sold – as provided on the “Operating Netback Reconciliation”

# Energy EBITDA Simplified Model

## Illustrative EBITDA Calculation - Teck Attributable @ 21.3% (14 Mbpd)<sup>1</sup>

	Assumption Per Barrel	Total
WTI price	US\$75.00	
Less: Weighted average WTI-WCS differential	(US\$15.00)	
Multiplied by: C\$/US\$ exchange rate @ \$1.25		
WCS price (WTI price less WTI-WCS differential x C\$/US\$ exchange rate @ \$1.25)	C\$75.00	
Less: Operating costs	(C\$20.00)	
Diluent cost (includes product, diluent transportation and blending costs)	(C\$10.00)	
Transportation (pipelines & terminalling downstream of ETF)	(C\$7.00)	
Crown royalties	(C\$3.00)	
Total cost	(C\$40.00)	
EBITDA	C\$35.00	
EBITDA potential (14 Mbpd x cash margin)		~C\$500M



# Notes: Appendix – Energy Business Unit Modelling

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## **Slide 156: Energy EBITDA Simplified Model**

1. EBITDA is a non-GAAP financial measure. This model is being provided to illustrate how Teck calculates EBITDA for its Energy business unit. The figures included are not forecasts of projected figures of Teck's Energy EBITDA. See "Non-GAAP Financial Measures" slides.

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# Non-GAAP Financial Measures

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# Non-GAAP Financial Measures

EBITDA is profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA before the pre-tax effect of certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis. These adjustments to EBITDA highlight items and allow us and readers to analyze the rest of our results more clearly. EBITDA Margin for our operations as business units is EBITDA (as described above) for those operations and business units, divided by the revenue for the relevant operation or business unit for the year-to-date. We believe that disclosing these measures assist readers in understanding the ongoing cash generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends. Free cash flow is presented to provide a means to evaluate shareholder returns. Other non-GAAP financial measures, including those comparing our results to our diversified and North American peers, are presented to help the reader compare our performance with others in our industry. The measures described above do not have standardized meanings under IFRS, may differ from those used by other issuers, and may not be comparable to such measures as reported by others. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

In addition to these measures, we have presented certain other non-GAAP financial measures for our Diversified Peers and North American Peers, based on information or data published by Capital IQ and identified in the footnotes to this presentation. Those non-GAAP financial measures are presented to provide readers with a comparison of Teck to certain peer groups over certain measures using independent third-party data.

## Reconciliation of Gross Profit Before Depreciation and Amortization

(C\$ in millions)	Nine months ended September 30, 2018
Gross profit	\$ 3,610
Depreciation and amortization	1,083
<b>Gross profit before depreciation and amortization</b>	<b>\$ 4,693</b>
Reported as:	
Steelmaking coal	\$ 2,770
Copper	1,096
Zinc	807
Energy <sup>1</sup>	20
<b>Gross profit before depreciation and amortization</b>	<b>\$ 4,693</b>

## Reconciliation of Free Cash Flow

(C\$ in millions)	2003 to Q3 2018
<b>Cash Flow from Operations</b>	<b>\$42,001</b>
Debt interest and finance charges paid	(5,059)
Capital expenditures, including capitalized stripping costs	(20,806)
<b>Free Cash Flow</b>	<b>\$16,136</b>
Dividends paid	\$4,187
Payout ratio	26%

# Non-GAAP Financial Measures

## Reconciliation of Basic Earnings Per Share to Adjusted Basic Earnings Per Share

(C\$ in millions)	Nine months ended September 30, 2018
<b>Earnings per share</b>	<b>\$ 4.66</b>
Add (deduct):	
Debt purchase (gains) losses	0.03
Debt prepayment option (gains) losses	0.02
Asset sales and provisions	(1.41)
Foreign exchange (gains) losses	(0.01)
Other items	(0.03)
<b>Adjusted basic earnings per share</b>	<b>\$ 3.26</b>

## Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

(C\$ in millions)	Nine months ended September 30, 2018
<b>Diluted earnings per share</b>	<b>\$ 4.59</b>
Add (deduct):	
Debt purchase (gains) losses	0.03
Debt prepayment option (gains) losses	0.02
Asset sales and provisions	(1.39)
Foreign exchange (gains) losses	(0.01)
Other items	(0.03)
<b>Adjusted diluted earnings per share</b>	<b>\$ 3.21</b>

## Reconciliation of EBITDA and Adjusted EBITDA

(C\$ in millions)	Nine months ended September 30, 2018
Profit attributable to shareholders	\$ 2,674
Finance expense net of finance income	161
Provision for income taxes	1,104
Depreciation and amortization	1,083
<b>EBITDA</b>	<b>\$ 5,022</b>
Add (deduct):	
Debt purchase (gains) losses	26
Debt prepayment option (gains) losses	9
Asset sales and provisions	(885)
Foreign exchange (gains) losses	(23)
Collective agreement charges	1
Other items	(15)
<b>Adjusted EBITDA</b>	<b>\$ 4,135</b>

# Non-GAAP Financial Measures

## Reconciliation of Net Debt-to-Adjusted EBITDA Ratio & Net Debt-to-Debt-Plus-Equity Ratio

(C\$ in millions)	(A) Twelve months ended December 31, 2017	(B) Nine months ended September 30, 2017	(C) Nine months ended September 30, 2018	(A-B+C) Twelve months ended September 30, 2018
EBITDA	(D) \$ 5,589	\$ 4,026	\$ 5,022	(E) \$ 6,585
Adjusted EBITDA	(A) 5,697	4,197	4,135	(B) 5,635
Total debt at period end	6,369			5,235
Less: cash and cash equivalents at period end	(952)			(1,483)
Net debt	(F) 5,417			(G) 3,752
Equity	(J) 19,993			(K) 22,466
Net debt to EBITDA ratio	(F/D) 1.0			(G/E) 0.6
Net debt to adjusted EBITDA ratio	(F/A) 1.0			(G/B) 0.7
Net debt to net debt-plus-equity	(F/(F+J)) 21%			(G/(G+K)) 14%

# Non-GAAP Financial Measures

## Steelmaking Coal Unit Cost Reconciliation

(C\$ in millions, except where noted)	Nine months ended September 30, 2018
<b>Cost of sales as reported</b>	<b>\$ 2.454</b>
Less:	
Transportation	(720)
Depreciation and amortization	(549)
Adjusted cash cost of sales	\$ 1,185
 Tonnes sold (millions)	 19.4
 Per unit costs (C\$/t)	
Adjusted cash cost of sales	\$ 61
Transportation	37
Cash unit costs (C\$/t)	\$ 98
 <b>US\$ AMOUNTS</b>	
Average exchange rate (C\$/US\$)	\$ 1.29
Per unit costs (US\$/t) <sup>1</sup>	
Adjusted cash cost of sales	\$ 47
Transportation	29
Cash unit costs (US\$/t)	\$ 76

# Non-GAAP Financial Measures

## Copper Unit Cost Reconciliation

	Nine months ended September 30, 2018		Nine months ended September 30, 2018
(C\$ in millions, except where noted)		<b>US\$ AMOUNTS</b>	
<b>Revenue as reported</b>	\$ 2,081	Average exchange rate (C\$/US\$)	\$ 1.29
By-product revenue (A) <sup>1</sup>	(361)	Adjusted per unit costs (US\$/lb) <sup>3</sup>	
Smelter processing charges	116	Adjusted cash cost of sales	\$ 1.54
Adjusted revenue	\$ 1,836	Smelter processing charges	0.19
<b>Cost of sales as reported</b>	\$ 1,342	Total cash unit costs (US\$/lb)	\$ 1.73
Less:		Cash margin for by-products (US\$/lb)	(0.52)
Depreciation and amortization	(357)	Net cash unit costs (US\$/lb)	\$1.21
Inventory write-downs	(3)		
Collective agreement charges	(1)		
By-product cost of sales (B) <sup>1</sup>	(46)		
Adjusted cash cost of sales	\$ 935		
Payable pounds sold (millions) (C)	470.5		
Adjusted per unit cash costs (C\$/lb)			
Adjusted cash cost of sales	\$1.99		
Smelter processing charges	0.24		
Total cash unit costs (C\$/lb)	\$2.23		
Cash margin for by-products (C\$/lb) ((A-B)/C) <sup>1</sup>	(0.67)		
Net cash unit costs (C\$/lb) <sup>2</sup>	\$1.56		

1. By-products include both by-products and co-products. By-product cost of sales also includes cost recoveries associated with our streaming transactions.

2. Net unit cash cost of principal product after deducting co-production and by-product margins per unit of principal product and excluding depreciation and amortization.

3. Average period exchange rates are used to convert to US\$ per pound equivalent.

# Non-GAAP Financial Measures

## Zinc Unit Cost Reconciliation (Mining Operations)<sup>1</sup>

(C\$ in millions, except where noted)		(C\$ in millions, except where noted)	
	Nine months ended September 30, 2018		Nine months ended September 30, 2018
<b>Revenue as reported</b>	\$ 2,274	Payable pounds sold (millions) (C)	687.8
Less:			
Trail Operations revenue, as reported	(1,549)	Adjusted per unit cash costs (C\$/lb)	
Other revenues as reported	(6)	Adjusted cash cost of sales	\$ 0.41
Add back: Intra-segment as reported	501	Smelter processing charges	0.26
	\$ 1,220	Total cash unit costs (C\$/lb)	\$ 0.67
By-product revenue (A) <sup>2</sup>	(219)	Cash margin for by-products (C\$/lb) (A/C) <sup>2</sup>	(0.25)
Smelter processing charges	182	Net cash unit costs (C\$/lb) <sup>3</sup>	\$ 0.42
Adjusted revenue	\$ 1,183		
<b>Cost of sales as reported</b>	\$ 1,611	<b>US\$ AMOUNTS</b>	
Less:		Average exchange rate (C\$/US\$)	\$ 1.28
Trail Operations cost of sales, as reported	(1,486)	Adjusted per unit costs (US\$/lb) <sup>4</sup>	
Other costs as reported	7	Adjusted cash cost of sales	\$ 0.31
Add back: Intra-segment as reported	501	Smelter processing charges	0.21
	\$ 633	Total cash unit costs (US\$/lb)	\$ 0.52
Less:		Cash margin for by-products (US\$/lb)	(0.19)
Depreciation and amortization	(88)	Net cash unit costs (US\$/lb)	\$0.33
Royalty costs	(215)		
By-product cost of sales (B) <sup>2</sup>	(50)		
Adjusted cash cost of sales	\$ 280		

1. Red Dog and Pend Oreille.

2. By-products include both by-products and co-products.

3. Net cash unit cost of principal product after deducting co-production and by-product margins per unit of principal product and excluding depreciation, amortization and royalty costs.

4. Average period exchange rates are used to convert to US\$ per pound equivalent.



# Non-GAAP Financial Measures

## Energy Operating Netback Reconciliation<sup>1</sup>

(C\$ in millions, except where noted)  
 Nine months ended  
 September 30, 2018

<b>Revenue as reported</b>	<b>\$ 287</b>
Less:	
Cost of diluent for blending	(88)
Non-proprietary product revenue	(18)
Add back: Crown royalties <sup>2</sup> (D)	10
Adjusted revenue (A)	\$ 191

<b>Cost of sales as reported</b>	<b>\$ 300</b>
Less: Depreciation and amortization	(33)

<b>Cash cost of sales</b>	<b>\$ 267</b>
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Less:	
Cost of diluent for blending	(88)
Cost of non-proprietary product	(12)
Transportation for non-proprietary product	(3)
Transportation for FRB (C)	(32)
Adjusted cash cost of sales (E)	\$ 132

Blended bitumen barrels sold (000s of barrels)	4,267
Less: diluent barrels included in blended bitumen (000s of barrels)	(865)
Bitumen barrels sold (000s of barrels) (B)	3,402

Per barrel amounts (C\$/barrel)<sup>3</sup>

Bitumen price realized (A/B)	\$ 56.47
Crown royalties (D/B)	(3.08)
Transportation (C/B)	(9.43)
Operating costs (E/B)	(38.84)
<b>Operating netback (C\$/barrel)</b>	<b>\$ 5.12</b>

## Blended Bitumen Price Realized Reconciliation<sup>1</sup>

(C\$ in millions, except where noted)  
 Nine months ended  
 September 30, 2018

<b>Revenue as reported</b>	<b>\$ 287</b>
Less: Non-proprietary product revenue	(18)
Add back: Crown royalties <sup>2</sup>	10
Blended bitumen revenue (A)	\$ 279

Blended bitumen barrels sold (000s of barrels) (B)	4,267
Blended bitumen price realized (C\$/barrel) <sup>3</sup> (A/B)=D	\$ 65.60
<b>Average exchange rate (C)</b>	<b>1.31</b>
Blended bitumen price realized (US\$/barrel) <sup>3</sup> (D/C)	\$ 50.14

1. Results for the nine months ended September 30, 2018 are effective from June 1, 2018.

2. Revenue is reported after deduction of crown royalties.

3. Calculated per unit amounts may differ due to rounding.

# Non-GAAP Financial Measures

## Reconciliation of Coal Business Unit Adjusted EBITDA

(C\$ in millions)

October 1, 2008 to September 30, 2018

<b>Gross Profit</b>	<b>\$16,228</b>
Add back: Depreciation and amortization	6,156
<b>Gross profit, before depreciation and amortization</b>	<b>\$22,384</b>
Deduct: Other costs	(419)
<b>Adjusted EBITDA</b>	<b>\$21,965</b>

## Reconciliation of EBITDA Margin

(C\$ in millions)

Nine months ended September 30, 2018

	<b>Coal</b>	<b>Copper</b>	<b>Red Dog</b>	<b>Other<sup>1</sup></b>	<b>Teck</b>
Earnings before taxes per segmented note	2,157	484	544	619	3,804
Adjust non-controlling interest (NCI) for earnings attributable to shareholder	(29)	3	-	-	(26)
Depreciation & amortization	549	357	78	99	1,083
Net finance expense	37	32	22	70	161
<b>EBITDA (A)</b>	<b>2,714</b>	<b>876</b>	<b>644</b>	<b>788</b>	<b>5,022</b>
Revenue (B)	4,675	2,081	1,151	1,410	9,317
<b>EBITDA Margin (A/B)</b>	<b>58%</b>	<b>42%</b>	<b>56%</b>	<b>56%</b>	<b>54%</b>

1. Other includes Energy business unit, Corporate business unit and the Zinc business unit without Red Dog.

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November 28, 2018

