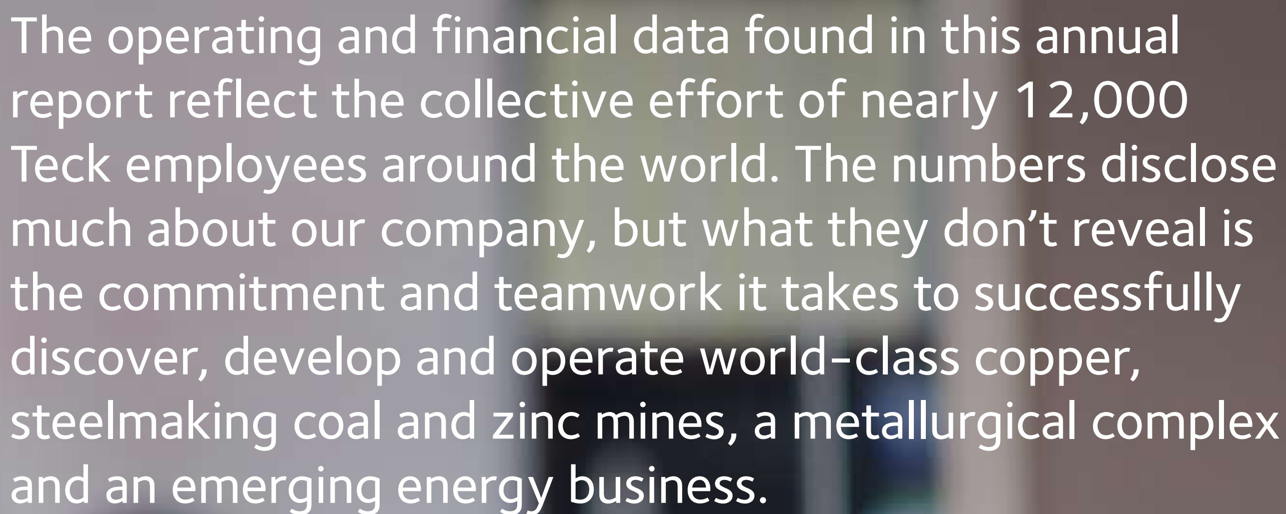
Committed
to the core
Teck
Teck
2010 Annual Report

On the cover: Luis Torres, General Foreman, Plant Operations, Carmen de Andacollo, Chile.

Mineral reserve and resource estimates for our properties are disclosed in our most recent Annual Information Form, which is available on our website at www.teck.com, or on the Canadian Securities Administrators website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Forward-Looking Statements

This annual report contains forward-looking statements. Please refer to the caution on forward-looking information on page 65. All dollar amounts expressed throughout this report are in Canadian dollars unless otherwise noted.

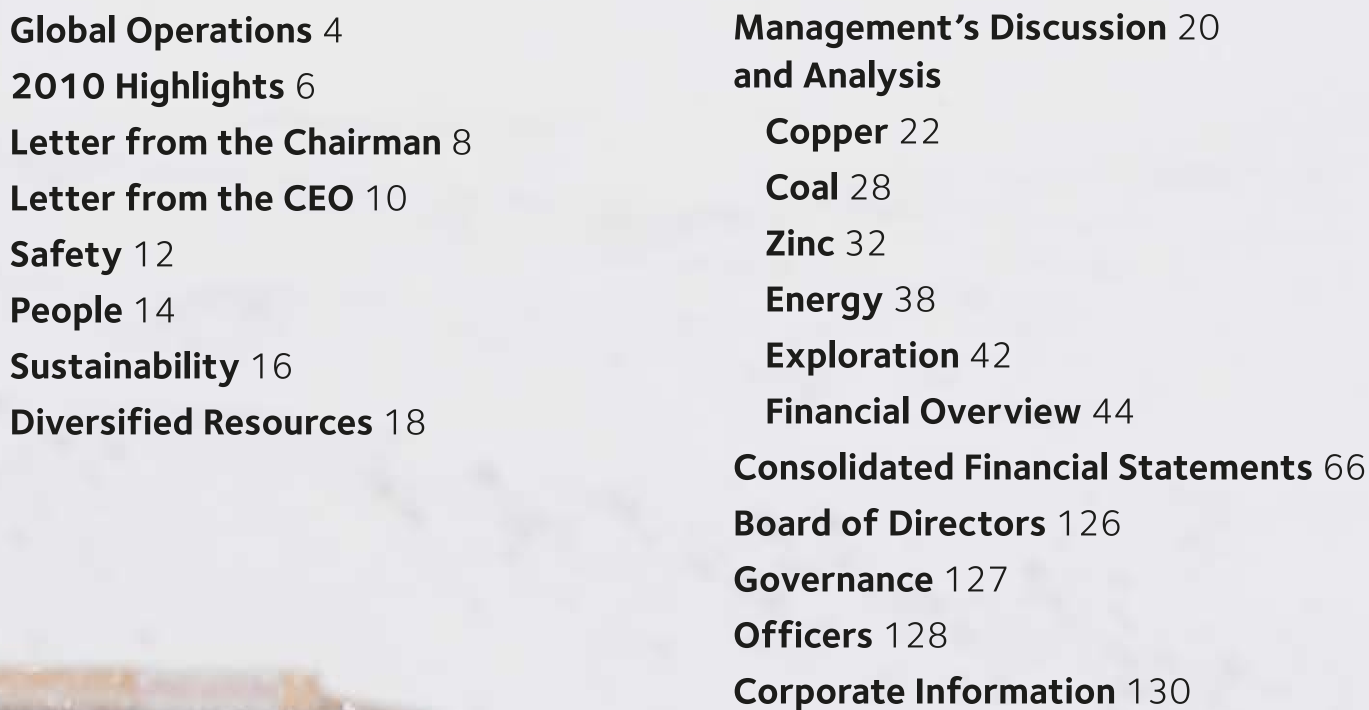


The operating and financial data found in this annual report reflect the collective effort of nearly 12,000 Teck employees around the world. The numbers disclose much about our company, but what they don't reveal is the commitment and teamwork it takes to successfully discover, develop and operate world-class copper, steelmaking coal and zinc mines, a metallurgical complex and an emerging energy business.

Sarah Hughes, Technician, CESL, British Columbia "People here are really focused on teamwork and on supporting each other. We come from a wide range of educational backgrounds, so there's always an opportunity to learn."

Global Operations 4
2010 Highlights 6
Letter from the Chairman 8
Letter from the CEO 10
Safety 12
People 14
Sustainability 16
Diversified Resources 18
Management's Discussion and Analysis 20
- **Copper** 22
- **Coal** 28
- **Zinc** 32
- **Energy** 38
- **Exploration** 42
- **Financial Overview** 44

Consolidated Financial Statements 66
Board of Directors 126
Governance 127
Officers 128
Corporate Information 130

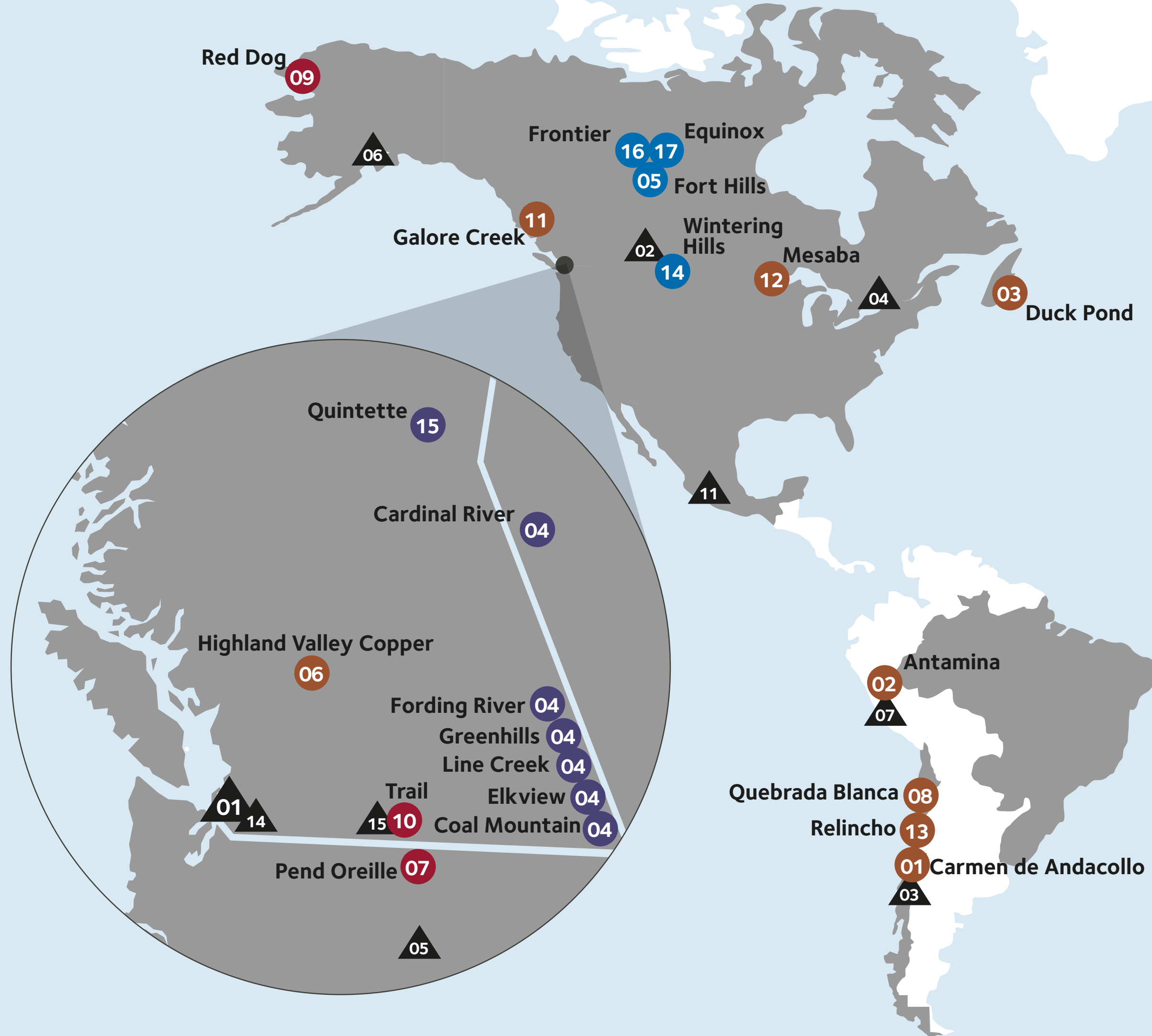


Kevin Stewart (left), Heavy Equipment Operator, Coal Mountain, British Columbia
"It's the best job I've ever had. I like operating machinery, it's a passion."
Les Czernicki (right), Coordinator Training, Coal Mountain, British Columbia
"Teck is a good place to work, where they treat employees with respect."

Global Operations

Legend

- Teck customers
- Copper
- Steelmaking coal
- Zinc
- Energy
- ✚ Corporate office
- ✱ Exploration office
- ◘ Technology office
- ◇ Marketing office

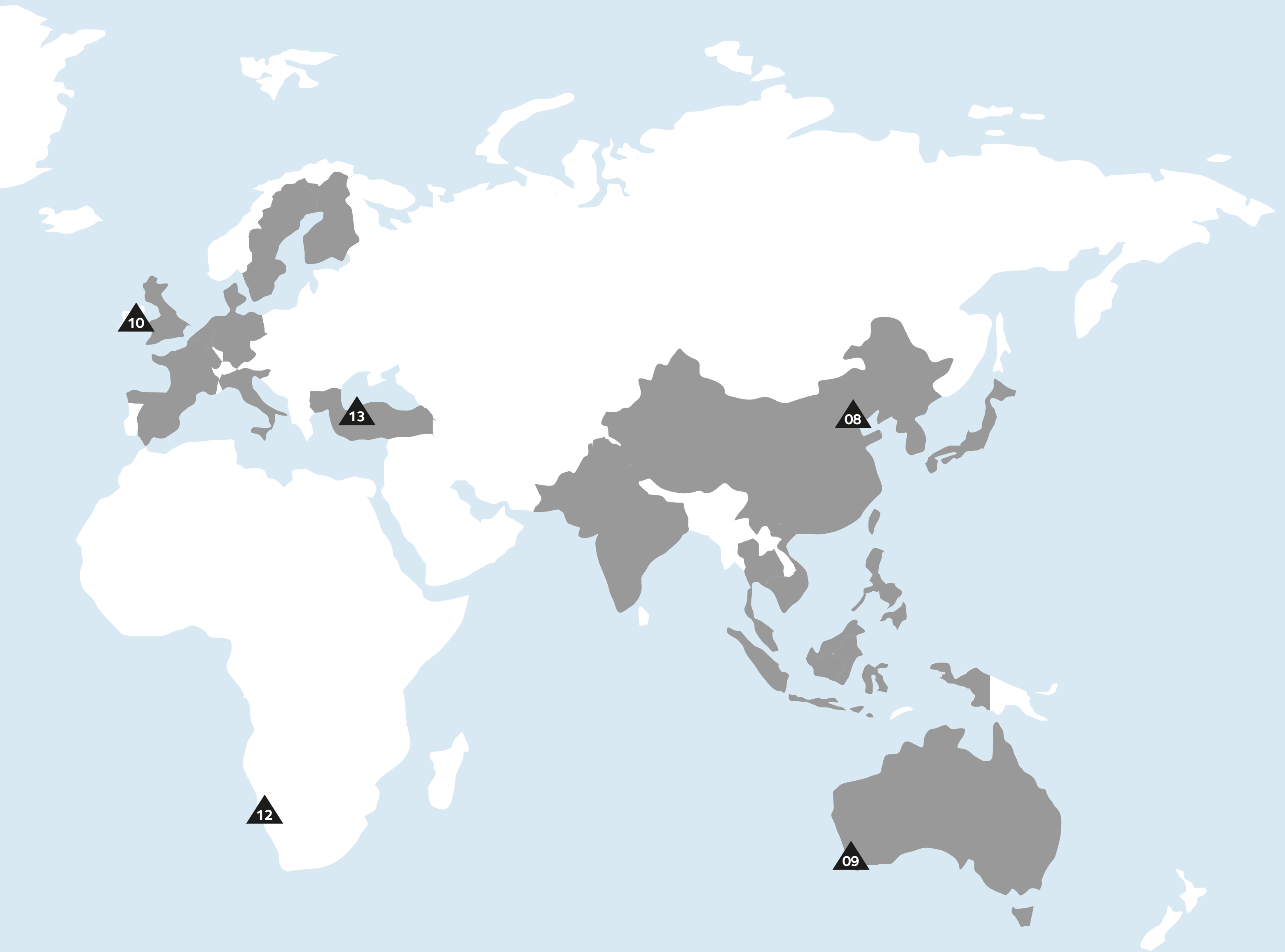


Operations and Projects

- 01 Carmen de Andacollo
- 02 Antamina
- 03 Duck Pond
- 04 Coal Sites in BC and Alberta
- 05 Fort Hills Project
- 06 Highland Valley Copper
- 07 Pend Oreille
- 08 Quebrada Blanca
- 09 Red Dog
- 10 Trail
- 11 Galore Creek
- 12 Mesaba
- 13 Relincho
- 14 Wintering Hills
- 15 Quintette
- 16 Frontier
- 17 Equinox

Global Offices

- 01 Vancouver, British Columbia ✚✱
- 02 Calgary, Alberta ✚
- 03 Santiago, Chile ✚✱
- 04 Toronto, Ontario ✚◇
- 05 Spokane, Washington ✚◇
- 06 Anchorage, Alaska ✚
- 07 Lima, Peru ✱
- 08 Beijing, China ✚
- 09 Perth, Australia ✱
- 10 Wicklow, Ireland ✱
- 11 Guadalajara, Mexico ✱
- 12 Windhoek, Namibia ✱
- 13 Ankara, Turkey ✱
- 14 Richmond, British Columbia ◘
- 15 Trail, British Columbia ◘



Teck is a diversified resource company committed to responsible mining and mineral development with business units focused on copper, steelmaking coal, zinc and energy. We are also a significant producer of specialty metals such as germanium and indium.

We are actively exploring for copper, zinc and gold in the Americas, Asia Pacific, Europe and Africa.

We are headquartered in Vancouver, Canada. We own, or have an interest in, 13 mines in Canada, the US, Chile and Peru, as well as one metallurgical complex. We have expertise across a wide range of activities related to mining and minerals processing including exploration, development, smelting, refining, safety, environmental protection, product stewardship, recycling and research.

2010 Highlights

Financial

- Achieved record revenues of $9.3 billion and record operating profit before depreciation of $4.5 billion.
- Completed the repayment of the original US$9.8 billion Fording acquisition bank debt in less than 18 months and 33 months ahead of schedule.
- Re-established investment grade credit ratings from the major credit rating agencies.
- Completed the previously announced sales of a number of non-core assets, generating proceeds of approximately $1.2 billion.
- Reduced our total debt by a further $3.1 billion, resulting in interest savings of $225 million per year and a reduction in our net debt to capitalization ratio by 11%, to 20% at the end of the year.
- Retired US$2.0 billion of debt with an average term to maturity of six years and an average coupon of 10.25% and issued US$1.45 billion of debt with an average term to maturity of 18 years and an average coupon of 5.0%.
- Declared dividends totalling $0.50 per share.

Safety

- Reduced our injury frequency rate by 5% at operating sites.

Operating and Development

- Achieved commercial production at our copper concentrator project at the Carmen de Andacollo operation in Chile.
- Entered into a 10-year rail agreement to transport coal from our southeastern BC steelmaking coal mines to Vancouver-area ports.
- Began mining the Aqqaluk deposit at our Red Dog zinc/lead mine in Alaska, which is expected to provide sufficient ore to enable operations to continue until 2031.
- Increased our oil sands resources by over 33%. In December, Suncor announced an updated development schedule for the Fort Hills oil sands project that would result in bitumen production starting in 2016.
- Partnered with Suncor on a joint venture to develop the Wintering Hills wind power project in Alberta.
- Started feasibility and prefeasibility work on various projects with the potential to increase our expected annual copper production to 750,000 tonnes and annual coal production to greater than 30 million tonnes over the next few years.

Sustainability

- Appointed to the Dow Jones Sustainability World Index, which recognizes the sustainability performance of the top 10% of companies across the mining industry.
- Established a cross-functional sustainability working group focused on embedding sustainability considerations into decision-making across the company.

An estimated 140,000 tonnes of electronic waste are sent to landfills in Canada each year. To address this growing problem, employees at our Trail metallurgical operations recycle end-of-life electronics to produce valuable metals.

Norman B. Keevil
Chairman of the Board

Letter from the Chairman

To the shareholders:

It was a very good year.

Canada hosted the Vancouver 2010 Olympic and Paralympic Winter Games, and they were an outstanding success. We set a record for the most medals ever won by a host country, including the first gold medal ever won by a Canadian on Canadian soil, which Alex Bilodeau captured in Freestyle Moguls on Day 2. Teck was a proud sponsor, providing the metal for all of the medals: gold, silver and bronze. Teck people from across Canada and as far away as Chile had an opportunity to carry the Olympic Torch across the country on its way to Vancouver.

As the year went on economic conditions in the spheres in which we operate showed continued improvement, and our results reflect this. Revenues were a record $9.3 billion as both copper and coal production increased and prices were strong. Operating profit before depreciation was a record $4.5 billion and net earnings were $1.9 billion.

Our management team has done a remarkable job once again with, in addition to record production and financial numbers, completion of the new hypogene copper operation at Andacollo in Chile, progress on expansion plans to increase output at Antamina in Peru, start of a feasibility study on the hypogene orebody at Quebrada Blanca in Chile, completion of a new ten year contract with CP Rail to transport our coal to Vancouver ports, and progress at the Fort Hills oil sands project, to name a few. These and other activities are reviewed in the pages that follow.

We had come through a rough patch in late 2008 and early 2009 with the global financial crisis, but we are now right back on track with our long-term trend in growing shareholder value and creating new wealth. If I'm permitted a bit of reflection, I would like to amplify upon that.

I said last year at this time that our growth in value per share had been amongst the best in the mining industry of companies that had operated continuously over the last 35 years. The period began in 1975 with the development of a new zinc mine in Newfoundland, followed closely by a niobium mine in Quebec and a copper mine and smelter in British Columbia, and continued in that vein.

Over time we built or participated in the building of 14 new mines in Canada, Peru, Chile and the U.S., producing gold, copper and metallurgical coal in addition to zinc and niobium. We also participated in the consolidation of three copper mines in the Highland Valley and six coal mines in British Columbia and Alberta, improving the competitiveness and sustainability of each group.

Seeing a prospect reach fruition as a new mine according to plan is obviously one of the most satisfying things any geologist or engineer in the business can experience. It creates new wealth and opportunities for the company, its employees, its stakeholders and our communities, and is the fundamental building block upon which successful mining companies are made.

As a result, over those 35 years Teck has grown from a market capitalization of just $20 million to over $30 billion, with some inevitable ups and downs as commodity prices and the economy waxed and waned, but overall with reasonable consistency. Our goal has been to be able to look back every few years and ask whether we are a better company than before, and for the most part we have been able to answer that positively.

But size per se is not an objective. Size may be the result of success, but is seldom the reason for it.

The primary measure of success for those who have invested in the company, especially for the long term, is growth in per share value. In that respect, $1,000 invested in Teck in 1975 would be worth $160,000 today, not counting the dividends received over the years.

Last year in this space I summarized the strategy that led to that growth, which in a nutshell has been to focus on strong operating and development engineering, on the need to continuously augment and improve our ore reserve base, and financial prudence. In short: people, reserves and financial strength, along with the integrity required to be one of the "partners of choice" of people, companies and communities in our industry.

This has been the strategy through four CEOs during the period. It has worked, and is still working. Under Don Lindsay's guidance we have a portfolio of potential development projects on the drawing boards that includes the Quebrada Blanca hypogene orebody, Relincho and Galore Creek in copper; Fort Hills in oil; and expansion plans in metallurgical coal. With these prospects, there is no reason we should not continue and even exceed our long-term growth trend, irrespective of the ups and downs which inevitably will occur.

What lies ahead? As Danish physicist Niels Bohr said: "Prediction is very difficult, especially if it's about the future."

We do live in an increasingly interconnected world, where information can span the globe more quickly and widely than ever before. Again as someone said recently: "The whole world can get simultaneously terrified". This can go the other way as well and, since markets have always had a tendency to overshoot, both on the upside and downside, increased volatility can be expected to become the norm. This is a fact of life that we in the business will have to continue to be conscious of.

Will the strong growth in most of the so-called BRIC countries and elsewhere continue apace? Will current unrest in some countries or regions be resolved peacefully or get out of hand? Will entrepreneurs eventually create supply that exceeds demand, as we usually do, and when will that occur? The short answer is that we don't know, although I am optimistic that both growth and common sense will for the most part prevail.

In a world of uncertainty there is a useful parable, illustrated by the David Lee painting that hangs behind my desk.

It features an owl under a full moon, and there are three levels of symbolism in it.

Courtesy of David Lee and Lahaina Galleries

The first is the obvious, a wise old owl looking over my shoulder.

But the owl is out on a small branch, and the second level of symbolism is that even a wise old owl goes out on a limb sometimes. We get nowhere if we don't take risks.

The third is that, if the branch should break under those risks, a wise old owl has wings that will allow it to fly to safety.

It's a small story but a useful reminder that, when we make business decisions based on future expectations, we always need a plan to fly to safety if the universe does not unfold as it should. Perhaps an appropriate metaphor is "soar like an eagle, but think like an owl".

Appreciation

Takuro Mochihara will be retiring as a director at the Annual Meeting in April. "Tak" has been a valued member of the Board for ten years and Teck people have been friends with and worked closely with him for years before that, both when he was with Mitsubishi earlier and then with Sumitomo. His cogent advice and knowledge of Japan and the region have been invaluable and he will be missed.

Ichiro Abe, who was previously a valued Teck director from 1998 to 2002, will be standing for election in Tak's place, and we look forward to his rejoining the Board.

Asia is a key market for the products we and the rest of the mining industry produce, and the first-hand, timely advice we receive from our Chinese and Japanese directors and from shareholders like Sumitomo Metal Mining and China Investment Corporation constitutes an invaluable, if intangible, asset of our company.

Our thanks to them and to all of our employees as well as shareholders for contributing to another successful year for Teck.

On behalf of the Board,

Norman B. Keevil
Chairman
February 22, 2011

Donald R. Lindsay
President and Chief Executive Officer

Letter from the CEO

Committed to the Core

Teck is now in a very strong position with an increased resource base and a seasoned, battle-tested team of people committed to our core values. In every decision and every action we take we are guided by safety, integrity, excellence, discipline, commitment, teamwork, innovation and respect. We place the highest priority on taking care of the environment and making sure that everyone goes home safe and healthy every day.

Financial Review

Entering 2010, we had very clear financial goals. I'm pleased to report that each one of these goals was achieved, and each more quickly than we had planned. Our immediate objective was to complete the repayment of the acquisition financing related to the Fording acquisition. By April we had repaid the full US$9.8 billion. In the end, it took us less than 18 months to repay the banks and we were 33 months ahead of schedule – despite a global economy that was still struggling to recover from the 2008 credit market collapse. In 2010 we also achieved record revenues and record operating profits.

As a result, today Teck again enjoys a strong balance sheet and as planned, we re-established solid investment grade credit ratings. With the resulting flexibility we were able to carry out a program to repay and refinance US$2.0 billion of the high-yield debt with an average term to maturity of six years and a coupon of 10.25%, by issuing US$1.45 billion of debt with an average term to maturity of 18 years and an average coupon of 5.0%. The whole refinancing program also allowed us to reduce our annual interest expense by US$225 million. Our net debt ratio fell from 31% at the end of 2009 to a healthy 20% at the end of 2010, well below our target of 25 to 30%. With the strong free cash flows anticipated this year, that net debt ratio will fall even further.

We resumed dividend payments with an initial semi-annual dividend of $0.20 per share paid in July and we increased the semi-annual dividend to $0.30 per share paid in January 2011.

Operational Highlights

In 2010, we continued to improve our operational performance through our Operating Excellence program, which is enhancing our overall efficiency and cost-effectiveness.

Our coal production for the year was hampered by a fire at our Greenhills dryer, bad weather, and labour disruptions. Consequently, we only produced 23.1 million tonnes versus our goal of 23.5 million tonnes. Nevertheless, we did manage to increase production by 4.2 million tonnes over 2009, a significant achievement when one considers all of the unforeseen challenges that can hinder a company's ability to efficiently produce and transport product to market.

Whether it is the tragic flooding in Queensland, Australia that has impacted so many coal mines, a record-breaking avalanche season in Western Canada, or port and rail capacity constraints, the whole industry faces daunting challenges in getting our product to customers.

Demand for steelmaking coal continues to grow as China and other developing nations turn to imports from producers like Teck. Given the rapid pace of industrialization in countries like China, it appears that demand will continue to face constrained supplies as producers deal with the myriad of challenges noted above.

Another key objective for 2010 was to achieve commercial production at the new concentrator at Carmen de Andacollo and, in October, this goal became a reality. The mine's life has been extended by approximately 20 years, production is increasing fourfold and we have created some 350 new jobs.

We also made good progress advancing the Quebrada Blanca copper concentrator project – now called Quebrada Blanca Phase 2. We completed a scoping study that examined how we can mine and process the hypogene resource that underlies the supergene deposit currently being mined, with the goal of extending the mine life and increasing production. A full feasibility study commenced early in 2011 and is expected to be completed by early 2012.

In 2010, we started a prefeasibility study for the Relincho project located in central Chile, some 110 kilometres east of the port city of Huasco. As currently contemplated, this project has the potential

to produce approximately 190,000 tonnes of copper in concentrate and 7,000 tonnes of molybdenum in concentrate annually. We expect the results of this study in the third quarter of 2011.

Progress was also made in our energy business unit with the announcement by our partner, Suncor, of an updated development schedule for the Fort Hills oil sands project that could result in bitumen production beginning in 2016.

While we are pleased with these achievements, we must always remember that we must ensure that every employee goes home safe and healthy every day. We are proud of the fact that our injury frequency improved by 5% in 2010 over 2009 but our journey is far from complete and we continue to work to embed safety into every action, of every one of us, every day.

Looking Ahead

As the global economy continues to rebound, Teck is well positioned in what we expect will be some of the strongest commodities going forward. Our key products are among those most in demand in the developing world: copper, steelmaking coal and zinc. Our foundation is built upon long-life assets in low-risk jurisdictions and a strong balance sheet to fund future growth.

We are the number one diversified mining company in Canada. In steelmaking coal we are the number one producer in North America and the number two seaborne exporter in the world. We are a top three global zinc miner; and we have the potential to double our production of copper over the next five to six years.

China, in particular, figures prominently in our industry with its GDP growth projected at 7% and industrial output growth at 11%. Massive infrastructure development, including cross-country high-speed rail links and burgeoning consumer demand for automobiles and appliances, plays to Teck's product strengths.

Objectives for 2011

As we look to the year ahead, we continue to build on the achievements over the past two years and continue our record of delivering on our commitments.

First, we will work diligently to meet the new production guidance for our copper, steelmaking coal and zinc operations. We will also continue with the Operating Excellence program to achieve even greater efficiencies and cost savings.

Equally important to Teck's future will be advancing projects on several fronts and we will continue to strengthen our project development team and move:

- Quebrada Blanca Phase 2 through feasibility
- Relincho through prefeasibility
- Highland Valley Copper mill modernization to feasibility
- Quintette steelmaking coal project through feasibility
- Galore Creek copper/gold project through prefeasibility
- Frontier/Equinox energy projects to submission for regulatory approval

As always, the safety of everybody working at our operations is a top priority. A key objective for the year will be to continue that commitment with an additional focus on safety leadership development for front-line supervisors.

We will also further enhance the role of the Sustainability Working Group in developing new programs and a culture of "taking care" of our physical environment everywhere we interact in any way.

Financially, we will make the necessary preparations to fund the large project-related capital expenditures that will set Teck up for success for decades to come. We will do this either through building up a large cash balance or through arrangements with partners on project financing while maintaining our investment grade ratings.

Finally, in the year ahead, we will launch a business simplification program across all facets of the company aimed at streamlining activities and focusing our efforts on adding value to everything we do.

Management

In closing, I want to extend my sincere appreciation to our management team and all of our employees for their dedication and successful efforts that enable Teck to continue on our strong growth path.

I want to congratulate Len Manuel and Boyd Payne on their well-deserved retirements and their tremendous contributions to the company. Under Boyd's leadership, we maximized the value of the Elk Valley Coal Partnership and successfully integrated Fording Coal into Teck.

Len Manuel, Senior Vice President and General Counsel, retired in April 2010 following 28 years of distinguished service with Teck and Cominco. Len made an enormous contribution to the success of both companies.

Finally, I also welcome Ian Kilgour to Teck. Ian has joined us as Senior Vice President, Coal. Prior to joining us in February 2011, Ian was the President and Chief Executive Officer of Compania Minera Antamina in Peru.

I look forward to working with our people, our partners, communities where we operate, and our customers throughout 2011 as we work to build on our successes and to deliver on our commitments to each other and our shareholders.

Donald R. Lindsay
President and Chief Executive Officer
February 22, 2011

Safety

Teck's commitment to its people begins with our pledge to their safety and health.

We believe we can operate without fatalities or serious injuries and consider safety a core value. This begins with Courageous Safety Leadership ("CSL") and our primary vision: "everyone going home safe and healthy every day." In spite of this belief and in spite of our best efforts, we did have a fatality in March 2010 which serves as an important reminder to us all that we must renew our safety commitments every day, and with every action we take.

Every Teck employee and every contractor at our operations goes through the CSL process. CSL is a safety philosophy that challenges existing beliefs and attitudes and encourages the changes required to instill a true culture of safety. It endeavours to make everyone think about how they must work and live more safely and to consider the potential impact of their actions on themselves, their co-workers, their family and their community. This goes well beyond basics like wearing required safety equipment or following job procedures. It means taking the extra time to ensure a task is planned and completed safely. And it means giving employees not just the right – but also the obligation – to challenge unsafe practices by colleagues, supervisors or management.

In our active operations, injury frequency in 2010 improved by 5% over 2009 but the statistics only tell part of the story – we are creating and reinforcing a culture where safety is embodied as a primary philosophy of all employees.

2010 was a year of involved leadership. We continued training new employees and contractors in CSL and reinforced the message through monthly safety topics. Our senior management and site management teams helped launch the "visible, felt leadership" initiative, a program aimed at management being actively engaged with employees in the field to discuss and reinforce safety messages and practices. We believe that engaging our employees through strong leadership and commitment is critical to our success.

2010 was also a year focused on learning. We regularly analyze high potential incidents and use this knowledge to target the areas of highest risk to our employees in order to develop training programs, take corrective action to ensure incidents are not repeated at any of our operations, and share findings throughout our company.

At the heart of our safety initiatives is the belief that every injury is preventable. We strive to protect our people, not only with the proper equipment and procedures, but also with the education and empowerment to challenge and improve safety in their own work environment.

Norman Dortman, Coordinator Training, Coal Mountain, British Columbia
"It's a safety orientated company and in my job I have an opportunity to pass on my experience to others."

People

All of our commitments – to safety, to shareholders and to sustainability – are delivered by one group: our people.

Nearly 12,000 strong, our employees and contractors who work at our sites, commit to Teck every day with their talent and energy. In return, Teck invests in them, with competitive compensation, recognition programs, training, and career development.

Recruitment and Training

Despite a turnover rate of 4.4%, growth and employee retirements resulted in over 1,500 new hires in 2010. Attracting the best available talent is a priority, particularly as the baby boom generation transitions to retirement. We have developed new recruitment programs, including a diversity initiative to reach women and groups that have been under-represented in our operations. We also target new professionals through university presentations, job fairs and other activities, offering a variety of career path options and training opportunities, such as our Professional-in-Training program.

Talent Management

Approximately 41% of our employees have been with Teck for more than 10 years. We know that a rewarding career is a big part of every employee's commitment, and that continuous feedback and career growth opportunities are key.

A core tool in talent development and career growth is our Building Strength with People program. Employees and supervisors work together to set performance and development objectives that enable growth and encourage career aspirations and opportunities.

Leadership Development

We offer a variety of formal development programs that are designed to outline the path for individual and team success. For example, our new Front-Line Leaders Development program strives to enhance the communication and management skills of operations-level leaders, while the Emerging Leaders program focuses on corporate management development.

Other opportunities include a Graduate Diploma in Business Administration, an MBA program, language training opportunities, and educational assistance to ensure all employees remain on the cutting edge of their field.

Employee Recognition and Engagement

We support and recognize excellence in our people and in all facets of our business.

In its third year of recognizing our exceptional people, the 2010 Excellence Awards program honoured individuals and teams for outstanding contributions to safety, productivity and innovation, sustainability, and environmental management.

Our commitment to our people also extends to their families. For example, we offer a scholarship program for our employees' children who further their education at a post-secondary institution. For employees whose children are pursuing excellence in sport, we have funding programs for athletes who compete at national and international levels in Olympic or Paralympic events.

Michal Wypych, Senior Mine Engineer, Vancouver, British Columbia "I think people stay with Teck a long time because they receive good compensation and benefits, and get to live in places where they can raise their families and have work-life balance."

Left: CESL, Richmond, British Columbia

Sustainability

We live, work and raise our families in the communities where we operate. We want to leave every community affected by our operations better than we found it.

Our core value of sustainability commits every one of us to doing the right thing, and doing it the right way – for the environment, for communities and for future generations. We believe we have demonstrated this commitment in 2010 across our company and on the global stage.

Sustainability Working Group

In 2010, we set an objective to develop our sustainability leadership initiative across the company to maintain and enhance our social license to operate. To achieve this, we consulted with colleagues throughout the company and formed a cross-functional Sustainability Working Group to gain a full understanding of sustainability challenges and opportunities. We established specific goals to embed sustainability considerations into decision-making across the company and further improve our performance.

Our approach to sustainability includes consideration of six key focus areas – communities within our areas of influence, water stewardship, energy and climate change, biodiversity and ecosystems, materials stewardship, and our people. Collectively, these represent the most significant aspects of our sustainability program and we assess both risks and opportunities for the company in these areas. In addition to assessing and managing risks associated with sustainability, each business unit, operation and new project will assess each key focus area to identify and pursue opportunities to enhance sustainability. Further details describing our short-, medium- and long-term goals will be provided in our 2010 Summary Sustainability Report.

Vancouver 2010 Olympic and Paralympic Winter Games

We were honoured to provide the gold, silver and copper metal used to produce the medals awarded at the Vancouver 2010 Olympic and Paralympic Winter Games. By incorporating recycled metal into the medals, we sent a message to a global audience that the life of our products extends far beyond their original use.

Zinc and Human Health

We are working with the global community, including the International Zinc Association, UNICEF, the Micronutrient Initiative, the Government of Canada and others, to reduce child mortality caused by diarrhea – a disease that claims more lives than AIDS, malaria and measles combined. With human health as our signature global citizenship initiative, we are working to help save and sustain the lives of children in developing countries with zinc treatment and zinc nutritional programs. We are also working to have zinc incorporated into fertilizers – a measure that will alleviate zinc deficiency in soils by increasing yields and enhancing the nutritional quality of crops.

In June, our CEO Don Lindsay was invited to speak at the United Nations celebration of the 10th anniversary of the UN Global Compact. As the Chair of the International Zinc Association, he spoke about the "Zinc Saves Kids" initiative, a collaboration between UNICEF and the International Zinc Association dedicated to improving the survival, growth and development of undernourished children through the provision of zinc micronutrient supplementation. Approximately 450,000 children under the age of five die from zinc deficiency each year. As one of the world's largest producers of zinc, we know we can make a difference, and we've formed partnerships to get zinc to the people who need it most.

Dow Jones Sustainability World Index

Our overall performance in sustainability was highlighted in 2010 with our appointment to the Dow Jones Sustainability World Index, which recognizes the sustainability performance of the top 10% of companies across the mining industry. We are proud to have been identified in the SAM Yearbook as the "Dow Jones Industry Mover" in sustainability for the mining sector in 2010.

To enhance biodiversity, staff at Highland Valley Copper have built, and currently monitor, over 200 boxes on reclaimed areas of the site which provide a habitat for swallows and bluebirds. At last count, 192 species of birds have made their home on the property.

Diversified Resources

We are a responsible resource development company, proud to mine and export products that make important contributions to society – from advancing technology to improving the standard of living for families around the world.

Copper

Copper is essential to our daily lives, whether making a phone call, using a credit card, or simply turning on the lights.

Global copper consumption is expected to continue to grow to meet demand for electronics, construction and other uses. With five copper mines in Canada, Chile and Peru and three potential operations in development, we are prepared to help meet this demand. Every day, society relies more on telecommunications to keep in touch – with work, the world and each other. As both a conductor of electricity and a crucial component of electronics, copper is the thread that connects people. It may also be a key to improving health, as more research shows copper's effectiveness as an antimicrobial agent, preventing the spread of bacteria and illness.

Coal

Steelmaking coal helps create the hospitals, schools and transportation infrastructure that enable families around the globe to reach a higher standard of living.

The rapid growth underway in countries like China and India is the largest process of urbanization and industrialization in history. The growth in demand for steel – and the steelmaking coal required to produce it – is unprecedented as the world's population pursues a higher standard of living with housing, schools, hospitals and transportation infrastructure. Our six steelmaking coal mines in Western Canada are helping meet that demand.

Zinc

Zinc protects by improving the durability of steel. It can sustain, by increasing crop yields and quality. And, as an essential nutrient in human development and disease prevention, it saves lives.

Zinc is the key ingredient in the galvanizing of steel, improving steel's durability by protecting it from corrosion and weathering. It can enrich soil, increasing crop yields and quality. And it gives strength to people – it's an essential nutrient we all need for growth and immunity from disease and illness.

As one of the world's largest zinc producers and refiners, we have a role to play in supplying zinc to meet these needs. But we don't stop there – our smelting and refining operation in Trail also provides recycling solutions for urban ore, including end-of-life computers and other electronic equipment. Last year, we processed more than 13,000 tonnes of e-waste, and began studying ways to expand this capacity further.

Energy

Every one of us relies on energy – to keep the lights on, to get to work, or to heat our homes. We are committed to developing energy sources that meet the world's needs while always respecting the environment.

As the world population grows, so does the need for energy. Conventional sources are dwindling, so the focus must be on developing new – and renewable – sources of energy and on the technologies to extract them sustainably. This year, we continued research into innovative and more sustainable ways to extract oil from our interests in Alberta's Athabasca oil sands region, and moved forward on our development projects. We also partnered on a wind power project with the potential, when complete, to power 35,000 homes.

Management's Discussion and Analysis

Our business is exploring for, developing and producing natural resources. We are organized into business units focused on copper, coal, zinc and energy.

Through our interests in mining and processing operations in Canada, the United States and South America, we are the world's second largest exporter of seaborne high quality steelmaking coal, an important producer of copper, and one of the world's largest zinc producers. Lead, molybdenum, silver and various specialty and other metals, chemicals and fertilizers are by-products produced at our operations. In addition, we own a 20% interest in the Fort Hills oil sands project and a 50% interest in other oil sands leases in the Athabasca region of Alberta. We are also active in exploration for gold.

Our corporate business unit includes all corporate growth initiatives and groups that provide administrative, technical, financial and other support to all of our business units.

The Management's Discussion and Analysis of our results of operations is prepared as at February 22, 2011 and should be read in conjunction with our audited consolidated financial statements and the notes thereto as at and for the year ended December 31, 2010. Unless the context otherwise dictates, a reference to Teck, Teck Resources, the Company, us, we or our, refers to Teck Resources Limited and its subsidiaries including Teck Metals Ltd. and Teck Coal Partnership. A reference to TML refers to Teck Metals Ltd. and its subsidiaries, and a reference to Aur or Aur Resources refers to Aur Resources Inc. and its subsidiaries. All dollar amounts are in Canadian dollars, unless otherwise specified, and are based on our consolidated financial statements that are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The effect of significant differences between Canadian and US GAAP is disclosed in note 25 to our consolidated financial statements. Certain comparative amounts have been reclassified to conform to the presentation adopted for 2010. Photographs and accompanying captions do not form part of our Management's Discussion and Analysis.

This Management's Discussion and Analysis contains certain forward-looking information and forward-looking statements. You should review the cautionary statement on forward-looking information under the caption "Caution on Forward-Looking Information" on page 65, which forms part of this Management's Discussion and Analysis.

Additional information about us, including our most recent Annual Information Form, is available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's website at www.sec.gov.

Business Unit Results

The table below shows our share of production of our major commodities for the last five years and expected production for 2011.

	Units (000's)	2006	2007	2008	2009	**2010**	2011 Estimate
Principal Products							
Copper (Notes 1 and 2)							
Contained in concentrate	tonnes	258	218	209	203	**216**	260
Cathodes	tonnes	–	37	107	105	**97**	90
		258	255	316	308	**313**	350
Coal (Note 3)							
Direct share	tonnes	8,657	9,024	11,282	18,930	**23,109**	25,000
Indirect share	tonnes	1,147	1,552	2,345	–	**–**	–
		9,804	10,576	13,627	18,930	**23,109**	25,000
Zinc							
Refined	tonnes	296	292	270	240	**278**	285
Contained in concentrate	tonnes	627	699	663	711	**645**	620
Other Products							
Lead							
Refined	tonnes	90	76	85	73	**72**	80
Contained in concentrate	tonnes	129	146	133	132	**110**	85
Refined Silver	ounces	19,550	15,410	16,370	16,260	**19,940**	20,000
Molybdenum contained in concentrate	pounds	8,032	7,235	7,224	7,798	**8,557**	13,000

Notes to five-year production record and 2011 estimates:

(1) We include 100% of production and sales from our Highland Valley Copper, Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we own 97.5%, 76.5% and 90%, respectively, of these operations, because we fully consolidate their results in our financial statements. We include 22.5% of production and sales from Antamina, representing our proportionate equity interest in Antamina.

(2) Includes pre-commercial production (20,700 tonnes) from Carmen de Andacollo prior to October 1, 2010.

(3) Coal production includes; i) our proportionate share of production from the Teck Coal Partnership (formerly Elk Valley Coal Partnership), which was 35% on February 28, 2003 and increased in various increments to 40% on April 1, 2006. Fording Canadian Coal Trust (Fording) owned the remaining interest in the Teck Coal Partnership, and ii) the indirect share of coal production from our investment in units of Fording. We owned approximately 9% of Fording from February 28, 2003 to September 27, 2007 and on September 27, 2007 increased our interest in Fording to 19.95%. In October 2008, we acquired all of the assets of Fording, which consisted primarily of its 60% interest in the Teck Coal Partnership. 2011 estimates do not take into account the potential impacts of labour disruptions.

Average commodity prices and exchange rates for the past three years, which are a key driver of our earnings, are summarized in the following table.

	US$			CDN$		
	2010	2009	2008	**2010**	2009	2008
Copper (LME Cash – $/pound)	**3.42**	2.34	3.17	**3.52**	2.67	3.37
Coal (realized – $/tonne)	**181**	157	205	**188**	177	220
Zinc (LME Cash – $/pound)	**0.98**	0.75	0.85	**1.01**	0.86	0.91
Silver (LME Cash – $/ounce)	**20**	15	15	**21**	17	16
Molybdenum (Platts* – $/pound)	**16**	11	29	**16**	13	31
Lead (LME Cash – $/pound)	**0.97**	0.78	0.95	**1.00**	0.89	1.01
Exchange rate (Bank of Canada)						
US$1 = CDN$	**1.03**	1.14	1.07			
CDN$1 = US$	**0.97**	0.88	0.93			

*Published major supplier selling price in Platts *Metals Week*.

Our revenue and operating profit before depreciation and amortization by business unit is summarized in the following table.

	Revenues			Operating Profit Before Depreciation and Amortization*		
($ in millions)	**2010**	2009	2008	**2010**	2009	2008
Copper	**$ 2,610**	$ 2,161	$ 2,156	**$ 1,567**	$ 1,284	$ 1,146
Coal	**4,351**	3,507	2,428	**2,248**	1,795	1,226
Zinc	**2,378**	2,006	2,071	**680**	583	439
Total	**$ 9,339**	$ 7,674	$ 6,655	**$ 4,495**	$ 3,662	$ 2,811

*Operating profit before depreciation and amortization is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.

Copper

In 2010, we produced 313,000 tonnes of copper from our mines at Antamina in Peru, Quebrada Blanca and Carmen de Andacollo in Chile, and our Canadian mines, Duck Pond in Newfoundland and Highland Valley Copper in British Columbia. We continued work to extend the life of Highland Valley Copper. We also moved into prefeasibility studies on the Relincho project and into feasibility studies for Quebrada Blanca Phase 2, both in Chile. Additionally, we initiated prefeasibility work at the Galore Creek project in northwest British Columbia.

In 2010, our copper operations accounted for 28% of our revenue and 35% of our operating profit before depreciation and amortization.

	Revenues			Operating Profit Before Depreciation and Amortization		
($ in millions)	**2010**	2009	2008	**2010**	2009	2008
Highland Valley Copper	**$ 872**	$ 838	$ 789	**$ 524**	$ 473	$ 426
Antamina	**674**	634	569	**464**	450	368
Quebrada Blanca	**697**	484	574	**406**	265	267
Carmen de Andacollo	**228**	101	142	**111**	47	72
Duck Pond	**139**	104	82	**62**	49	13
Total	**$ 2,610**	$ 2,161	$ 2,156	**$ 1,567**	$ 1,284	$ 1,146

	Production			Sales		
(000's tonnes)	**2010**	2009	2008	**2010**	2009	2008
Highland Valley Copper	**99**	118	119	**98**	118	122
Antamina	**68**	71	77	**65**	73	76
Quebrada Blanca	**86**	87	86	**90**	83	85
Carmen de Andacollo (Note 1)	**45**	18	21	**42**	17	21
Duck Pond	**15**	14	13	**15**	14	13
Total	**313**	308	316	**310**	305	317

(1) Includes pre-commercial production and sales volumes prior to October 1, 2010. Production of copper contained in concentrate during the pre-commercial start-up period was 20,700 tonnes. Pre-commercial sales volumes of copper contained in concentrate were 16,600 tonnes. The proceeds from these sales were not recognized in revenue, but were netted against capital costs, less related production costs.

Ray Polacheck, Heavy Duty Mechanic, Mine Maintenance, Highland Valley Copper, British Columbia "The shop is all updated and modern – I like working on good equipment."

Operations

Highland Valley Copper

We have a 97.5% interest in Highland Valley Copper, located in south central British Columbia. Operating profit before depreciation and amortization was $524 million in 2010 compared with $473 million in 2009 and $426 million in 2008. Highland Valley's 2010 copper production was 98,500 tonnes of copper in concentrate, which was 17% lower than 2009 due to ore access issues associated with geotechnical constraints. Molybdenum production was 5% higher than 2009 levels at 6.9 million pounds due to improved recoveries.

Ore is mined from the Valley, Lornex and Highmont pits. Highland Valley is continuing to execute pushbacks of both the east and west walls of the Valley pit to access additional ore sources. The east wall stabilization project will be completed in 2011 at an estimated capital cost of $48 million. This includes amounts for remaining waste stripping of the weak clay layers, placement of a stabilization buttress and completion of a comprehensive dewatering system.

A new life of mine plan has been developed that incorporates a major pushback and extension of the Lornex pit and an extension of the lower grade Highmont pit, adding approximately 200 million tonnes of mineral reserves and five years to the production plan. Highland Valley Copper is now expected to operate until 2025, assuming additional permit amendments are approved for the Lornex extension. Lornex, which has slightly lower copper grades than the remaining reserves in the Valley pit, is expected to provide 30% of feed to the mill after pre-stripping is complete in 2013.

Highland Valley's annual copper production is estimated to vary from 90,000 to 135,000 tonnes of contained copper for an average of 115,000 tonnes per year during the remaining mine life, driven primarily by the available grades of copper ore. Further engineering studies have commenced to consider possible recovery and throughput improvements in the mill through modernization, debottlenecking and other enhancements.

Highland Valley's copper production in 2011 is expected to be similar to 2010 at approximately 100,000 tonnes of copper contained in concentrate. Molybdenum production is expected to increase to approximately 9 million pounds as a result of higher than normal feed grades.

Antamina

We have a 22.5% interest in Antamina, a copper and zinc mine in Peru. Our partners are BHP Billiton (33.75%), Xstrata plc (33.75%) and Mitsubishi Corporation (10%). In 2010, our share of operating profit before depreciation and amortization was $464 million compared with $450 million in 2009 and $368 million in 2008.

Copper production was 301,500 tonnes, 5% lower than in 2009. This was due to lower mined copper grades despite record mill throughput of 36.5 million tonnes in 2010, a 9% increase from the previous year. Zinc production decreased by 15% to 386,200 tonnes in 2010 due to lower ore grades and the processing of less copper-zinc ore in the year.

Molybdenum production totalled 7.5 million pounds, which was higher than in 2009 due to higher head grades, throughput and recovery. Antamina engaged in several major projects during 2010, including raising the tailings dam and completion of a new camp.

Antamina's 2011 production (100% basis) is expected to be approximately 350,000 tonnes of copper contained in concentrate, 200,000 tonnes of zinc contained in concentrate and 16 million pounds of molybdenum.

Quebrada Blanca

Quebrada Blanca is located in northern Chile, 240 kilometres southeast of the city of Iquique. We own 76.5% of Quebrada Blanca and our partners are Inversiones Mineras S.A. (13.5%), and Empresa Nacional de Minera ("ENAMI") (10%). The operation mines ore from an open pit and leaches the ore to produce copper cathodes via a conventional solvent extraction and electrowinning (SX-EW) process. Operating profit before depreciation and amortization was $406 million in 2010 compared with $265 million in 2009 and $267 million in 2008.

Quebrada Blanca's supergene orebody is expected to be mined out by 2015, but copper cathode production is expected to continue to 2017. In 2010, Quebrada Blanca produced 86,200 tonnes of copper cathode, which resulted from record tonnage of ore placed for leaching, up 38% from 2009. Production of approximately 85,000 tonnes of copper cathode is expected in 2011.

In the fourth quarter of 2010, a slope failure occurred on the south wall of the pit. The effects of this failure on the mine plan are being assessed and may include some additional waste stripping and lower grade ore feed for a period of time, however minimal impact is expected in 2011.

Carmen de Andacollo

We have a 90% interest in the Carmen de Andacollo mine in Chile, which is located 350 kilometres north of Santiago. The remaining 10% is owned by ENAMI. Copper and gold in concentrate and copper cathode are produced from the mine. Operating profit before depreciation and amortization was $111 million in 2010 compared with $47 million in 2009 and $72 million in 2008. Carmen de Andacollo produced a total of 34,800 tonnes of copper contained in concentrate in the year and 10,300 tonnes of copper cathode. Copper cathode production was lower in 2010 due to the depletion of the supergene resource.

Construction of the mine's copper concentrator project was completed in late 2009, followed by commissioning and first production in February 2010. Commercial production from the new plant was declared on October 1, 2010. The plant has yet to consistently operate at its nameplate capacity of 55,000 tonnes of ore per day due to ore hardness issues, although predicted grades and recoveries have been met. Work continues to assess the extent of the ore hardness issue and to optimize the mill circuit of the new plant to increase throughput. We expect the solution to involve the addition of crushing capacity and expect to have identified appropriate modifications by the end of 2011. We have the ability to implement short-term enhancements, and on this basis, expect the mine's production for 2011 to be approximately 65,000 tonnes of copper in concentrate. In addition, we expect to produce approximately 7,000 tonnes of copper cathode. Production over the longer term will depend on the results of our ongoing work and the nature of the mill modifications to be implemented.

The project capital cost was approximately US$440 million. Two complementary projects associated with the concentrator project were approved and construction began in 2010. The Elqui River water supply project at an estimated cost of US$40 million is expected to provide a long-term supply of process water for the concentrator when completed in early 2011. In addition, a coarse ore stockpile cover was completed at a cost of US$8 million, which will minimize fugitive dust in the area.

In January 2010, Carmen de Andacollo completed the sale of an interest in future gold production to Royal Gold, Inc. ("Royal Gold"). Proceeds to Carmen de Andacollo, on a 100% basis, were US$218 million and 1.2 million common shares of Royal Gold, valued at US$53 million at the date of the sale. Royal Gold's production entitlement is equivalent to 75% of the payable gold produced until total cumulative gold production reaches 910,000 ounces, and 50% thereafter.

Duck Pond

The Duck Pond underground copper-zinc mine is located in central Newfoundland. Duck Pond's operating profit before depreciation and amortization was $62 million in 2010, compared with $49 million in 2009 and $13 million in 2008.

Copper production was 15,000 tonnes while zinc production was 20,200 tonnes. This compares with copper production of 13,900 tonnes and 21,000 tonnes of zinc production in 2009. Primary production from the lower ore zones was established in 2010 and exploration activity to assess possible ore zone extensions is ongoing. Duck Pond's production in 2011 is projected to be approximately 14,000 tonnes of copper and 24,000 tonnes of zinc in concentrate.

Cominco Engineering Services Limited ("CESL")

Our CESL facility focuses on advancing and implementing our proprietary hydrometallurgical technology principally for the treatment of concentrates. We have a well-tested suite of technologies suitable for treating complex copper, copper-gold, copper-nickel and nickel concentrates, particularly those with deleterious elements such as arsenic or magnesium that inhibit the sale of concentrates to conventional smelters. In 2011, the CESL team will continue to seek opportunities to unlock metallurgically challenged resources to create additional value and will continue to advance our proprietary CESL hydrometallurgical technology.

Growth Initiatives

Antamina Expansion (22.5% owned)
In January 2010, Antamina commenced an expansion project of milling and flotation capacity that is expected to increase ore throughput by approximately 38% to 130,000 tonnes per day at an estimated cost of US$1.3 billion. The project is expected to result in approximately 30% annual increases in both copper and zinc production capacity starting in 2012.

Quebrada Blanca Hypogene (76.5% owned)
Following completion in late 2010 of a scoping study to mine and process the hypogene resource that underlies the supergene deposit currently being mined at Quebrada Blanca, a full feasibility study commenced in early 2011. The feasibility study is expected to be completed by early 2012. Based on the results of the scoping study, production from the hypogene would be expected to be approximately 200,000 tonnes per year of copper contained in concentrate plus approximately 5,100 tonnes per year of molybdenum in concentrate over an estimated mine life of approximately 30 years. Assuming a positive feasibility study and a decision to undertake project development, production from the concentrator could commence in 2016, although timing of a construction decision will depend on the status of permitting and other factors.

Relincho (100% owned)
The Relincho project is located in central Chile, approximately 110 kilometres east of the port city of Huasco at an altitude of 2,200 metres above sea level. Work started on a prefeasibility study in the second quarter of 2010 and prefeasibility is expected to be completed in the third quarter of 2011. Under current assumptions, Relincho has the potential to produce approximately 190,000 tonnes per year of copper in concentrate and 7,000 tonnes per year of molybdenum in concentrate over an estimated mine life of over 20 years.

Galore Creek (50% owned)
The Galore Creek project remained on care and maintenance in 2010. Further engineering and evaluation work was completed in 2010 as part of the ongoing process of optimizing this project through consideration of alternative plant site and tailings locations. We are currently working on a prefeasibility study, which is expected to be completed in the second quarter of 2011.

Mesaba (100% owned)
Work on the Mesaba copper-nickel project in northern Minnesota continued in 2010, which included processing a sample of copper-nickel concentrate through the hydrometallurgical pilot plant at our CESL technology centre. Based on the samples processed, we were able to conclude that it is feasible that Mesaba's production could be treated in a CESL plant to produce refined copper and nickel. Further studies will continue in 2011.

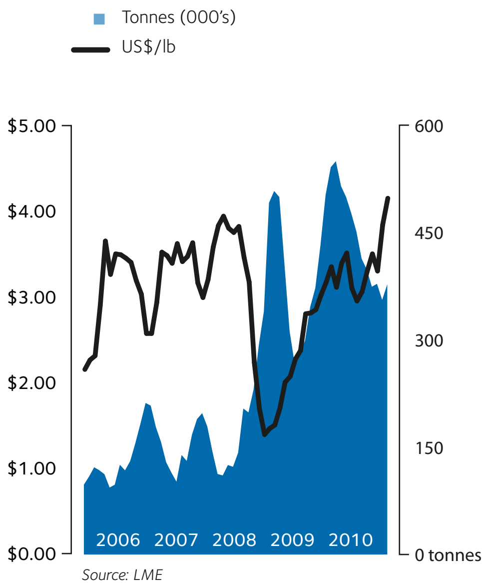
Markets

Copper prices averaged US$3.42 per pound in 2010, up US$1.08 per pound from the 2009 average. London Metal Exchange ("LME") copper prices started 2010 at US$3.39 per pound, fell to US$2.76 per pound by June and then rose to historic high levels of US$4.26 per pound by December.

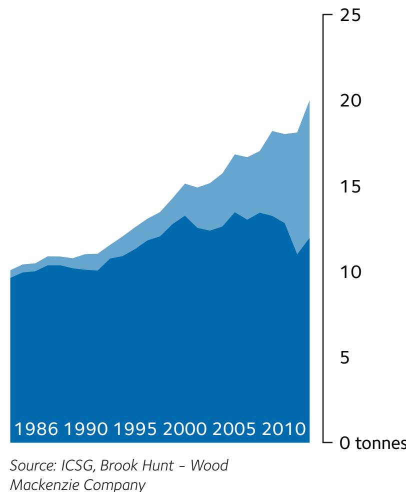
Copper metal demand recovered strongly in 2010 as industrial production rebounded from the economic crisis in 2009. Copper consumption increased by 10.4% according to Brook Hunt, a Wood Mackenzie Company. This increased demand was reflected in LME stocks declining 25% to 348,600 tonnes by year end. Total global stocks (which include producer, consumer, merchant and terminal stocks) stood at an estimated 24 days of global consumption versus the 25-year average level estimated at 29 days of global consumption.

Brook Hunt also reported that total copper mine production including solvent extraction and electrowinning (SX-EW) grew by 1.3% in 2010, leaving the concentrate market in a deficit situation. Although Brook Hunt forecasts a copper mine production increase of 6.4% in 2011, we believe this increase may not materialize, given the persistent production shortfalls the mining industry has faced over the past six years as a result of various factors including pit wall instability, mill failures, weather, labour unrest and lower overall grades at many of the largest copper mines in the world. Further, even if the 6.4% increase does materialize, it is expected to be insufficient to meet demand from custom smelters, which will leave the global concentrate market in a structural deficit.

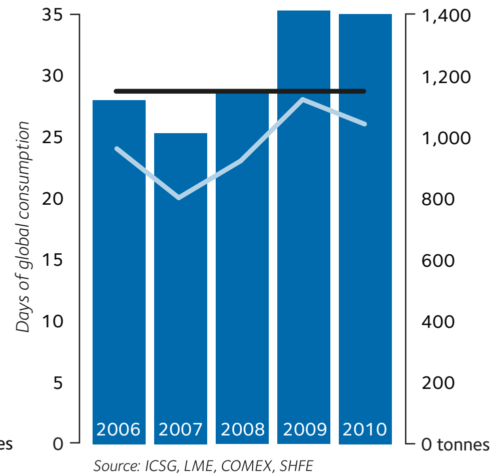
With the concentrate market remaining in deficit, and despite the potential for an increase in the availability of scrap copper to the market, global copper demand should increase at a greater rate than total metal supply. With a combination of a concentrate deficit and increased metal consumption, we expect the refined copper market will record another deficit in 2011.



Source: LME



Source: ICSG, Brook Hunt – Wood Mackenzie Company



Source: ICSG, LME, COMEX, SHFE

Coal

We are the largest producer of steelmaking coal in North America, and the second largest exporter of seaborne steelmaking coal in the world. Our six coal mines are located in Western Canada, with five in southeastern British Columbia and one in west-central Alberta. We produced 23.1 million tonnes of coal in 2010, the majority of which was shipped to the Asia-Pacific region. Our high quality reserves of more than 600 million tonnes position us to continue to meet global demand. Estimated sales for 2011 are in the range of 24.5 to 25.5 million tonnes without accounting for reductions due to labour-related disruptions in production. Production increases are expected to occur gradually throughout 2011 with production volumes in the last two quarters of the year expected to be higher than in the first two quarters of the year.

With current expansion plans underway at our six operating mines, and a possible restart of our Quintette mine, we expect to reach a production rate in excess of 30 million tonnes of coal per year – an increase of 21% over 2010 production – by the end of 2013, subject to permitting.

In 2010, our coal operations accounted for 47% of revenue and 50% of operating profit before depreciation and amortization.

($ in millions)	**2010**	2009	2008
Revenues	**$ 4,351**	$ 3,507	$ 2,428
Operating profit before depreciation and amortization	**$ 2,248**	$ 1,795	$ 1,226
Production volumes – 100% basis (000's tonnes)	**23,109**	18,930	23,009
Sales volumes – 100% basis (000's tonnes)	**23,167**	19,767	22,978

Cameron Kennedy, Certified Electrician Maintenance, Line Creek, British Columbia
"Teck is a solid company that treats their employees fairly and has a high regard for workplace safety. I personally feel that my contributions are recognized and appreciated."

Operations

Coal sales volumes of 23.2 million tonnes increased 17% from 2009 due to the global economic recovery and strong demand for high quality seaborne steelmaking coal in new markets, primarily China. During 2010 we sold approximately 3.2 million tonnes of coal to new markets.

Our 2010 production of 23.1 million tonnes increased 22% from 2009, but fell slightly short of our stated 2010 target. This was due largely to the eight-week strike at our Coal Mountain Operations, as well as unexpected geological issues at our Fording River and Cardinal River Operations, which reduced coal availability. The fire that occurred in the coal dryer at our Greenhills Operations in June 2010 did not adversely impact our production levels. The rebuilt dryer resumed operations in February 2011.

Our operating profit before depreciation and amortization primarily reflects higher sales volume and higher US dollar selling prices, partially offset by foreign exchange effects and slightly higher operating costs. With the improved market conditions, the average US dollar selling price increased to US$181 per tonne in 2010 compared with US$157 per tonne in 2009.

Operating profit also reflects higher unit production costs due primarily to higher diesel prices and contractor costs, which increased as we initiated a number of projects in 2010 to maximize our production levels and improve our business. Cost increases in 2010 were partially offset by higher production levels, which reduced our fixed costs per tonne of coal produced.

The labour agreement for our Elkview Operations expired on October 31, 2010, and a work-stoppage was announced on January 30, 2011. With high coal inventories at our mine sites, we do not expect the strike at our Elkview mine to affect our coal sales guidance for the first quarter of 2011, but it is likely to affect our sales for the full year. The labour agreement at our Fording River Operations expires on April 30, 2011.

Work is ongoing to develop and implement selenium management plans for each of our six operating coal mines. This is in accordance with the recommendations of a group of independent experts we commissioned to review selenium management. While costs associated with specific control measures have not been established, future costs of selenium management, both capital and operating, associated with operations as well as reclamation, may be material. It is also possible that permitting for current and future projects may be delayed or withheld until appropriate selenium management plans are developed and are being implemented.

Capital spending in 2010 of $285 million included additional equipment, processing plant upgrades, and new pit developments to increase our production. We have also taken steps to address rail and port capacity issues, including entering into a new 10-year contract with Canadian Pacific Railway for the westbound transportation of coal from our five British Columbia mines. This contract provides for investments in rail capacity and increased co-operation to support our growth objectives.

Growth Initiatives

Production Expansion
In view of the favourable long-term outlook for seaborne steelmaking coal and our base of high quality reserves and resources, we are continuing with a multi-faceted expansion of our coal production capacity. Based on new mine plans, we have acquired and placed orders for new plant and mining equipment and made substantial progress recruiting the workforce that will be necessary to ramp up capacity from existing operations. We are also advancing the permitting of our various expansion projects.

Quintette Project
Our Quintette mine in northeast British Columbia has been closed since 2000. In June 2010, we initiated a feasibility study to reopen this mine, which is expected to be completed by mid-2011. The mine will have a design capacity of approximately 3 million tonnes per year. Assuming the results of the study are positive and development proceeds as currently planned, the mine could be in production by 2013.

Markets

In 2010 we began contracting prices with our customers on a quarterly basis within a framework of annual contracts – as opposed to pricing based on the traditional coal year – a change that is consistent with developments in broader industry practice. In addition, we continued our developmental sales into new markets, particularly China. These sales are typically sold on a per-vessel basis, at prevailing market prices.

The demand for high quality seaborne steelmaking coal was generally strong throughout 2010 as China continued to import significant quantities and global economic conditions improved. While demand has increased, mine and infrastructure capacity constraints continue to limit the global supply of high quality steelmaking coal on the seaborne market. As a result, the benchmark price for our highest quality products increased to US$225 per tonne for the first quarter of 2011. Subsequently, heavy rains in Queensland, Australia in late 2010 and early 2011 disrupted supply and contributed to an even tighter market as we entered 2011.

While our long-term outlook for seaborne steelmaking coal is positive, we have experienced significant fluctuations in coal prices and sales volumes in the past. The emergence of China as a significant importer of seaborne steelmaking coal has resulted in a market that is highly elastic and volatile. Any significant disruption in China's economic growth could alter the future demand and supply dynamics for the entire seaborne market suddenly and severely.

On the supply side, major undeveloped sources of high quality steelmaking coal are known to exist in Australia, Indonesia, Mongolia, Russia and Mozambique, all of which have the potential to add supply over the longer term. In addition, rail and port infrastructure improvements in Australia are expected to further increase export capacity there. However, the development of new coal resources is time-consuming and expensive, particularly in locations that lack rail and port infrastructure, or that are distant from tidewater. It has also proven difficult to sustain these developments in a highly volatile market. Despite these challenges, we believe that developments will continue and that the global supply of high quality seaborne steelmaking coal will increase over the longer term, eventually coming closer to balance with demand.

Zinc

We are one of the world's largest producers of zinc, primarily from our Red Dog mine in Alaska and Antamina mine in northern Peru. Our operation in Trail, British Columbia is also one of the world's largest integrated zinc and lead smelting and refining operations. Together, these properties produced 645,000 tonnes of zinc contained in concentrate (Teck's share) and 278,000 tonnes of refined zinc in 2010.

As an integrated metal producer, we also provide recycling solutions for metal-bearing scrap and residue, also known as urban ore. Last year, we processed more than 13,000 tonnes of electronic waste, and also began a feasibility study on potential development of two new metal recovery furnaces at our Trail operation. If developed, this expansion would increase our capacity to profitably recycle and process urban ore.

In 2010, our zinc operations accounted for 25% of revenue and 15% of operating profit before depreciation and amortization.

	Revenues			Operating Profit (Loss) Before Depreciation and Amortization		
($ in millions)	**2010**	2009	2008	**2010**	2009	2008
Red Dog	**$ 1,121**	$ 986	$ 703	**$ 560**	$ 473	$ 240
Trail	**1,447**	1,190	1,442	**134**	122	208
Other	**40**	50	117	**7**	7	(26)
Inter-Segment Sales	**(230)**	(220)	(191)	**(21)**	(19)	17
Total	**$ 2,378**	$ 2,006	$ 2,071	**$ 680**	$ 583	$ 439

	Production			Sales		
(000's tonnes)	**2010**	2009	2008	**2010**	2009	2008
Refined zinc						
Trail	**278**	240	270	**274**	243	266
Contained in concentrate						
Red Dog	**538**	583	515	**585**	556	529
Pend Oreille and						
Lennard Shelf (Note 1)	**–**	5	51	**–**	5	53
Other business units	**107**	123	97	**111**	120	96
Total	**645**	711	663	**696**	681	678

(1) Our Lennard Shelf zinc mine produced from April 2007 to August 2008, when it was permanently closed.

Tyler Jorgensen, Operator III Melting, Trail Operations, British Columbia “Working here is a tradition – I’m the fourth generation of my family to work at the Trail operation.”

Operations

Red Dog

Red Dog's location in northwest Alaska exposes the operation to severe weather and winter ice conditions, which can significantly impact production, sales volumes, and operating costs. In addition, the mine's bulk supply deliveries and all concentrate shipments occur during a short ocean shipping window that normally runs from early July to late October. This short shipping window means that Red Dog's sales volumes are normally higher in the last six months of the year, resulting in significant volatility in its quarterly earnings, depending on metal prices.

In 2010, both zinc and lead production were lower than 2009 due to lower mill feed grades. However, record mill throughput and mine production were achieved during the year.

In accordance with the operating agreement governing the Red Dog mine between TML and NANA Regional Corporation Inc. ("NANA"), NANA is entitled to a royalty equal to 25% of net proceeds of production. The NANA royalty charge in 2010 was US$173 million compared with US$128 million in 2009. The net proceeds royalty increases by 5% every fifth year to a maximum of 50%. The increase to 30% of net proceeds of production will occur in 2012. NANA has advised us that it ultimately shares approximately 62% of the royalty, net of allowable costs, with other Regional Alaskan Native Corporations pursuant to section 7(i) of the *Alaska Native Claims Settlement Act*.

Red Dog's operating profit before depreciation and amortization was $560 million compared with $473 million in 2009 and $240 million in 2008. The higher 2010 operating profit was mainly due to higher metal prices.

Major capital spending in 2010 included US$20 million for tailings dams and US$22 million on other sustaining capital projects. Our capital spending in 2011 is expected to be US$55 million.

We expect 2011 production to be approximately 555,000 tonnes of zinc contained in concentrate and 85,000 tonnes of lead contained in concentrate. 2011 production is forecast to be higher in zinc and lower in lead than in 2010. Approximately two-thirds of the mill feed will be from the Aqqaluk deposit.

Mining of the Aqqaluk deposit began in May 2010. The pit development proceeded successfully and ahead of schedule. The first Aqqaluk ore was processed in the mill in August.

Red Dog continues to pursue a renewal of its main water discharge permit. In January 2010, the United States Environmental Protection Agency ("EPA") released the Aqqaluk Supplemental Environmental Impact Statement ("SEIS") and simultaneously issued a new water discharge permit for the mine under the National Pollutant Discharge Elimination System ("NPDES"). As a result of a third party appeal of the State of Alaska's certification of that permit, the conditions of the new permit governing effluent limitations for lead, selenium, zinc, cyanide and total dissolved solids ("TDS") were stayed pending resolution of the appeal by the Environmental Appeal Board. In March 2010, those limitations were withdrawn by the EPA to allow them additional time to consider arguments raised by the appeal and to discuss these issues with the State of Alaska. Until a permit with attainable limits is issued, the corresponding provisions of our existing permit will remain in effect. The existing permit contains an effluent limitation for TDS that the mine cannot meet. The mine will however discharge water in accordance with limits found in the SEIS to be fully protective of the environment, and which are consistent with the court-imposed interim discharge limits already applicable to the mine under a 2008 settlement agreement.

We continue to work with regulators to finalize a renewed water discharge permit for Red Dog. We believe that the regulatory process has been appropriate and robust and that a permit with appropriate effluent limitations will ultimately be issued. Nonetheless, there can be no assurance that further appeals or permit uncertainty will not give rise to liability or impede mining activities, or that permit conditions that are ultimately issued will not impose significant costs on the Red Dog operation.

Trail Metallurgical Operations

Our Trail Operations, located in the province of British Columbia in western Canada, represent one of the world's largest fully integrated zinc and lead smelting and refining complexes. The metallurgical operations also produce a variety of precious and specialty metals, chemicals and fertilizer products. Trail has a two-thirds interest in the Waneta hydroelectric dam as well as ownership of the related transmission system. The Waneta Dam provides clean and renewable power to the metallurgical operations.

The metallurgical operations contributed $134 million to operating profits before depreciation and amortization in 2010, compared with $122 million in 2009 and $208 million in 2008. Higher prices for lead, zinc and silver combined with higher production and sales volumes for zinc reflected the general improvement in the economy. These improvements were partially offset by the decrease in surplus power sales, a strengthening of the Canadian dollar, and increased non-routine operating costs associated with the planned maintenance shutdown of the lead smelter.

Refined zinc production totalled 278,000 tonnes in 2010, compared with 240,000 tonnes in 2009, when production was curtailed due to market conditions. In 2010, production was constrained by an operational issue in the zinc electrolytic plant cell house, which has since been remedied, and by a two-week unscheduled outage of the oxygen plant, which is owned by a third party.

Refined lead production at 71,500 tonnes was slightly lower than 2009. Decreased lead production was due primarily to the oxygen plant outage that had a greater impact on lead operations and planned maintenance activities in the fourth quarter that included a 32-day shutdown of the KIVCET lead smelter, which is scheduled every three years. The shutdown of the KIVCET lead smelter was completed on time and coincided with a planned maintenance shutdown of one of the two zinc roasters that lasted 14 days. Overall the costs for the shutdown activities, which included $21 million in sustaining capital expenditures and $23 million in repairs and maintenance costs, were completed on plan.

Production returned to full rates by the end of November 2010. In 2011, we expect to produce approximately 285,000 tonnes of zinc, 80,000 tonnes of lead, and 20 million ounces of silver.

Capital expenditures for the year totalled $48 million. Operating costs increased in line with higher zinc production levels and additional non-routine activities associated with the planned maintenance shutdown of the smelter. Our capital spending in 2011 is expected to be $70 million.

The Waneta Dam is one of several hydroelectric generating plants in the region operated through contractual arrangements. We currently receive approximately 1,800 gigawatt hours of energy entitlement per year regardless of the water flow available for power generation. Historically, we held full ownership of the Dam, and power that was surplus to Trail's requirements was sold through the transmission system to customers in British Columbia and the United States. In 2009, we agreed to sell a one-third interest in the Waneta Dam to BC Hydro for $825 million, with provision for firm supply of power until January 1, 2036. This transaction closed in March 2010.

Surplus power sales volumes for 2010 were significantly lower than 2009 due to the sale. Surplus power operating profit before depreciation and amortization totalled $10 million in 2010 on a volume of 250 gigawatt hours, compared to $40 million and volume of 1,238 gigawatt hours the previous year.

Our electronic waste recycling program processed 13,000 tonnes of material during the year, and we plan to treat 14,000 tonnes in 2011. By July 2011, we anticipate attaining a milestone of 50,000 tonnes recycled since the program's inception in 2006. In cooperation with the British Columbia Ministry of Environment, we are continuing our tests related to the recycling of zinc alkaline batteries. Test work on the treatment of fluorescent bulbs was completed by year end and we expect to begin full-scale processing of this waste material in 2011.

Other Zinc Operations

Our Pend Oreille mine, located in Washington State, has been on care and maintenance since February 2009. A core group of employees is working to keep the site ready in the event of a future restart. All regulatory and environmental requirements are being met.

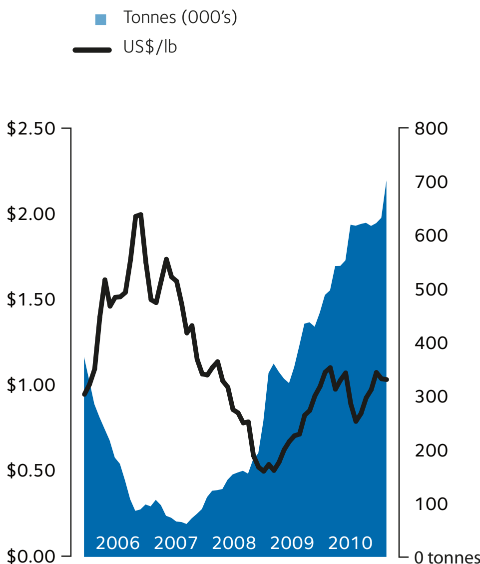
Markets

Zinc prices started the year at US$1.17 per pound, fell to US$0.72 per pound by June, then rose for the balance of 2010 and finished the year at US$1.17 per pound. The average price for the year was US$0.98 per pound, up from the 2009 average of US$0.75 per pound.

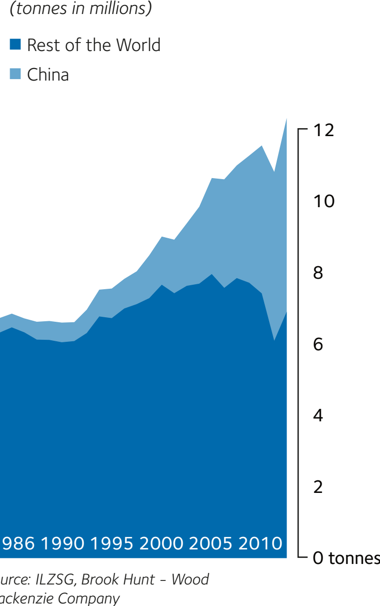
Zinc metal demand recovered strongly in 2010, especially within the automotive and steel industries. According to Brook Hunt, zinc metal consumption increased by 14%. Metal premiums increased in North America and Asia during the year, which reflected the improving metal demand. However, in spite of the improving demand picture, the metal market was in surplus in 2010, which was reflected in LME inventories increasing by 44% to 701,425 tonnes by year end. Total global stocks (which include producer, consumer, merchant and terminal stocks) stood at an estimated 42 days of global consumption versus the 25-year average level estimated at 39 days of global consumption.

According to Brook Hunt, in 2010, global mine production rose 8%, or 950,000 tonnes, but global refined production rose at an even higher rate of 12% or 1.4 million tonnes, which moved the concentrate market into a deficit.

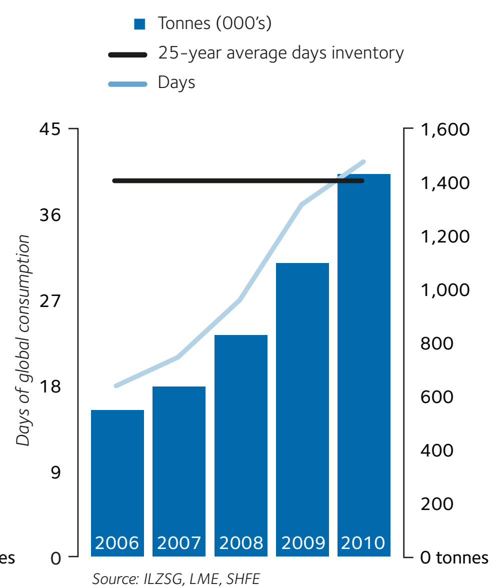
In 2011, we believe that the global zinc concentrate market will continue to be in deficit, as global refinery capacity (primarily in China) is expected to grow at a greater rate than global mine production. This concentrate deficit will result in refineries operating at below full utilization rates and will require cuts in metal production from planned levels. However, global refined production should still increase at a greater rate than refined demand.



Source: LME



Source: ILZSG, Brook Hunt - Wood Mackenzie Company



Source: ILZSG, LME, SHFE

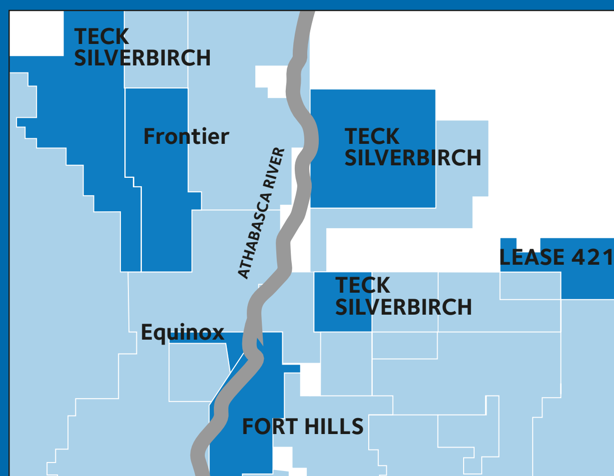
Red Dog Operations operates under an innovative agreement between Teck and NANA Regional Corporation (NANA), a Native corporation owned by Iñupiat people of Northwest Alaska. NANA shareholders are also an important part of the mine's day-to-day operation, making up almost 60% of the current workforce.

Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include a 20% interest in the Fort Hills oil sands project and a 50% interest in the Frontier and Equinox oil sands projects. In addition, we hold a 50% interest in various other oil sands leases, including the Lease 421 Area. These leases are in the exploration phase. In 2010, we significantly increased our recoverable contingent bitumen resources by 0.5 billion barrels to approximately 2.1 billion barrels. These valuable long-term assets are located in a politically stable jurisdiction and will be mined using conventional technologies that build upon our core skills of large-scale truck and shovel operations.

We recognize public concerns over the potential environmental impact of developing oil sands projects and our goal is to pursue sustainable operations. We are researching methods to improve extraction and processing. And we are encouraged by the progress of the industry towards improving technology and production processes, reducing water consumption, improving tailings management, and increasing land reclamation and revegetation.

We are also developing renewable energy projects. In 2010, we signed a joint venture agreement with Suncor to develop the Wintering Hills wind power project.



When fully developed, our Wintering Hills wind power project with Suncor will generate enough energy to power 35,000 homes.

The disclosure below includes references to contingent bitumen resource estimates. Further information on these estimates, and the related risks and uncertainties, is set out in our most recent Annual Information Form filed on SEDAR and under cover of Form 40-F on EDGAR. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Fort Hills Oil Sands Project

The Fort Hills oil sands project is located approximately 90 kilometres north of Fort McMurray in northern Alberta. We hold a 20% interest in the Fort Hills Energy Limited Partnership (the "Fort Hills Partnership"), which owns the Fort Hills oil sands project, with 20% held by Total E&P Canada Ltd. ("Total") and the remaining 60% held by the operator of the project, Suncor Energy Inc. ("Suncor"). On December 17, 2010, Suncor announced that it had entered into a strategic partnership setting forth the terms under which Suncor and Total intend to jointly develop Fort Hills and other projects. The transaction would also entail the transfer of a portion of Suncor's partnership interest, resulting in Suncor holding a 40.8% interest and Total holding a 39.2% interest in Fort Hills. Suncor has stated that the transaction is subject to regulatory and other approvals, with closing targeted late in the first quarter of 2011.

At December 31, 2010, our best estimate of our 20% share of the recoverable bitumen at Fort Hills is 684 million barrels. To the end of 2010, approximately $2.7 billion has been spent on the Fort Hills project. Our share was $907 million, of which $7 million was spent in 2010. In connection with our ownership interest, we are committed to fund 27.5% of the next $4.8 billion of project spending and our 20% pro-rata share thereafter.

During 2010, Suncor carried out a review of the Fort Hills oil sands project and in December, announced an updated development schedule for the project. Advanced engineering work is to commence in 2011 and a decision to proceed with the project could be made by the partners in 2012, which is expected to result in the first phase of bitumen production in 2016. The upgrader portion of the Fort Hills oil sands project remains deferred.

Alberta's Energy Resources Conservation Board ("ERCB") granted conditional approval in April for plans for the construction, use and closure of fluid tailings ponds at Fort Hills. In December, Suncor, on behalf of the Fort Hills project, submitted a revised assessment of the Fort Hills project cumulative effects and mine plan to the ERCB to facilitate the request to increase the total recoverable resource. Suncor has provided a forecast project spending estimate of $198 million for 2011, of which our share would be $54 million, including our earn-in commitments, compared with our $7 million share of 2010 spending.

Teck/SilverBirch Joint Venture

We jointly hold, with SilverBirch Energy Corporation ("SilverBirch"), oil sands leases located near the Fort Hills project. SilverBirch was created as a result of the Total purchase of UTS Energy Corporation ("UTS") in September 2010, and holds the non-Fort Hills assets formerly held by UTS. To date, we have spent $387 million for our 50% share of the acquisition, exploration and engineering costs of these oil sands leases, of which $22 million was spent in 2010.

Frontier and Equinox Projects

The Equinox project is located immediately west of the Fort Hills project, and the Frontier project, which includes Lease 311, is approximately 10 kilometres north of the Equinox project.

The Equinox project consists of approximately 2,860 hectares of oil sands leases and our best estimate is that our 50% interest represents 188 million barrels of contingent bitumen resources. The Frontier project consists of approximately 26,100 hectares of oil sands leases and our best estimate is that our 50% interest in the Frontier project represents approximately 1.22 billion barrels of contingent bitumen resources.

A field exploration program on the Frontier project consisting of approximately 83 core holes was successfully conducted during the winter of 2010. Analytical testing and updating of the geological model was completed in 2010 and will form the basis for future engineering studies.

Engineering studies have started on the Frontier project, which will include an option of developing Equinox as a satellite operation. Various development options for a stand-alone mine/extraction operation of up to 240,000 barrels of bitumen per day from Frontier and an additional 30,000 to 50,000 barrels of bitumen per day from Equinox will be considered. The results of this work are expected to form the basis for a planned regulatory application scheduled to be submitted to the regulators in the second half of 2011.

A geotechnical and hydrogeological field program is planned for the Frontier project during the winter of 2011. The results of this field program will be included in the engineering and regulatory work conducted during 2011. We expect to spend approximately $18 million for our share of the exploration, engineering, regulatory, and communities of interest activities for Frontier and Equinox projects during 2011.

Lease 421 Area

Initial exploration results from 2009 indicate the potential for a mineable resource in the Lease 421 Area, in which we have a 50% interest. However, further exploration will be required to establish the quantity and quality of any potential resources. Together with our partners, we are planning to conduct a seismic exploration program on the Lease 421 Area during the winter of 2011. We expect to spend approximately $6 million for our share of the exploration, engineering, and communities of interest activities during 2011.

Wintering Hills Wind Power Project

In September 2010 we signed a joint venture agreement with Suncor Energy Products Inc., a wholly-owned subsidiary of Suncor Inc., to develop the 88 megawatt Wintering Hills wind power project near Drumheller, Alberta. Under the terms of the agreement, Suncor will own a 70% interest and operate the project and we will own the remaining 30%. We expect our total investment in connection with the project to be approximately $66 million. Following regulatory approval from the Alberta Utilities Commission, construction on the project began in July 2010 and is expected to be completed by the end of 2011.

Exploration

Exploration is carried out through eight offices in the Americas, Europe, Africa and Australia. Expenditures of $56 million in 2010, including $6 million for minesite and development/engineering projects, were focused on copper, zinc and gold opportunities.

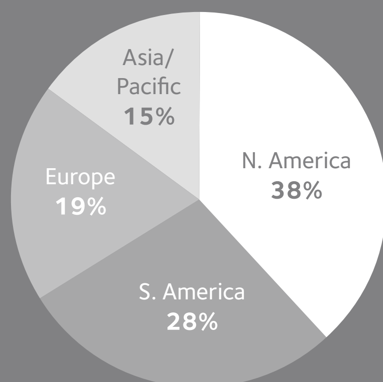
Several porphyry copper projects in Chile, Mexico, Turkey and Namibia were drilled during 2010. In addition, several Teck-owned copper projects in Mexico, Peru, Chile, Brazil and Namibia were drilled by other parties earning into the projects. Two of our porphyry copper projects: La Verde in Mexico (Catalyst Copper Corporation) and Zafranal in Peru (AQM Copper Inc.) have advanced to the resource stage. We plan to drill several copper targets in 2011, including properties in British Columbia, Mexico, Peru, Chile, Turkey and Namibia.

Zinc exploration remains focused in the Red Dog mine district in Alaska, northeastern Australia and Ireland. In both Alaska and Australia, the target type is large, high grade, sediment hosted deposits similar to Red Dog and McArthur River mines. In Ireland, the target type is large, high grade deposits similar to the producing Navan mine.

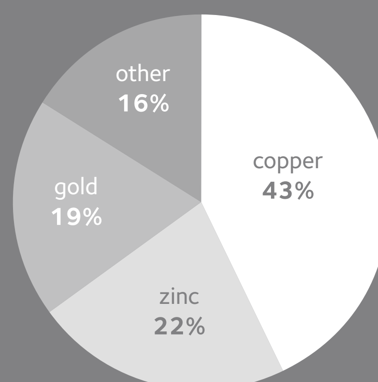
No exploration drilling was undertaken in the Red Dog district in 2010. In northeastern Australia, we vested at a 51% interest in the Bluebush project (49% Anglo American) and entered into an agreement to earn up to a 70% interest in the Myrtle project, a large landholding adjacent to the McArthur River Mine. In Ireland, we drilled on the Stonepark, Ballinalack and Midlands projects, with encouraging results continuing to come from Stonepark. Significant drill programs are planned for all three countries in 2011.

In addition to exploring for copper and zinc, we are exploring for, and looking to partner in, new gold opportunities. Our plan is to explore, find and advance gold resources through targeted exploration activity in secure jurisdictions, where we can leverage the assets, databases and in-country expertise that provide a competitive advantage. Our current exploration efforts in gold are primarily focused in Canada, Alaska, Peru, Mexico and Turkey. Once an opportunity has been recognized, the strategy is to optimize that opportunity or asset through further definition drilling and engineering studies and then capture value through periodic divestitures.

Exploration by Location 2010



Exploration by Commodity 2010



Claire Chamberlain, Principal Geologist, North America Exploration Team
"In exploration, I have the chance to go places few other people have gone – and those places become my office."

Financial Overview

Financial Summary

($ in millions, except per share data)	**2010**	2009	2008
Revenue and earnings			
Revenues	**$ 9,339**	$ 7,674	$ 6,655
Operating profit before depreciation and amortization	**$ 4,495**	$ 3,662	$ 2,811
EBITDA*	**$ 4,297**	$ 4,109	$ 1,961
Earnings from continuing operations	**$ 1,975**	$ 1,819	$ 750
Earnings attributable to shareholders	**$ 1,860**	$ 1,831	$ 659
Cash flow			
Cash flow from operations	**$ 2,743**	$ 2,983	$ 2,109
Capital expenditures	**$ 810**	$ 590	$ 928
Investments	**$ 46**	$ 372	$ 12,298
Balance sheet			
Cash balances, including restricted cash	**$ 832**	$ 1,420	$ 850
Total assets	**$ 29,209**	$ 29,873	$ 31,533
Debt, including current portion	**$ 4,948**	$ 8,004	$ 12,874
Per share amounts			
Earnings from continuing operations			
Basic	**$ 3.15**	$ 3.28	$ 1.48
Diluted	**$ 3.14**	$ 3.27	$ 1.47
Earnings			
Basic	**$ 3.15**	$ 3.43	$ 1.46
Diluted	**$ 3.14**	$ 3.42	$ 1.45
Dividends declared per share	**$ 0.50**	$ –	$ 0.50

*EBITDA is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.

Our revenues and earnings depend on prices for the commodities we produce, sell and use in our production processes. Commodity prices are determined by the supply of and demand for those commodities, which are influenced by global economic growth. We normally sell the products that we produce at prevailing market prices or in the case of steelmaking coal, at negotiated prices on term contracts. Prices for these products, particularly for exchange-traded commodities, can fluctuate widely and that volatility can have a material effect on our financial results.

We record our financial results using the Canadian dollar and accordingly, our operating results and cash flows are affected by changes in the Canadian dollar exchange rate relative to the currencies of other countries where we operate. Exchange rate movements can have a significant impact on our results, as a significant portion of our operating costs are incurred in Canadian and other currencies and most of our revenues and debt are denominated in US dollars.

Earnings attributable to shareholders for 2010 were $1.9 billion, or $3.15 per share, which included $768 million of after-tax gains on the sale of assets and $658 million of charges, net of taxes, related to our debt refinancing activities. This compares with $1.8 billion or $3.43 per share in 2009, which included a total of $881 million of after-tax non-cash foreign exchange gains and gains on the sale of assets. Earnings attributable to shareholders in 2008 were $659 million, or $1.46 per share, which included $856 million of after-tax asset impairment losses.

Our earnings over the past three years have included numerous unusual items that are described below and summarized in the table that follows. Excluding these items, our earnings for 2010 were positively affected by rising prices for our major commodities and a 17% increase in the sales volume of steelmaking coal.

Our earnings in 2009 included $561 million of after-tax non-cash foreign exchange gains on our net debt, and $320 million of after-tax gains on the sale of various assets that were undertaken as part of our debt reduction plan. Partially offsetting these favourable items were $117 million of unamortized discounts and issues costs related to our Fording acquisition debt that we wrote off as we repaid and refinanced that debt and $139 million of impairment losses related to our oil sands assets, the majority of which relates to the delay of the mine and bitumen production portion of the Fort Hills project.

Our earnings in 2008 were negatively affected by non-cash after-tax asset and goodwill impairment charges totalling $856 million taken against (i) the goodwill related to the three copper mines we acquired from Aur in 2007 ($345 million); (ii) the deferral of the upgrader portion of our Fort Hills oil sands project ($90 million); (iii) our Lennard Shelf, Pend Oreille and Duck Pond mines ($116 million); (iv) the Petaquilla copper project in Panama, the Santa Fe nickel project in Brazil and other exploration properties ($60 million); and (v) $245 million in respect of marketable securities that we own in various development stage companies, whose decline in value was considered other-than-temporary.

The table below shows the impact of these items on our earnings.

	2010	2009	2008
Earnings attributable to shareholders	**$ 1,860**	$ 1,831	$ 659
Add (deduct) the after-tax effect of:			
Asset sales and investment sales gains	**(768)**	(320)	73
Refinancing costs	**658**	117	–
Foreign exchange gains on net debt	**(65)**	(561)	–
Derivative (gains) losses	**(153)**	36	(202)
Asset impairment and asset impairment in equity losses	**–**	119	266
Impairment of goodwill and marketable securities	**–**	20	590
Tax items	**11**	(30)	(50)
(Earnings) loss from discontinued operations	**–**	(81)	9
Adjusted earnings*	**1,543**	1,131	1,345
Pricing adjustments – (positive) negative	**(53)**	(207)	329
Comparative earnings*	**$ 1,490**	$ 924	$ 1,674

*Adjusted earnings and comparative earnings are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section for further information.

Pricing adjustments generally increase earnings in a rising commodity price environment and decrease earnings in a declining price environment. They are a normal part of our business but we exclude them from comparative earnings in the table above to provide a better understanding of how our company performed.

In the latter part of 2008 general conditions in credit markets deteriorated substantially, which had a serious impact on the global economy and contributed to a significant and rapid decline in the demand for and selling price of our products. Average base metal prices were down significantly in the fourth quarter of 2008, with two of our major products, copper and zinc, dropping significantly from prices at the end of September 2008, resulting in negative pricing adjustments of $474 million ($270 million after tax) in the fourth quarter alone. Economic conditions improved in 2009, contributing to a significant improvement in base metal prices, which resulted in positive pricing adjustments of $325 million ($207 million after tax) in 2009.

Cash flow from operations in 2010, before changes in non-cash working capital items, was $2.8 billion compared with $2.3 billion in 2009 and $3.4 billion in 2008. The changes in cash flow from operations are due mainly to the volatility in commodity prices and changes in the Canadian/US dollar exchange rate. In 2008, our earnings included a $1.5 billion non-cash future tax provision, $856 million of non-cash asset impairment charges and provisions against our marketable securities.

At December 31, 2010, our cash balance was $832 million. Total debt was $4.9 billion and our net debt to net debt-plus-equity ratio was 20% compared with 31% at December 31, 2009.

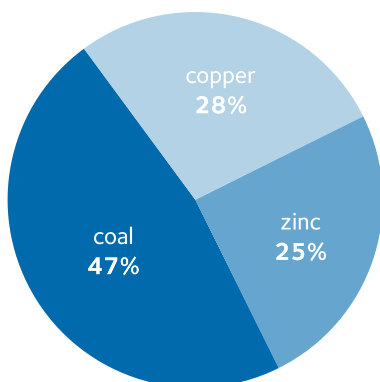
Operating Profit

Our operating profit is made up of our revenues less the operating, depreciation and amortization expenses at our producing operations. Income and expenses from our business activities that do not produce commodities for sale are included in our other income and expenses.

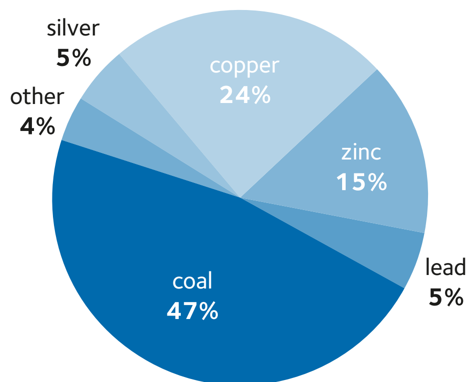
Our principal commodities are copper, steelmaking coal and zinc, which accounted for 24%, 47% and 15% of revenues respectively in 2010. Silver and lead are significant by-products of our zinc operations, respectively accounting for 5% each of our 2010 revenues. We also produce a number of other by-products including molybdenum, various specialty metals, chemicals and fertilizers, which in total accounted for 4% of our revenue in 2010.

Our acquisition of the Fording coal assets in October 2008 has had a significant impact on our revenues, operating expenses and operating profits. Our results for 2008 included our 40% share of the results of Teck Coal Partnership until the end of October 2008 and 100% thereafter. Accordingly, this acquisition accounted for a significant portion of the increase in revenues, operating expenses, and depreciation and amortization when comparing both 2010 and 2009 with 2008.

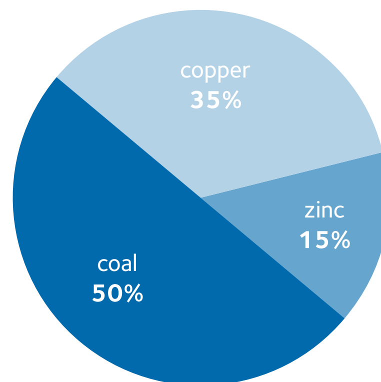
2010 Revenue by Business Unit



2010 Revenue by Commodity



2010 Operating Profit by Business Unit*



*Before depreciation and amortization

Our revenues are affected by sales volumes, which are determined by our production levels and demand for the commodities we produce, commodity prices and currency exchange rates.

Our revenues were a record $9.3 billion in 2010 compared with $7.7 billion in 2009 and $6.7 billion in 2008. Average prices for all of our main commodities were higher in 2010 than 2009. However, the significant volatility in base metal prices had a significant impact on our revenue in 2009 and 2008. As a result of the sharp decline in prices late in 2008, our revenue for 2008 included $577 million (before $45 million of royalty expense recovery) of negative pricing adjustments compared with $354 million (before $29 million of royalty expenses) of positive adjustments in 2009 as base metal prices recovered.

At the end of 2009, outstanding receivables included 107 million pounds of copper provisionally valued at an average of US$3.34 per pound, 221 million pounds of zinc valued at an average of US$1.17 per pound and 31 million pounds of lead valued at an average of US$1.09 per pound. During 2010, the copper receivables were settled at an average final price of US$3.29 per pound, zinc receivables were settled at an average final price of US$1.07 per pound and lead at US$0.99 per pound, resulting in negative after-tax final pricing adjustments of $12 million in the year. We also recorded positive after-tax pricing adjustments of $65 million for sales recorded during 2010. At December 31, 2010, outstanding receivables included 98 million pounds of copper provisionally valued at an average of US$4.39 per pound, 140 million pounds of zinc valued at an average of US$1.11 per pound and 2 million pounds of lead valued at an average of US$1.17 per pound.

Our operating costs include all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased for our Trail refining and smelting operation, royalties, and marketing and distribution costs required to sell and transport our products to various delivery points. Due to the geographic locations of many of our operations, we are highly dependent on third parties for the provision of rail, port and other distribution services. In certain circumstances, we negotiate prices for the provision of these services where we may not have viable alternatives to using specific providers, or may not have access to regulated rate-setting mechanisms. Contractual disputes, demurrage charges, rail and port capacity issues, availability of vessels and railcars, weather problems and other factors can have a material effect on our ability to transport materials from our suppliers and to our customers in accordance with schedules and contractual commitments.

The magnitude of our operating costs is dictated mainly by our production volumes, the costs of labour, operating supplies and concentrate purchases; by strip ratios, haul distances and ore grades; and by distribution costs, commodity prices, foreign exchange rates and costs related to non-routine maintenance projects. Production volumes mainly affect our variable operating and our distribution costs. In addition, production may also affect our sales volumes and, when combined with commodity prices, affects profitability and ultimately our royalty expenses.

Our operating expenses were $4.8 billion in 2010, compared with $4.0 billion in 2009 and $3.8 billion in 2008. Higher production volume increases at our coal and copper operations accounted for approximately $460 million of the increase in 2010, of which the start-up of the Carmen de Andacollo concentrator accounted for $60 million of this increase. In addition, the cost of concentrate purchases at our Trail operations increased by approximately $250 million due to higher base metal prices and as a result of Trail operating at higher production levels compared with 2009 when production was curtailed due to market conditions.

We determine our depreciation and amortization expense using various methods. Plant and equipment are depreciated and amortized on a straight-line basis over their estimated useful lives at our refining and smelting operations in Trail. Plant and processing facilities at our mines are amortized on a units-of-production basis over the lesser of their useful lives or the estimated proven and probable ore reserves. Mobile equipment is depreciated and amortized using operating hours, and buildings, and other site infrastructure over their estimated useful lives. Accordingly, our depreciation and amortization expense varies to some degree with our production volumes and changes in our ore reserve estimates. In 2010 our depreciation expense was $940 million compared with $928 million in 2009 and $468 million in 2008. The main reason for the increase was our acquisition of the Fording assets in October 2008, which resulted in an additional $472 million of depreciation and amortization in 2009 compared with 2008.

Other Expenses

($ in millions)	2010	2009	2008
General and administrative	**$ 263**	$ 188	$ 91
Interest and financing	**565**	655	182
Exploration	**56**	33	133
Research and development	**21**	15	23
Asset impairment	**–**	27	589
Other income, net of other expenses	**(265)**	(824)	(55)
Provision for income and resource taxes	**932**	695	652
Equity loss (earnings)	**8**	126	(22)
Loss (earnings) from discounted operations	**–**	(81)	9
	$ 1,580	$ 834	$ 1,602

General and administrative expenses were $263 million in 2010 compared with $188 million in 2009 and $91 million in 2008. The increase is mainly due to the improvement in our share price, which resulted in a $124 million charge to our stock-based compensation expense in 2010 and $86 million in 2009. In addition, due to improvements in general economic conditions, we have advanced various business improvement projects and employee engagement programs that had been deferred in 2009, resulting in increases in our general and administrative spending levels. In 2008, our share price declined significantly, resulting in a $6 million recovery of stock-based compensation.

Our interest and financing expense was $565 million in 2010 compared with $655 million in 2009 and $182 million in 2008. The expense has varied substantially due to our acquisition of the Fording assets in October 2008, which we financed with US$9.8 billion of debt. Since that acquisition, we have repaid or refinanced all of the acquisition debt and reduced our overall debt balance by $8.5 billion, from $13.4 billion at the time of the Fording acquisition to $4.9 billion at the end of 2010.

We must continually replace our reserves as they are depleted in order to maintain production levels over the long term. We endeavour to do this through our exploration and development program and through acquisition of interests in new properties or in companies that own such properties. Exploration for minerals and oil is highly speculative and the projects involve many risks. The vast majority of exploration projects are unsuccessful and there are no assurances that current or future exploration programs will find deposits that are ultimately brought into production.

Exploration expense was $56 million in 2010 compared with $33 million in 2009 and $133 million in 2008. The main reason for the low exploration expense in 2009 was a reduction in spending as part of the debt reduction plan announced in the fourth quarter of 2008.

Our research and development expenditures are focused on advancing our proprietary CESL hydrometallurgical technology, the development of internal and external growth opportunities, and the development and implementation of process and environmental technology improvements at operations. In 2010, our research and development expense was $21 million compared with $15 million in 2009 and $23 million in 2008.

There were no asset impairment charges in 2010. The $27 million impairment charge in 2009 was mainly related to certain oil sands assets we hold. Asset impairment charges in 2008 totalling $589 million before taxes included $345 million of goodwill arising out of the acquisition of Aur, $179 million in respect of our Duck Pond, Lennard Shelf and Pend Oreille mines, and $65 million on various development and exploration projects.

Other income, net of other expenses, was $265 million in 2010 compared with $824 million in 2009 and $55 million in 2008. Other income and expense included $859 million of gains on the sale of investments and other assets (2009 – $383 million), $180 million of gains on our derivative contracts (2009 – $50 million of losses), $66 million of non-cash foreign exchange translation gains (2009 – $640 million) primarily related to our US dollar debt partially offset by $782 million of debt financing charge related to the repayment and refinancing of the Fording acquisition debt (2009 – $168 million). 2008 included $311 million of gains on derivative contracts and a $292 million write-down of marketable securities that we own in various development stage companies, whose decline in value was considered other-than-temporary.

Income and resource taxes were $932 million in 2010, or 32% of pre-tax earnings, which is higher than the Canadian statutory tax rate of 29%. This is primarily a result of resource taxes in Canada, higher rates in foreign jurisdictions, and debt refinancing charges which are only deductible at lower capital gains tax rates. The effect of these is partially offset by gains on disposition of capital assets and derivatives, which are also subject to a lower tax rate. Income tax pools arising out of the Fording transaction shield us from cash income taxes, but not resource taxes, in Canada. We remain subject to cash taxes in foreign jurisdictions.

We account for our investments in the Fort Hills Energy Limited Partnership, the Galore Creek Partnership and Fording (until October 30, 2008) using the equity method. Activities at Fort Hills and Galore Creek were minimal in 2010 as both projects were on care and maintenance. The $119 million and $85 million equity losses at Fort Hills in 2009 and 2008, respectively, were due mainly to our share of asset impairment charges arising from the deferral of the upgrader portion of the project. Our 2008 equity earnings from the Galore Creek Partnership were $18 million related to our share of demobilization costs resulting from the decision to suspend construction of the Galore Creek project. Demobilization activities went better than expected in 2008, resulting in a reduction of the provision for these costs. 2008 also included our share of Fording's earnings until we acquired their coal assets on October 30, 2008.

Our earnings from discontinued operations relate mainly to the results from our Pogo and Hemlo gold mines until they were sold in 2009 ($19 million; 2008 – $9 million), the $55 million of gains on those sales and to the price participation provision in the 2004 agreement to sell our Cajamarquilla zinc refinery, which expired at the end of 2009 ($7 million; 2008 – $18 million loss).

Earnings attributable to non-controlling interests relate to the ownership interests in our Highland Valley Copper, Quebrada Blanca, Carmen de Andacollo and Elkview mines that are held by third parties. The increase in 2010 compared with 2009 was due mainly to the higher earnings from the copper mines.

Financial Position and Liquidity

Our financial position and liquidity continued to improve during 2010. This was a result of the cash flow derived from our operations, completion of the sale of our non-core asset program that began in late 2008, and the refinancing of a portion of our long-term debt that involved three tender offers and the issuance of new lower coupon notes maturing in 2017, 2021 and 2040. Our total debt balance was $4.9 billion at December 31, 2010 compared with $8.0 billion at the end of 2009.

Our debt positions and credit ratios are summarized in the following table.

	December 31, 2010	December 31, 2009	December 31, 2008
Fixed rate term notes	**$ 4,694**	$ 5,086	$ 1,181
Term loan	**–**	2,325	3,937
Bridge loan	**–**	–	5,284
Other	**281**	205	167
Total debt (US$ in millions)	**$ 4,975**	$ 7,616	$ 10,569
Total debt (C$ in millions)	**$ 4,948**	$ 8,004	$ 12,874
Less cash balances (C$ in millions)	**(832)**	(1,420)	(850)
Net debt (C$ in millions)	**$ 4,116**	$ 6,584	$ 12,024
Debt to debt-plus-equity	**24%**	36%	54%
Net debt to net-debt-plus-equity	**20%**	31%	52%

The cost of funds under our credit facilities depends in part on our credit ratings. Since December 31, 2009 there have been several upgrades to the company's credit ratings and its outstanding debt. Moody's currently rates Teck as Baa2 with a stable outlook, Standard & Poor's rates Teck as BBB with a stable outlook, Dominion Bond Rating Service rates Teck as BBB (low) with a positive trend and Fitch Ratings rates Teck as BBB– with a stable outlook. The costs under our credit facilities would change if certain of our credit ratings were to change.

Our primary sources of liquidity and capital resources are our cash and temporary investments, cash flow provided from operations, proceeds of potential asset sales and funds available under our committed bank credit facilities, of which approximately $1.1 billion is currently available.

Operating Cash Flow

Cash flow from operations was $2.7 billion in 2010 compared with $3.0 billion in 2009 and $2.1 billion in 2008. In 2009, we received approximately $940 million of tax refunds in 2009 related to our acquisition of Fording's coal assets, which was included in the change in non-cash working capital items. Excluding the 2009 tax refund, the increased cash flow from operations in 2010 was due mainly to the higher operating profits from rising commodity prices and the increased sales volume of steelmaking coal.

The acquisition of Fording's assets added directly to our cash flows in 2010 and 2009 compared with 2008. Our 2008 cash flows reflected our 40% share of cash flows from Teck Coal and our share of distributions from Fording until the end of October 2008. Since that time, we receive 100% of the cash flow generated by Teck Coal.

Investing Activities

Capital expenditures were $810 million in 2010 and included $323 million on sustaining capital, $465 million on development projects and $22 million on our non-Fort Hills oil sands properties. The largest components of sustaining expenditures were $106 million at Teck Coal, $48 million at Trail, and $43 million each at Red Dog and Highland Valley Copper. Development expenditures included $179 million for brownfield development at Teck Coal, $122 million for Highland Valley Copper's mine life extension project, $49 million to complete the development of the hypogene deposit at Carmen de Andacollo, $58 million for our share of the Antamina expansion project, $28 million for the hypogene project at Quebrada Blanca and $23 million for the Wintering Hills wind power project. Investments in 2010 totalled $46 million, of which $21 million was our share of costs for our equity accounted investment in the Fort Hills and Galore Creek projects.

Cash proceeds from the sale of non-core assets in 2010 totalled $1.2 billion. The amount includes $825 million cash proceeds from the sale of a one-third interest in the Waneta Dam, $230 million of cash proceeds received from the sale of an interest in future gold production from Carmen de Andacollo and $24 million from the sale of gold projects in Turkey. The total proceeds received from the sale of future gold production from Carmen de Andacollo, of which our share is 90%, also included 1.2 million common shares of Royal Gold, Inc.. On the sale of the Turkish gold projects to Alamos Gold Inc., we also received 2.4 million shares of Alamos Gold.

Financing Activities

Significant financing activities during the year included the repayment of the outstanding balance of the term loan related to the Fording transaction, which was US$2.365 billion at the end of 2009 and the repayment and refinancing of US$2.0 billion of the high-yield notes issued in May 2009.

The term loan was repaid in the first half of the year with cash flow derived from our operations and proceeds from the sale of non-core assets.

In May 2009, we issued US$4.225 billion in aggregate principal amounts of high-yield notes, consisting of US$1.315 billion of five-year notes due in May 2014, US$1.06 billion of seven-year notes due in May 2016 and US$1.85 billion of 10-year notes due in May 2019. These notes were issued at a discount to face value. The net proceeds of US$3.875 billion were used to repay a portion of the bridge loan.

During the second half of 2010 we initiated three tender offers to acquire and cancel a portion of the high-yield notes issued in May 2009. We financed these tender offers with cash on hand and the issuance of new lower coupon notes maturing in 2017, 2021 and 2040. These transactions will reduce our future interest expense by approximately US$225 million per year. We retired debt with an average maturity of six years and issued debt with an average maturity of 18 years, which extended our overall maturity profile on all of our term notes from approximately eight years to approximately 12 years.

The results of the tender offers and notes issues are summarized in the table below.

	US$ in millions
Notes acquired and cancelled	
9.75% notes due May 2014	$ 785
10.25% notes due May 2016	401
10.75% notes due May 2019	807
	$ 1,993
Notes issued	
3.85% notes due August 2017	$ 300
4.5% notes due January 2021	500
6% notes due August 2040	650
	$ 1,450

Net proceeds from the notes issued, after underwriting discounts and expenses, were approximately $1.5 billion. The tender offers and refinancing activities, including the repayment of the term loan, resulted in a $782 million pre-tax ($658 million net of tax) charge to earnings.

When the 9.75%, 10.25% and 10.75% notes were originally issued in 2009, our obligations thereunder were guaranteed by Teck Metals Ltd., Teck Coal Partnership, and all of our other material subsidiaries, subject to certain exceptions. In addition, these notes were secured by a pledge of a senior secured pledge bond, which was secured by a first priority security interest in generally all of our material properties and each guarantor, with provisions for the release of subsidiary guarantees and the release of security in certain circumstances. In accordance with the terms of the relevant agreements, the security documents governing the senior secured pledge bonds issued to our lenders and in favour of these notes, and the security interests supporting those pledge bonds, were terminated in 2010 following our receipt of an investment grade credit rating with a stable outlook from each of Moody's and S&P. As a result, the titles of these notes have been changed to remove the word "secured". In addition, in July 2010, the subsidiary guarantees of our outstanding credit facilities, other than the guarantee of Teck Metals, were released and as a result, the subsidiary guarantees of our obligations under these notes, other than the guarantee of Teck Metals, were released in accordance with the terms of the governing indenture.

During 2010 we increased our primary revolving bank credit facility from US$0.8 billion to US$1.0 billion and extended its maturity date. We now have committed bank credit facilities aggregating $1.3 billion, the majority of which mature in 2014. The current unused availability under these facilities, after drawn letters of credit, amounts to $1.1 billion.

In July 2009, we issued approximately 101.3 million Class B subordinate voting shares to a subsidiary of China Investment Corporation ("CIC") for proceeds of US$1.5 billion and used the net proceeds to retire the outstanding balance of the bridge loan and reduce the balance of the term loan. CIC indirectly holds approximately 17.5% of our outstanding Class B subordinate voting shares, representing approximately 17.2% equity and 6.7% voting interests in Teck.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	2010				2009			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 2,809**	**$ 2,520**	**$ 2,110**	**$ 1,900**	$ 2,167	$ 2,131	$ 1,707	$ 1,669
Operating profit	**1,204**	**1,005**	**741**	**605**	777	694	636	627
EBITDA*	**1,030**	**912**	**844**	**1,511**	1,042	1,236	1,122	709
Earnings attributable to shareholders	**361**	**331**	**260**	**908**	411	609	570	241
Earnings per share	**0.61**	**0.56**	**0.44**	**1.54**	0.70	1.07	1.17	0.50
Cash flow from operations	**959**	**730**	**574**	**480**	697	772	386	1,128

*EBITDA is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.

Revenues from operations were $2.8 billion in the fourth quarter compared with $2.2 billion in 2009. Revenues from our copper and zinc business units increased by a total of $237 million, primarily due to significantly higher prices, partially offset by lower positive pricing adjustments of $69 million (before $5 million of royalty expenses) in the fourth quarter compared with $101 million (before $11 million of royalty expense recoveries) in the fourth quarter last year. Coal revenues increased by $405 million compared with a year ago due to significantly higher realized coal prices and sales volumes. The effect of the weaker US dollar partially offset the impact of higher commodity prices in each of our business units.

Fourth quarter operating profit from our copper business unit, before depreciation and pricing adjustments, was $453 million in 2010 compared with $368 million last year as a result of significantly higher copper prices. After depreciation and pricing adjustments, the fourth quarter operating profit from our copper business unit was $456 million compared with $363 million last year.

Operating profit from our coal business unit, before depreciation, was $679 million in the fourth quarter of 2010 compared with $372 million last year. The increase in operating profit was primarily due to significantly higher realized coal prices, which averaged US$200 per tonne in the quarter compared with US$139 per tonne in the same period a year ago and higher sales volumes. The higher realized coal price reflects the higher contracted quarterly US dollar price settlements for 2010 compared with 2009 when coal prices were settled on an annual basis that commenced April 1, 2009. Coal sales of 6.0 million tonnes in the fourth quarter reflect strong demand for steelmaking coal and compare with sales of 5.4 million tonnes in the fourth quarter of 2009.

Operating profit from our zinc business unit, before depreciation and pricing adjustments, was $242 million in the fourth quarter compared with $205 million in 2009 due mainly to slightly higher zinc and lead prices and higher sales volumes. After depreciation and pricing adjustments, the fourth quarter operating profit from our zinc business unit was $204 million compared with $195 million last year.

Our fourth quarter earnings were $361 million, or $0.61 per share, in 2010 compared with $411 million or $0.70 per share in the same period last year. This included a $289 million after-tax charge related to the refinancing of a portion of our debt. Adjusted earnings for the quarter, which exclude the effect of the $289 million of refinancing charges and $102 million of other transactions that occurred in the fourth quarter, were $548 million, or $0.93 per share, compared with $312 million, or $0.53 per share in the fourth quarter of 2009. The higher adjusted earnings were primarily due to significantly higher average coal and copper prices and increased coal sales volumes.

Cash flow from operations, before changes in non-cash working capital items, was $900 million in the fourth quarter compared with $673 million a year ago. The increase in cash flow from a year ago was mainly due to higher operating cash flow from our copper and coal business units, which resulted from significantly higher copper and coal prices. In addition, changes in non-cash working capital items resulted in a source of cash of $59 million in the fourth quarter compared with $24 million in the same period a year ago as we sold a portion of our coal receivables in the fourth quarter of 2010, which reduced our working capital requirements by approximately $150 million at year end.

Outlook

The information below is in addition to the disclosure concerning specific operations included in the Operations section of this document.

Our earnings are heavily dependent on commodity prices, specifically steelmaking coal and base metal prices, and volatility in these markets has been unusually high over the past few years. Accordingly, it is difficult in these conditions to forecast commodity prices or customer demand for our products.

Assuming no significant changes in global economic conditions, we expect the second half of 2011 to be stronger for us than the first half of the year as we are subject to a variety of seasonal factors including:

- The Red Dog mine has a shipping window that normally starts in early July and ends in late October. Sales and profits of the Red Dog mine follow a seasonal pattern, with higher sales volumes of zinc and most of the lead sales occurring in the last five months of the year following the commencement of the shipping season in July. If ice or other weather conditions are such that the shipping season is delayed, our quarterly sales patterns can vary substantially.

- The winter months typically present challenging production and shipping conditions for our coal operations as either the impacts of snow in December, January and February or rain in February and March can disrupt production and rail haulage on a temporary basis, which can affect our production and sales volumes.

Commodity Prices and 2011 Production

Commodity prices are a key driver of our earnings and with the strong recovery over the past year, current prices are above historic averages. On the supply side, the depleting nature of ore reserves, difficulties in finding new orebodies, progressing through the permitting process, finding skilled people to develop projects, infrastructure constraints and significant cost inflation may continue to have a moderating impact on the growth in future production. Although we are concerned about current global economic conditions, particularly in the United States and Europe, we believe that, over the longer term, as China and India continue to industrialize, those two economies will continue to be major positive factors in the future demand for commodities. We believe that the long-term price environment for the products that we produce and sell remains favourable.

Based on our 2011 production estimates and prices prevailing at December 31, 2010, the sensitivity of our annual earnings to the indicated changes in commodity prices, before pricing adjustments, and the US dollar exchange rate is as follows:

	2011 Production Estimates	Change	Estimated Effect on Annual After-Tax Earnings	Estimated Effect on EBITDA
Coal (000's tonnes)	25,000	US$5/tonne	$ 80 million	$ 125 million
Copper (tonnes)	350,000	US$0.10/lb	$ 45 million	$ 70 million
Zinc (tonnes)	905,000	US$0.05/lb	$ 35 million	$ 50 million
US$ exchange		Cdn$0.01	$ 50 million	$ 80 million

Notes:

(1) The effect on our earnings of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes.

(2) Zinc includes 285,000 tonnes of refined zinc and 620,000 tonnes of zinc contained in concentrates.

(3) All production estimates are subject to change based on market and operating conditions, and do not account for the effects of labour disruptions.

Foreign exchange translation gains and losses on our US dollar denominated debt arising from exchange rate fluctuations are not expected to have a significant effect on our 2011 earnings, as our reduced debt levels are fully hedged by our investments in US dollar denominated foreign operations and working capital items.

At December 31, 2010, outstanding receivables included 98 million pounds of copper provisionally valued at an average of US$4.39 per pound, 140 million pounds of zinc valued at an average of US$1.11 per pound and 2 million pounds of lead valued at an average of US$1.17 per pound. At the date of this report, base metal prices are trading similar to the prices on which the receivables are based. If current prices stay at similar levels, we would expect to incur minimal pricing adjustments on these receivables, which will be recorded in the first quarter of 2011.

At February 22, 2011, copper and zinc prices were currently trading at approximately 28% and 15% higher than 2010 average prices, respectively. Partly offsetting the higher commodity prices is a stronger Canadian dollar, which to date in 2011 is averaging approximately $0.99 against the US dollar compared with $1.03 against the US dollar in 2010.

Our copper production for 2011 is expected to increase by 12% from 2010 levels to 350,000 tonnes. Copper concentrate production is expected to increase by approximately 40,000 tonnes from 2010, due mainly to a full year's production from Andacollo's concentrator project, which achieved commercial production levels effective October 1, 2010.

We expect coal production in 2011 to increase by approximately 8% to 24.5 to 25.5 million tonnes and we are actively planning for further production increases in 2012 and beyond. We are focused on near-term expansion opportunities in light of the tight market that we expect for high quality steelmaking coal.

Our zinc in concentrate production in 2011 is expected to be approximately 620,000 tonnes compared with 645,000 tonnes in 2010. Red Dog's production is expected to increase by approximately 15,000 tonnes and our share of zinc production from Antamina will decrease by 40,000 tonnes due to orebody sequencing. Assuming no interruption of production at Red Dog, refined zinc production from our Trail metallurgical complex is expected to increase slightly in 2011 to approximately 285,000 tonnes.

Capital Expenditures

Our planned capital expenditures for 2011 are initially set at approximately $1.5 billion and are summarized in the following table.

($ in millions)	Development	Sustaining	Total
Copper	$ 405	$ 270	$ 675
Coal	380	275	655
Zinc	–	125	125
Energy	70	–	70
Other	–	5	5
	$ 855	$ 675	$ 1,530

We may authorize further capital expenditures during the year depending on commodity markets, our financial position, results of feasibility studies, and other factors. We also expect to spend approximately $54 million on our share of costs for the Fort Hills oil sands project. The amount and timing of actual capital expenditures is dependent upon being able to secure equipment, supplies, materials and labour on a timely basis and at expected costs to enable us to complete the projects to be completed as currently anticipated. We expect to fund our 2011 capital expenditures primarily from cash on hand and cash flow provided from operations.

Exchange Rates

Our US dollar denominated debt will be subject to revaluation based on changes in the Canadian/US dollar exchange rate. Exchange rate fluctuations will also affect our debt to equity ratio and our interest expense.

Other Information

The Province of British Columbia introduced a carbon tax on virtually all fossil fuels in 2008. The tax is imposed on fossil fuels used in BC and, as of July 1, 2010, is based on $20 per tonne of CO_2-emission equivalent, increasing by $5 per tonne each year until it reaches $30 per tonne in 2012. For 2010, our seven BC-based operations paid $23 million in provincial carbon tax, primarily from our use of coal, diesel fuel, and natural gas. We anticipate that this will increase to approximately $35–$40 million per year in carbon tax by 2012 as the tax rate increases to $30/tonne of CO_2-emission. The BC government has initiated the creation of a cap and trade mechanism to further reduce greenhouse gas emissions. However, it has indicated that the carbon tax and the cap and trade system will be integrated to avoid double taxation. We will monitor this issue as legislation is developed.

Financial Instruments and Derivatives

We hold a number of financial instruments and derivatives, the most significant of which are marketable equity securities, foreign exchange forward sales contracts, fixed price forward metal sales contracts, settlements receivable, settlements payable, and prepayment rights on our 2016 and 2019 senior notes. The financial instruments and derivatives are all recorded at fair values on our balance sheet with gains and losses in each period included in other comprehensive income, net earnings from continuing operations and net earnings from discontinued operations as appropriate. Some of our gains and losses on metal-related financial instruments are affected by smelter price participation and are taken into account in determining royalties and other expenses. All are subject to varying rates of taxation depending on their nature and jurisdiction.

The after-tax effect of financial instruments on our net earnings for the following periods is set out in the table below:

($ in millions)	**2010**	2009	2008
Price adjustments			
On prior year's sales	**$ (12)**	$ 14	$ 57
On current year's sales	**65**	193	(386)
	53	207	(329)
Derivatives gains (losses)	**153**	(36)	202
	206	171	(127)
Amounts included in discontinued operations			
Derivative losses	**–**	(13)	(16)
Cajamarquilla sale price participation	**–**	7	(18)
	–	(6)	(34)
Total	**$ 206**	$ 165	$ (161)

Critical Accounting Estimates

In preparing financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management. Management's critical accounting estimates apply to the assessment of the dates on which assets are available for use, the impairment of property, plant and equipment and the valuation of other assets and liabilities such as inventory, plant and equipment, goodwill, investments, restoration and post-closure costs, accounting for income and resource taxes, mineral reserves, contingencies and pension and other post-retirement benefits.

Property, Plant and Equipment

We capitalize exploration and evaluation costs of mining projects when resources, as defined under National Instrument 43-101, exist and it is expected that the expenditure can be recovered by future exploitation or sale. Once available for use, these costs are amortized over the proven and probable reserves to which they relate, calculated on a unit of production basis. The estimation of the extent of reserves is a complex task in which a number of estimates and assumptions are made. These involve the use of geological sampling and models as well as estimates of future costs. New knowledge derived from further exploration and development of the orebody may affect reserve estimates. In addition, the estimation of economic reserves depends on assumptions regarding long-term commodity prices and in some cases exchange rates, as well as various technical assumptions, which may prove to be incorrect.

Where impairment conditions may exist, the expected undiscounted future cash flows from an asset are compared with its carrying value. These future cash flows are developed using assumptions that reflect the long-term operating plans for an asset, given management's best estimate of the most probable set of economic conditions. Commodity prices used reflect market conditions and expectations with respect to future prices at the time the model is developed. These models are updated from time to time, and lower prices are used should market conditions deteriorate. Inherent in these assumptions are significant risks and uncertainties. Changes in market conditions, reserve estimates and other assumptions used in these estimates may result in future write-downs. We did not record any impairment of our property, plant and equipment balances in 2010.

Goodwill

We allocate goodwill arising from business combinations to the reporting units acquired based on estimates of the fair value of the reporting unit. When performing annual goodwill impairment tests, we are also required to estimate the fair value of each reporting unit and, in some circumstances, the fair value of all identifiable assets and liabilities in a reporting unit. The fair values are estimated using a model of discounted cash flows based on proven and probable reserves and value beyond proven and probable reserves. Other major assumptions used include commodity prices, operating costs, foreign exchange rates and discount rates.

We did not record any impairment of our goodwill balances in 2010. Significant changes to the long-term commodity prices and discount rates would be required before an impairment would be indicated.

Fair value estimation and impairment charges are based on management estimates and assumptions. The fair value of our reporting units will continue to be affected by changes in the long-term commodity prices, discount rates, operating and capital costs, changes in mineral reserves and the advancement of projects to the operating stage. Significant judgment is applied and actual results could differ from our estimates.

Income and Resource Taxes

The determination of our tax expense for the year and its future tax liabilities and assets involves significant management estimation and judgment involving a number of assumptions. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of future tax assets and liabilities. Management also makes estimates of the future earnings, which affects the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities who may interpret tax legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for these differences, where known, based on management's best estimate of the probable outcome of these matters.

Pension and Other Post-Retirement Benefits

The cost of providing benefits through defined benefit pension plans and post-retirement benefit plans is actuarially determined. Cost and obligation estimates depend on management's assumptions about future events, which are used by the actuaries in calculating such amounts. These include assumptions with respect to discount rates, the expected plan investment performance, future compensation increases, health care cost trends and retirement dates of employees. In addition, actuarial consultants utilize subjective assumptions regarding matters such as withdrawal and mortality rates. Actual results may differ materially from those estimates based on these assumptions.

Asset Retirement Obligations

The amounts recorded for asset retirement costs are based on estimates included in closure and remediation plans. These estimates are based on engineering studies of the work that is required by environmental laws or public statements by management that results in an obligation. These estimates are based on assumptions as to the timing of remediation work and the rate at which costs may inflate in future periods. Actual costs and the timing of expenditures could differ from these estimates.

Recognition of Contingencies

We are subject to a number of lawsuits and threatened lawsuits. A provision is made for amounts claimed through these lawsuits when management believes that it is more likely than not that the plaintiffs will be awarded damages or a monetary settlement will be made. Management seeks the advice of outside counsel in making such judgments when the amounts involved are material.

International Financial Reporting Standards ("IFRS") Changeover Plan

Effective January 1, 2011 Canadian publicly listed entities are required to prepare their financial statements in accordance with International Financial Reporting Standards instead of current Canadian GAAP. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. We will prepare our first IFRS financial statements as at March 31, 2011, with comparative periods presented under IFRS.

Our IFRS conversion team identified four phases to our conversion: scoping and planning, detailed assessment, implementation and post-implementation. The scoping and planning and detailed assessment phases are complete and we are progressing through the implementation phase.

Implementation

To date we have substantially completed implementation requirements to effect management's accounting choices, developed financial statements including draft note disclosures, assessed and selected key accounting policy decisions and implemented business and internal control requirements. We are still in the process of finalizing our opening balance sheet as at January 1, 2010, preparing IFRS quarterly comparative figures for 2010, implementing system changes and preparing other transitional reconciliations and disclosure requirements. During the fourth quarter, our primary focus was on the finalization of opening balance adjustments and preparation of quarterly comparative figures for 2010. We also analyzed and implemented business and internal control changes, as required, and continued our formal IFRS training program across the organization.

Accounting Policies and IFRS 1 Exemptions

The discussion below outlines key Canadian GAAP to IFRS differences, our accounting policy decisions and IFRS 1, "First-Time Adoption of International Financial Reporting Standards" optional exemptions for significant or potentially significant areas that will have an impact on our financial statements on transition to IFRS or may have an impact in future periods. The Transitional Financial Position Impact section below outlines our estimated adjustments to shareholders' equity on adoption of IFRS. The estimates below are preliminary and are subject to change as we finalize our opening balance sheet analysis and accounting policy choices and as we continue to monitor the developing requirements of IFRS.

The discussion below should not be regarded as a complete list of changes that will result from our transition to IFRS; it is intended to highlight those areas that we believe to be significant. Our assessments of the impacts of certain items are still in process and we are continuing to monitor changes in IFRS. Until we prepare our first set of financial statements under IFRS, we will not be able to determine or precisely quantify all of the impacts that will result from our transition to IFRS.

Employee Benefits

IFRS 1 allows for an optional exemption on first-time adoption of IFRS to recognize all previously recorded unamortized actuarial gains and losses immediately in retained earnings on the transition date. If this exemption is not taken, actuarial gains and losses would have to be calculated under IFRS from the inception of each of our defined benefit pension and non-pension post-retirement benefit plans. We expect to take this exemption and recognize unamortized actuarial gains and losses in retained earnings for all defined benefit pension and non-pension post-retirement benefit plans on transition to IFRS. In addition, International Accounting Standards ("IAS") 19 requires vested past service costs associated with defined benefit plans to be expensed immediately. Canadian GAAP requires the amortization of past service costs on a straight-line basis over the average remaining service life of employees. Accordingly, on transition to IFRS, we will be required to recognize all deferred vested past service costs into retained earnings. International Financial Reporting Interpretations Committee ("IFRIC") 14 limits the pension asset that may be recorded by an entity through an asset ceiling test and also requires adjustments to be made to the pension liability for minimum funding requirements. As a result of the IFRIC 14 requirements, we do not expect to record a material amount of additional liabilities on transition to IFRS. IAS 19 allows a policy choice of recording actuarial gains and losses subsequent to transition in other comprehensive income ("OCI") and then immediately to retained earnings. We expect to select this policy choice under IFRS.

As a result of the preliminary policy choices we are considering and the analysis performed to date in the area of employee benefits, we have calculated an estimated pre-tax reduction in our shareholders' equity of approximately $365 million as at January 1, 2010. We expect earnings to increase in 2010, and future periods under IFRS as actuarial gains and losses and past service costs will no longer be amortized into earnings. However, in periods where awards are granted for past service, earnings will be negatively impacted at the date of the grant rather than over time. We also expect more volatility in our OCI as a result of our policy choice to record actuarial gains and losses in OCI. These gains and losses will not have to be recycled into earnings at any time.

Property, Plant and Equipment

IFRS provides a policy choice for an entity to either apply a historical cost model or a revaluation model in valuing property, plant and equipment. We expect to apply an accounting policy of measuring property, plant and equipment at historical cost. IFRS 1 provides an optional exemption on first-time adoption to measure an item of property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost. A first-time adopter can elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRS as the deemed cost at the date of revaluation if the revaluation was broadly comparable to fair value or cost or depreciated cost in accordance with IFRS. We plan to take this IFRS 1 exemption and use a previous Canadian GAAP revaluation as the deemed cost for certain property, plant and equipment that was impaired previously including Pend Oreille and Duck Pond. Under IFRS, where part of an item of property, plant and equipment has a cost that is significant in relation to the cost of the item as a whole, it must be componentized and depreciated separately from the remainder of the item. Canadian GAAP is similar to these requirements.

As a result of the preliminary policy choices we are considering and the analysis performed to date in the area of property, plant and equipment, we do not expect to record an adjustment in this area on transition to IFRS on January 1, 2010.

We do not expect the impact of componentization or our other policy choices related to property, plant and equipment to have a material effect on our consolidated financial statements on transition to IFRS, in 2010 or in future periods.

Impairment of Long-Lived Assets

There are no policy choices available under IFRS for impairment of long-lived assets. However, there are differences between Canadian GAAP and IFRS in testing for impairment. Canadian GAAP uses a two-step approach to impairment testing for long-lived assets. Step one of the current Canadian GAAP impairment test, which uses undiscounted cash flows to identify possible impairments, does not exist under IFRS. Instead, IAS 36 uses a one-step approach for both identifying and measuring impairments, which is based on comparing the carrying value to the recoverable amount. The recoverable amount is the higher of fair value less selling costs and value in use, both of which are based on discounted cash flows. This may result in impairments under IFRS where they do not exist under Canadian GAAP. We do not expect impairment of property, plant and equipment to have an impact on our opening IFRS balance sheet or our 2010 results; however, the requirements of IAS 36 could materially impact our financial statements in the future.

In addition, under IAS 36 impairment losses recognized must be reversed if the circumstances leading to the impairment change and cause the impairment to be reduced. This is not permitted under Canadian GAAP. This applies to property, plant and equipment and exploration and evaluation assets. We expect to reverse an impairment on one of our exploration and evaluation assets on transition to IFRS. Accordingly, we have calculated an estimated pre-tax increase in our shareholders' equity of approximately $20 million on January 1, 2010. We do not expect impairment reversals for property, plant and equipment to impact our earnings in 2010 or in future periods, until such time as an impairment is recorded. However, impairment reversals may impact our earnings in future periods for exploration and evaluation assets if impairment reversal indicators exist.

Borrowing Costs

There are no policy choices available under IFRS for the capitalization of borrowing costs. IFRS requires borrowing costs to be capitalized on qualifying assets that take a substantial period of time to get ready for their intended use. IFRS does not permit the capitalization of borrowing costs relating to investments in associates. A weighted-average capitalization rate based on our outstanding third-party debt will be used to calculate the amount of borrowing costs to capitalize on a qualifying asset. Our accounting policy under Canadian GAAP is to capitalize interest on projects where we incurred debt directly related to the project. As a result of the requirement to capitalize borrowing costs under IFRS, we expect that we will capitalize more borrowing costs in future periods. We expect this to reduce our interest expense during the capitalization period and increase our depreciation expense in periods after the asset is available for use. On transition to IFRS, we also expect to write off borrowing costs capitalized under Canadian GAAP that relate to an investment in an associate and accordingly we have calculated an estimated pre-tax reduction in our shareholders' equity of approximately $55 million on January 1, 2010.

There is an IFRS 1 exemption for first-time adoption that allows an entity to select any date on or before the IFRS transition date to adopt the IFRS requirements for borrowing costs. We expect to take this exemption and select a date prior to our transition date of January 1, 2010. The date that we expect to select is June 1, 2009. Given the date we have selected, we do not expect to capitalize additional borrowing costs to those already capitalized under Canadian GAAP on transition for projects already in progress. In 2010, we do not expect to capitalize a material amount of borrowing costs for qualifying projects; however, in future periods, borrowing costs capitalized will increase as projects progress and new projects commence.

Accounting for Joint Ventures

Under Canadian GAAP, joint ventures are accounted for using the proportionate consolidation method. IFRS currently provides a policy choice to either apply proportionate consolidation or the equity method of accounting to joint ventures including jointly controlled entities, operations and assets. There is an expected change to IFRS that would only allow the equity method of accounting for jointly controlled entities. This change is not yet a requirement under IFRS and it is unclear when this change will be applicable. The potential change to IFRS will impact our current accounting treatment of proportionate consolidation of Antamina, if and when the new IFRS requirements become effective for our financial statements. We expect to continue to apply our existing accounting policy on transition to IFRS to proportionately consolidate jointly controlled entities. As a result, we expect to proportionately consolidate our investments in Antamina and Galore Creek. We do not expect this change in accounting policy to impact our shareholders' equity on January 1, 2010. We also do not expect this to significantly impact our earnings in 2010 or in future periods since the results of Galore Creek, which are currently included in equity earnings, will be reclassified into operating profit with no net impact on earnings. We also expect to continue to proportionately consolidate our interests in jointly controlled assets under IFRS including the Greenhills Mine, Waneta Dam and Wintering Hills.

Foreign Currency Translation

Under IFRS 1, a first-time adopter can elect to reset its cumulative translation account to zero on the transition date with the amount being adjusted to opening retained earnings. We expect to take this IFRS 1 election. Since this will be a reclassification between accumulated other comprehensive income and retained earnings and both accounts are within shareholders' equity, there will be no net impact on the shareholders' equity balance as at January 1, 2010. We have reviewed the functional currency of all of our subsidiaries and do not expect this assessment to have a significant impact on our consolidated financial statements on transition to IFRS.

Decommissioning and Restoration Provisions

IFRS differs from Canadian GAAP in both the recognition and measurement of decommissioning and restoration provisions. The recognition criteria under IFRS are more encompassing through the inclusion of constructive obligations. Measurement differences relate to the nature of costs included in estimates of future cash flows to settle the obligation and the discount rate applied to future cash flows. We expect to record a reduction in our decommissioning and restoration provisions under IFRS primarily as a result of the application of a current discount rate to all estimated future cash flows.

IFRS 1 allows for an optional exemption on first-time adoption of IFRS to use a "shortcut" method to calculate the opening depreciated cost of the asset relating to the decommissioning and restoration provision under IFRS rather than recalculating the asset since its inception date under the provisions of IFRS. We expect to take this IFRS 1 exemption on transition to IFRS.

As a result of the preliminary policy choices we are considering and the analysis performed to date in the area of decommissioning and restoration provisions, we have calculated an estimated pre-tax increase in our shareholders' equity of approximately $175 million as at January 1, 2010.

In future periods, we expect more earnings volatility as a result of the requirement under IFRS to recalculate the decommissioning and restoration provision using a new discount rate at each reporting period. We expect the earnings impact primarily as a result of dormant sites since the adjustment for the new discount rate will impact the liability, with the other side of the adjustment impacting earnings. For operating sites, the adjustment for the new discount rate will impact the liability and asset and will affect earnings through adjusted accretion and depreciation expense charges on a prospective basis.

The IFRIC has received requests to review the inclusion of own credit risk in the discount rate used under IAS37 Provisions, Contingent Liabilities and Contingent Assets. The Committee noted that IAS37 does not explicitly state whether or not credit risk should be included and that predominant practice is to exclude credit risk. The Committee has not added this issue to its agenda but we expect further comment from the IFRIC on this issue in the near future. We have applied a credit-adjusted risk-free rate in discounting our IFRS provisions, most significantly decommissioning and restoration provisions. If the IFRIC issues further guidance in this area that requires the removal of the credit risk adjustment, our IFRS financial statement adjustments may be materially impacted.

Financial Instruments

Under Canadian GAAP, when the quantity to be purchased (or notional amount) in a contract that otherwise meets the definition of a derivative is not specified or otherwise determinable, the arrangement does not meet the definition of a derivative. Under IFRS, there is no similar exclusion and as such, if the quantity to be purchased is not specified, a reliable estimate would be required and if a reliable estimate could not be made, the whole contract would be accounted for as a derivative. This could have an impact on our financial statements for contracts that meet the definition of a derivative but do not specify quantities and as a result, are not recorded as a derivative or embedded derivative. We expect to record an additional embedded derivative as a result of this difference. The impact of recording this additional embedded derivative has been estimated as a pre-tax reduction of $30 million in shareholders' equity. We expect earnings to be more volatile in future periods as a result of recording this embedded derivative under IFRS, depending on fluctuations in zinc prices.

For transitional purposes under Canadian GAAP, we elected to record embedded derivatives only for contracts entered into or substantially modified on or after January 1, 2003. This transitional provision does not exist under IFRS and accordingly, we are required to review all contracts entered into prior to this date that are still in existence to consider whether they contain embedded derivatives requiring separation and valuation. We do not expect to record additional embedded derivatives on transition to IFRS as a result of this review.

Income and Resource Taxes

Under IFRS, deferred taxes cannot be recognized for the acquisition of assets that do not constitute a business combination. There is no similar prohibition under Canadian GAAP. Accordingly, on transition to IFRS, we expect to reverse the deferred tax liability recorded on the acquisition of an asset in prior periods that did not constitute a business combination. In other periods in 2010, we expect to reverse any foreign exchange gains and losses recorded under Canadian GAAP relating to this deferred tax liability.

There are also certain differences in the definition of what constitutes an income tax under IFRS and Canadian GAAP, which could potentially impact our financial statements on transition to IFRS and in future periods. In addition, we expect to record changes in our uncertain tax positions as a result of the recognition and measurement differences between IFRS and Canadian GAAP.

As a result of the preliminary policy choices we are considering in the above noted areas and the analysis performed to date in the area of income and resource taxes, we have calculated an estimated tax impact of approximately $125 million, which has a net impact of increasing our shareholder's equity as at January 1, 2010.

Transitional Financial Position Impact

As a result of the analysis performed to date and the preliminary policy choices we are considering, we have calculated an estimated reduction in our shareholders' equity of approximately $135 million as at January 1, 2010. The following are the preliminary estimated adjustments to shareholders' equity on adoption of IFRS:

(Cdn$ in millions)	(Unaudited) As at January 1, 2010
Shareholders' equity under Canadian GAAP	**$ 14,591**
IFRS adjustments to equity (based on differences identified to date):	
IFRS 1 elections	
Employee benefits – actuarial gains and losses	(290)
Decommissioning and restoration provisions – asset	65
Required changes	
Employee benefits –past service costs	(75)
Exploration and evaluation assets – reversal of impairment	20
Borrowing costs – investment in an associate	(55)
Decommissioning and restoration provisions – liability	110
Financial instruments – embedded derivative	(30)
Income and resource taxes – tax effect of IFRS adjustments	65
Income and resource taxes – reversal of deferred tax liability on acquisition of an asset	10
Income and resource taxes – differences on what constitutes an income tax	(10)
Income and resource taxes – uncertain tax positions recognition and measurement differences	60
Other	(5)
Total IFRS adjustments to equity	**(135)**
Shareholders' equity under IFRS	**$ 14,456**

Control Activities

For all changes to policies and procedures that have been identified, the effectiveness of internal controls over financial reporting and disclosure controls and procedures is being assessed and any changes are being implemented as the assessments are completed. In addition, controls over the IFRS changeover process have been implemented, as necessary. We have identified the required accounting process changes that result from the application of IFRS accounting policies and we do not expect these changes to be significant. We have substantially completed the design, implementation and documentation of the internal controls over accounting process changes resulting from the application of IFRS accounting policies. We are applying our existing control framework to the IFRS changeover process and do not anticipate significant changes. In 2010, all accounting policy changes and transitional financial position impacts completed to date were subject to review by senior management and the Audit Committee of the Board of Directors. This review will continue in 2011 as accounting policy changes and transitional financial position impacts are finalized. We are progressing with our changeover on schedule and are on track to project completion in 2011.

Financial Reporting Expertise

We have an IFRS implementation team in place and key employees involved with the implementation have completed topic-specific training. We implemented a comprehensive formal training program and have completed detailed training on the application of IFRS accounting policies and the potential impact on our consolidated financial statements for key employees and senior management. Ongoing training has been provided to key employees, senior management and the Audit Committee of the Board of Directors over the last two years and this training will continue to be provided through 2011, as required.

Business Activities and Key Performance Measures

We have assessed the impact of the IFRS transition project on our financial covenants and key ratios. We do expect the transition to significantly impact our covenants and key ratios that have an equity component.

We have also reviewed the impact of the IFRS transition project on our compensation arrangements. We have identified compensation arrangements that are calculated based on indicators in our financial statements. We are currently working with our Human Resources department to ensure that all compensation arrangements incorporate indicators from our financial statements prepared under IFRS in accordance with our compensation policies.

Information Technology and Systems

We are continuing to assess the impact of the IFRS transition project on our information systems for the convergence and post-convergence periods. However, we currently do not anticipate significant changes to our systems arising from the transition to IFRS.

Post-Implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS throughout the implementation process (through to 2011) and later as the Roadmap for US consideration for adopting IFRS is established. We note that the standard-setting bodies that determine Canadian GAAP and IFRS have significant ongoing projects that could impact the differences between Canadian GAAP and IFRS and their impact on our financial statements. In particular, we expect that there may be additional new or revised IFRSs or IFRICs in relation to consolidation, joint ventures, financial instruments, hedge accounting, discontinued operations, leases, employee benefits, revenue recognition and stripping costs in the production phase of a surface mine. We also note that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact our financial statements primarily in the areas of capitalization of exploration costs and disclosures. We have processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

Other Information

Outstanding Share Data

As at February 22, 2011, there were 581,337,856 Class B subordinate voting shares and 9,353,470 Class A common shares outstanding. In addition, there were 6,011,193 employee stock options outstanding with exercise prices ranging between $4.15 and $58.80 per share. More information on these instruments and the terms of their conversion are set out in the Equity note to our 2010 consolidated financial statements.

Contractual and Other Obligations

($ in millions)	Less Than 1 Year	2–3 Years	4–5 Years	Thereafter	**Total**
Debt – Principal and Interest	$ 443	$ 1,077	$ 1,545	$ 6,174	**$ 9,239**
Operating leases	42	29	20	21	**112**
Capital leases	65	47	2	–	**114**
Road and port lease at Red Dog (Note 1)	18	36	35	304	**393**
Minimum purchase obligations (Note 2)					
Concentrate, supply and other purchases	328	115	28	3	**474**
Shipping and distribution	57	21	6	–	**84**
Pension funding (Note 3)	81	–	–	–	**81**
Other non-pension post-retirement benefits (Note 4)	11	24	27	314	**376**
Asset retirement obligations (Note 5)	51	15	5	735	**806**
Other long-term liabilities (Note 6)	19	31	12	16	**78**
Contributions to the Fort Hills oil sands project (Note 7)	54	1,266	–	–	**1,320**
Contributions to Galore Creek (Note 8)	12	–	–	–	**12**
	$ 1,181	$ 2,661	$ 1,680	$ 7,567	**$ 13,089**

Notes:

(1) We lease road and port facilities from the Alaska Industrial Development and Export Authority through which we ship metal concentrates produced at the Red Dog mine. Minimum lease payments are US$18 million per annum and are subject to deferral and abatement for force majeure events.

(2) The majority of our minimum purchase obligations are subject to continuing operations and force majeure provisions.

(3) As at December 31, 2010 the company had a net pension deficit of $137 million based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2011 in respect of defined benefit pension plans is $81 million. The timing and amount of additional funding after 2011 is dependent upon future returns on plan assets, discount rates, and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $376 million in respect of other non-pension post-retirement benefits as at December 31, 2010. Amounts shown are estimated expenditures in the indicated years.

(5) We accrue environmental and reclamation obligations over the life of our mining operations and amounts shown are estimated expenditures in the indicated years at fair value, assuming credit-adjusted risk-free discount rate of 6.85% and inflation factors of 2.00%. The liability for retirement and remediation on an undiscounted basis before inflation is estimated to be approximately $1.36 billion. In addition, for ongoing treatment and monitoring of sites, the estimated undiscounted payments before inflation are $2.4 million per annum from 2020 to 2029 and $25 million per annum for 2030 to 2159.

(6) Other long-term liabilities include amounts for post-closure, environmental costs and other items.

(7) In November 2005, we acquired a 15% interest in the Fort Hills Energy Limited Partnership (FHELP), which is developing the Fort Hills oil sands project in Alberta, Canada. In September 2007, we acquired an additional 5% interest, bringing our total interest to 20%. To earn our additional 5% interest, we are required to contribute 27.5% of $5 billion of project expenditures after project spending reaches $2.5 billion. We are presently funding at this level. Thereafter, we are responsible for our 20% share of development costs. As a decision to proceed with the project has not yet been made, no additional commitments beyond our earn-in commitment are presently shown. In the event of project abandonment, as agreed to by the partners, monies held by the FHELP would be returned to the partners in the respective equity ratios after having fulfilled all funding obligations to an aggregate of $7.5 billion.

(8) In February 2009, we amended certain provisions of the partnership agreement relating to the Galore Creek project. Under the amended agreement, our committed funding on Galore Creek had been reduced to $36 million at December 31, 2008. Our net remaining committed funding is $12 million, which we expect to pay in 2011.

Disclosure Controls and Internal Control over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the US Securities and Exchange Commission and Canadian Securities Administration, as at December 31, 2010. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by us under United States and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at December 31, 2010, our internal control over financial reporting was effective.

The effectiveness of our internal controls over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion in their report included with our annual consolidated financial statements.

Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the year ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Use of Non-GAAP Financial Measures

Our financial results are prepared in accordance with Canadian GAAP ("GAAP"). This document refers to adjusted net earnings, comparative net earnings, EBITDA, operating profit and operating profit before depreciation and pricing adjustments, which are not measures recognized under GAAP in Canada or the United States and do not have a standardized meaning prescribed by GAAP. For adjusted net earnings and comparative net earnings, we adjust earnings attributable to shareholders as reported to remove the effect of certain kinds of transactions in these measures. EBITDA is earnings attributable to shareholders before interest and financing expenses, income taxes, depreciation and amortization. Operating profit is revenues less operating expenses and depreciation and amortization. Operating profit before depreciation and pricing adjustments is operating profit with depreciation, amortization and pricing adjustments added or deducted as appropriate. Pricing adjustments are described in the Financial Overview. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. We disclose these measures, which have been derived from our financial statements and applied on a consistent basis, because we believe they are of assistance in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors.

Caution on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements, principally under the heading "Outlook," but also elsewhere in this document, include estimates, forecasts and statements as to management's expectations with respect to, among other things, our future production, earnings and cash flow, our plans for our oil sands investments and other development projects, forecast production from our operations, forecast operating costs, expected progress, costs and outcomes of our various expansion projects, including but not limited to those discussed under the subheading "Growth Initiatives" in the discussions of our operations, the sensitivity of our earnings to changes in commodity prices and exchange rates, the potential impact of transportation and other potential production disruptions, the impact of currency exchange rates, future trends for the company, progress in development of mineral properties, timing and outcome of pushbacks and extension at Highland Valley, the expected impact of the slope failure at Quebrada Blanca, the timing and outcome of expected coal production increases, the reopening of the Quintette coal mine, the anticipated impact of the strike at our Elkview mine on coal sales guidance, transportation costs, future production and sales volumes, capital expenditures and mine production costs, production, demand and market outlook for commodities, future commodity prices and treatment and refining charges, the settlement of coal contracts with customers and labour contracts with employees, access to and treatment and disposal of process water at our operations, the outcome of mine permitting currently underway, timing of completion of studies on our projects, the impact of measures required to manage selenium discharges, the impact of adoption of International Financial Reporting Standards and the outcome of legal proceedings involving the company. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, 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 and resource 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, or coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees and business partners and joint venturers. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, 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, failure of our transportation providers moving our products to our customers or to provide port services, adverse weather conditions and unanticipated events related to health, safety and environmental matters), political risk, social unrest, failure of customers or counterparties to perform their contractual obligations, changes in our credit ratings, changes or deterioration in general economic conditions and unexpected delays or difficulties in obtaining permits.

Statements concerning future production costs or volumes, and the sensitivity of the company's earnings to changes in commodity prices and exchange rates 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.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2010, filed on SEDAR and on EDGAR under cover of Form 40-F.

Consolidated Financial Statements

For the Years Ended December 31, 2010, 2009 and 2008

Management's Responsibility for Financial Reporting

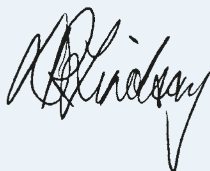
Management is responsible for the integrity and fair presentation of the financial information contained in this annual report. Where appropriate, the financial information, including financial statements, reflects amounts based on the best estimates and judgments of management. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that disclosed in the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The system of controls is also supported by a professional staff of internal auditors who conduct periodic audits of many aspects of our operations and report their findings to management and the Audit Committee.

Management has a process in place to evaluate internal control over financial reporting based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets periodically with management, our internal auditors and independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, appointed by the shareholders, have audited our financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the auditors' report.



Donald R. Lindsay
President and Chief Executive Officer

Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

February 22, 2011

Independent Auditor's Report

To the Shareholders of Teck Resources Limited
We have completed integrated audits of Teck Resources Limited's December 31, 2010, 2009 and 2008 consolidated financial statements and an audit of the effectiveness of the Company's internal control over financial reporting as at December 31, 2010. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Teck Resources Limited, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statements of earnings, comprehensive earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2010, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teck Resources Limited as at December 31, 2010 and December 31, 2009 and the results of its operations and cash flows for each of the three years in the period ended December 31, 2010 in accordance with Canadian generally accepted accounting standards.

Report on internal control over financial reporting
We have also audited Teck Resources Limited's internal control over financial reporting as at December 31, 2010, based on criteria established in Internal Control — Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting
The company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion.

Definition of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Teck Resources Limited maintained, in all material respects, effective internal control over financial reporting as at December 31, 2010 based on criteria established in Internal Control — Integrated Framework issued by COSO.

PricewaterhouseCoopers LLP

Chartered Accountants

February 22, 2011
Vancouver, British Columbia

Consolidated Statements of Earnings Years ended December 31

(Cdn$ in millions, except per share data)	2010	2009	2008
Revenues	**$ 9,339**	$ 7,674	$ 6,655
Operating expenses	**(4,844)**	(4,012)	(3,844)
	4,495	3,662	2,811
Depreciation and amortization	**(940)**	(928)	(468)
Operating profit	**3,555**	2,734	2,343
Other expenses			
General and administration	**(263)**	(188)	(91)
Interest and financing (Note 10(g))	**(565)**	(655)	(182)
Exploration	**(56)**	(33)	(133)
Research and development	**(21)**	(15)	(23)
Asset impairment (Note 15)	**–**	(27)	(589)
Other income net of other expenses (Note 16)	**265**	824	55
Earnings before the undernoted items	**2,915**	2,640	1,380
Provision for income and resource taxes (Note 12(a))	**(932)**	(695)	(652)
Equity (loss) earnings (Note 5(c))	**(8)**	(126)	22
Earnings from continuing operations	**1,975**	1,819	750
Earnings (loss) from discontinued operations (Note 17)	**–**	81	(9)
Earnings	**$ 1,975**	$ 1,900	$ 741
Attributable to:			
Shareholders of the company	**$ 1,860**	$ 1,831	$ 659
Non-controlling interests	**115**	69	82
Earnings per share (Note 14(g))			
Basic	**$ 3.15**	$ 3.43	$ 1.46
Basic from continuing operations	**$ 3.15**	$ 3.28	$ 1.48
Diluted	**$ 3.14**	$ 3.42	$ 1.45
Diluted from continuing operations	**$ 3.14**	$ 3.27	$ 1.47
Weighted average shares outstanding (millions)	**589.5**	534.1	452.1
Shares outstanding at end of year (millions)	**590.6**	589.1	486.9

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows Years ended December 31

(Cdn$ in millions)	**2010**	2009	2008
Operating activities			
Earnings from continuing operations	**$ 1,975**	$ 1,819	$ 750
Items not affecting cash			
Depreciation and amortization	**940**	928	468
Provision for future income and resource taxes (Note 12)	**208**	185	1,482
Equity loss in excess of distributions	**8**	126	43
Asset impairment and provision for marketable securities (Note 15 and 16)	**–**	27	881
Gain on sale of investments and assets (Note 16)	**(859)**	(383)	(14)
Unrealized (gains) losses on derivatives	**(182)**	7	(239)
Foreign exchange gains	**(93)**	(686)	(31)
Loss on debt repurchase and interest accretion	**796**	241	20
Other	**12**	10	39
Net change in non-cash working capital items and other (Note 19)	**(62)**	709	(1,290)
	2,743	2,983	2,109
Investing activities			
Property, plant and equipment	**(810)**	(590)	(928)
Investments and other assets	**(46)**	(372)	(659)
Business acquisitions (Note 3(c))	**–**	–	(11,639)
Proceeds from sale of investments and other assets (Note 3)	**1,239**	392	214
Decrease (increase) in restricted cash and investments	**91**	(94)	(11)
	474	(664)	(13,023)
Financing activities			
Issuance of debt	**1,560**	4,462	11,842
Repayment of debt	**(5,054)**	(8,141)	(1,241)
Issuance of Class B subordinate voting shares	**33**	1,670	6
Dividends paid (Note 14(h))	**(118)**	–	(442)
Distributions to non-controlling interests	**(89)**	(69)	(102)
	(3,668)	(2,078)	10,063
Effect of exchange rate changes on cash and cash equivalents	**(46)**	(71)	234
Increase (decrease) in cash and cash equivalents from continuing operations	**(497)**	170	(617)
Cash received from discontinued operations (Note 17)	**–**	309	59
Increase (decrease) in cash and cash equivalents	**(497)**	479	(558)
Cash and cash equivalents at beginning of year	**1,329**	850	1,408
Cash and cash equivalents at end of year	**$ 832**	$ 1,329	$ 850

Supplemental cash flow information (Note 19)

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheets As at December 31

(Cdn$ in millions)	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents (Note 19)	**$ 832**	$ 1,329
Accounts and settlements receivable and other	**1,094**	972
Inventories (Note 4)	**1,380**	1,375
	3,306	3,676
Investments (Note 5)	**1,371**	1,252
Property, plant and equipment (Note 6)	**21,886**	22,426
Other assets (Note 7)	**1,009**	857
Goodwill (Note 8)	**1,637**	1,662
	$ 29,209	$ 29,873
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 1,498**	$ 1,242
Dividends payable	**177**	–
Current portion of long-term debt (Note 10)	**65**	1,121
	$ 1,740	$ 2,363
Long-term debt (Note 10)	**4,883**	6,883
Other liabilities (Note 11)	**1,187**	1,029
Future income and resource taxes (Note 12(c))	**5,223**	5,007
Equity		
Attributable to shareholders of the company	**16,052**	14,487
Attributable to non-controlling interests (Note 13)	**124**	104
	$ 16,176	$ 14,591
	$ 29,209	$ 29,873

Commitments and contingencies (Note 20)

Approved on behalf of the Board of Directors

Hugh J. Bolton
Chairman of the Audit Committee

Janice G. Rennie
Director

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income Years ended December 31

(Cdn$ in millions)	**2010**	2009	2008
Earnings	**$ 1,975**	$ 1,900	$ 741
Other comprehensive income (loss) in the year			
Foreign currency translation adjustments on foreign subsidiaries	**(43)**	(83)	1,003
Unrealized gains (losses) on available-for-sale instruments	**8**	107	(48)
Unrealized gains (losses) on cash flow hedges	**(12)**	54	(21)
Total other comprehensive (loss) income (Note 14(f))	**(47)**	78	934
Comprehensive income	**$ 1,928**	$ 1,978	$ 1,675
Other comprehensive income (loss) attributable to:			
Shareholders of the company	**$ (44)**	$ 91	$ 914
Non-controlling interests	**(3)**	(13)	20
	$ (47)	$ 78	$ 934
Comprehensive income attributable to:			
Shareholders of the company	**$ 1,816**	$ 1,922	$ 1,573
Non-controlling interests	**112**	56	102
	$ 1,928	$ 1,978	$ 1,675

Consolidated Statements of Equity Years ended December 31

(Cdn$ in millions)	**2010**	2009	2008
Class A common shares (Note 14)	**$ 7**	$ 7	$ 7
Class B subordinate voting shares (Note 14)			
Beginning of year	**6,750**	5,072	3,274
Issued on exercise of options	**45**	16	7
Issued on private placement	**–**	1,662	–
Issued on business acquisitions	**–**	–	1,504
Issued on asset acquisition	**–**	–	287
End of year	**6,795**	6,750	5,072
Retained earnings attributable to shareholders of the company			
Beginning of year	**7,307**	5,476	5,038
Earnings	**1,860**	1,831	659
Dividends declared	**(295)**	–	(221)
End of year	**8,872**	7,307	5,476
Contributed surplus			
Beginning of year	**85**	82	71
Stock-based compensation expense (Note 14(d))	**11**	8	13
Transfer to Class B subordinate voting shares on exercise of options	**(12)**	(5)	(2)
End of year	**84**	85	82
Non-controlling interests (Note 13)	**124**	104	127
Accumulated other comprehensive income attributable to shareholders of the company (Note 14(f))	**294**	338	247
Total equity	**$ 16,176**	$ 14,591	$ 11,011

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (Years ended December 31, 2010, 2009 and 2008)

1. Nature of Operations

Teck Resources Limited and its subsidiaries ("Teck," "we," "us," or "our") are engaged in mining and related activities including exploration, development, processing, smelting and refining. Our major products are steelmaking coal, copper and zinc. We also produce precious metals, lead, molybdenum, electrical power, fertilizers and other metals. Metal products are sold as refined metals or concentrates. We also own an interest in certain oil sands leases and have partnership interests in an oil sands development project and wind power project.

2. Significant Accounting Policies

a) Basis of Presentation, Accounting Principles and Adoption of New Accounting Standards

Generally Accepted Accounting Principles

Our consolidated financial statements are prepared using Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Note 25 reconciles the consolidated financial statements prepared in accordance with Canadian GAAP to financial statements prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP").

Basis of Presentation

Our consolidated financial statements include the accounts of Teck Resources Limited and all of its subsidiaries. Our significant operating subsidiaries include Teck Metals Ltd. ("TML"), Teck American Inc. ("TAI"), Teck Alaska Inc. ("TAK"), Teck Highland Valley Copper Partnership ("Highland Valley Copper"), Teck Coal Partnership ("Teck Coal"), Compañia Minera Teck Quebrada Blanca S.A. ("Quebrada Blanca") and Compañia Minera Teck Carmen de Andacollo ("Andacollo").

Certain of our mining activities are conducted through interests in entities or assets where we share joint control including Compañia Minera Antamina ("Antamina"), Waneta Dam, Greenhills Mine and Wintering Hills wind power project. These entities and assets are accounted for using the proportionate consolidation method. We shared joint control of Teck Coal prior to our acquisition of Fording Canadian Coal Trust's ("Fording") 60% interest in Teck Coal in October 2008.

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year. All dollar amounts are presented in Canadian dollars unless otherwise specified.

Business Combinations and Related Sections

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations."

We have chosen to early adopt Sections 1582, 1601 and 1602 effective January 1, 2010. As a result, non-controlling interests have been presented within equity on the balance sheet and the non-controlling interests' share of earnings are no longer deducted in arriving at consolidated earnings.

Consolidated other comprehensive income and consolidated comprehensive income have been attributed to our equity shareholders and non-controlling interests. There is no effect from adoption on previous business combinations.

b) Significant Accounting Policies

Use of Estimates

The preparation of our financial statements in conformity with Canadian GAAP requires estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant areas where judgment is applied include asset and investment valuations, ore reserve estimates, finished and in-process inventory quantities, plant and equipment lives, the dates on which assets are available for use, goodwill, contingent liabilities including matters in litigation, assessment of variable interest entities, tax provisions, future tax balances and the timing of their reversal, which affects the future tax rates applied to these reversals, the amount and timing of asset retirement obligations, other environmental liabilities, pension and other post-retirement benefits and other accrued liabilities. Actual results could differ from our estimates.

Translation of Foreign Currencies

The functional currency of Teck Resources Limited, the parent entity, is the Canadian dollar, which is also the presentation currency for our consolidated financial statements. For our integrated foreign operations, which primarily consist of subsidiaries engaged in exploration and development activities, monetary assets and liabilities are translated at year-end exchange rates and other assets and liabilities are translated to Canadian dollars at historical rates. Revenues, expenses and cash flows are translated at monthly average exchange rates. Gains and losses on translation of monetary assets and monetary liabilities are charged to earnings.

Assets and liabilities of our self-sustaining foreign operations are translated at year-end exchange rates, and revenues and expenses are translated at monthly average exchange rates. Differences arising from these foreign currency translations are recorded in other comprehensive income until they are realized by a reduction in or sale of our investment.

Financial Instruments
We recognize financial assets and liabilities on the balance sheet when we become a party to the contractual provisions of the instrument.

Cash and cash equivalents
Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash and cash equivalents are designated as held for trading.

Temporary investments
Temporary investments are designated as available-for-sale and recorded at fair value. These investments include money market instruments with maturities of greater than three months from the date of acquisition.

Trade receivables and payables
Trade receivables and payables are non-interest bearing and are stated at carrying values, which approximate fair values due to the short terms to maturity. Where necessary, trade receivables are net of allowances for uncollectable amounts. We may enter into transactions to sell trade receivables to third parties. If control over the receivables is transferred to the purchaser, we account for the transaction as a sale and derecognize the trade receivables.

Investments in marketable securities
Investments in marketable securities are designated as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income until investments are disposed of or when an other-than-temporary decline in value occurs. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. At each balance sheet date, we assess for any impairment in value that is considered to be other than temporary, and record such impairments in earnings for the period.

Long-term debt
Long-term debt is initially recorded at total proceeds received less direct issuance costs. Debt is subsequently measured at amortized cost, calculated using the effective interest rate method.

Derivative instruments
Derivative instruments, including embedded derivatives, are considered to be held for trading and accordingly are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded as part of other income (expense) in earnings. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Hedging
Certain derivative instruments may qualify for hedge accounting. For fair value hedges, any gains or losses on the hedging instrument relating to both the effective and ineffective portion of the hedge are recognized in earnings, which offsets the fair value changes related to the hedged risk in the hedged item.

For cash flow hedges, any unrealized gains and losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in earnings upon settlement of the hedging instrument, when the hedged item ceases to exist, or when the hedge is determined to be ineffective.

For hedges of net investments in self-sustaining operations, any foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in earnings on the ineffective portion of the hedge, or when there is a reduction in the net investment in the self-sustaining operation being hedged.

Inventories
Finished products, work in process and raw material inventories are valued at the lower of cost and net realizable value. Raw materials include concentrates for use at smelting and refining operations. Work in process inventory includes inventory in the milling, smelting or refining process and stockpiled ore at mining operations.

For work in process and finished product inventories, cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Waste rock stripping costs related to mine production are included in the cost of inventories as incurred.

When inventories have been written down to net realizable value, we make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

We use both joint-product and by-product costing for work in process and finished product inventories. Joint costing is applied to primary products at the Red Dog, Antamina and Duck Pond mines and the Trail operations, where the profitability of the operation is dependent upon the production of a number of primary products. Joint costing allocates total production costs based on the relative values of the products. Where by-product costing is used, by-products are allocated the incremental costs of processes that are specific to the production of that product.

Supplies inventory is valued at the lower of average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

2. Significant Accounting Policies (continued)

Interests in Joint Ventures
Joint ventures involve a contractual arrangement that establishes joint control and are accounted for using the proportionate consolidation method. Our proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint venture are included in our consolidated financial statements.

Investments Subject to Significant Influence
Investments over which we exercise significant influence are accounted for using the equity method. We also equity account for variable interest entities of which we are not the primary beneficiary. At each balance sheet date, we assess the value of these investments for impairment.

Property, Plant and Equipment

Land, buildings, plant and equipment
Plant and equipment are recorded at cost, being the purchase price and the directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortization of mobile equipment, buildings used for production, and plant and processing equipment at our mining operations is calculated on a units-of-production basis over the lesser of the assets' remaining useful lives or over the proven and probable ore reserves. Amortization of buildings not used for production, and plant and equipment at our smelting operation is calculated on a straight-line basis over the assets' estimated useful lives. Where components of an asset have different useful lives, amortization is calculated on each separate part. Amortization commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

When we incur debt directly related to the construction of a new operation or major expansion, the interest and financing costs associated with such debt are capitalized during the construction period.

Mineral properties and mine development costs
The cost of acquiring and developing mineral properties or property rights, including costs incurred during production to increase future output by providing access to additional sources of reserves, are deferred. Once available for use, mineral properties and mine development costs are amortized on a units-of-production basis over the proven and probable reserves to which they relate.

Underground mine development costs are amortized using the block amortization method where development costs associated with each distinct section of the mine are amortized over the reserves to which they relate.

Exploration and evaluation costs
Exploration and evaluation costs are charged to earnings in the year in which they are incurred, except where these costs relate to specific properties for which resources, as defined under National Instrument 43-101, exist and it is expected that the expenditure can be recovered by future exploitation or sale, in which case they are capitalized. Capitalized exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are currently not available for use.

When proven and probable reserves are determined and development is approved, capitalized exploration and evaluation costs are reclassified to mineral properties and leases within property, plant and equipment.

Development costs of oil sands properties
The costs of acquiring, exploring, evaluating and developing oil sands properties are capitalized when it is expected that these costs will be recovered through future exploitation or sale of the property. Capitalized development costs of oil sands properties are considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized development costs for oil sands properties are reclassified to mineral properties and leases within property, plant and equipment.

Asset impairment
We perform impairment tests on our property, plant and equipment when events or changes in circumstances occur that indicate the carrying value of an asset may not be recoverable. Estimated future cash flows are calculated using estimated future commodity prices, mineral reserves and resources, and operating and capital costs on an undiscounted basis. When the carrying value of the mine or development project exceeds estimated undiscounted future cash flows, the asset is impaired. Write-downs are recorded to the extent the carrying value exceeds the discounted value of the estimated future cash flows or the estimated net recoverable value.

Repairs and maintenance
Repairs and maintenance costs, including shutdown maintenance costs, are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Goodwill
We allocate goodwill arising from business combinations to the reporting units acquired based on estimates of the fair value of the reporting unit. Any excess of the fair value of a reporting unit over the fair value of the sum of its individual assets and liabilities is considered goodwill for that reporting unit.

We perform goodwill impairment tests annually and when there are impairment indicators. This impairment assessment involves estimating the fair value of each reporting unit that has been assigned goodwill. We compare the fair value to the total carrying amount of each reporting unit, including goodwill. If the carrying amount exceeds fair value, then we estimate the fair values of all identifiable assets and liabilities in the reporting unit, and compare this net fair value of assets less liabilities to the estimated fair value of the entire reporting unit. The difference represents the fair value of goodwill. If the carrying amount of goodwill exceeds this amount, we reduce goodwill by a charge to earnings in the amount of the excess.

The fair value of assets and liabilities are estimated using a model of discounted cash flows based on proven and probable reserves and value beyond proven and probable reserves. Other major assumptions include commodity prices, operating and capital costs, foreign exchange rates and discount rates.

An impairment and write-down of goodwill could arise through a variety of factors including a reduction in the reserve or resource base of the mineral property, a reduction in expected future prices for the commodities produced, or other factors, including changes in the timing of project development, host country tax regime and external economic factors. In addition, general economic and capital market conditions could result in a reduction of fair value that would result in an impairment of goodwill.

Revenue Recognition

Sales are recognized when the rights and obligations of ownership pass to the customer and the price is reasonably determinable. The majority of our cathode and metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, the price is determined on a provisional basis at the date of sale and revenues are recorded at that time based on forward prices. Adjustments are made to the sale price in subsequent periods based on movements in quoted market prices up to the date of final pricing. As a result, the value of our cathode and concentrate receivables change as the underlying commodity market prices vary and this adjustment mechanism has the characteristics of a derivative. Accordingly, the fair value of the receivable is adjusted each reporting period by reference to forward market prices and the changes in the fair value are recorded as an adjustment to revenue.

Income and Resource Taxes

Current income taxes are recorded based on the estimated income and resource taxes receivable or payable on taxable income for the current year. Future income tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using substantively enacted tax rates for the periods in which the differences are expected to reverse. Tax rate changes are recognized in earnings in the period of substantive enactment. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

We are subject to assessments by various taxation authorities which may interpret tax legislation differently. The final amount of taxes to be paid depends on a number of factors including outcomes of audits, appeals, disputes, negotiations and litigation. We provide for such differences based on our best estimate of the probable outcome of these matters.

Pension and Other Employee Future Benefits

Defined benefit pension plans

Defined benefit pension plan obligations are based on actuarial determinations. The projected benefit method prorated on services is used to determine the accrued benefit obligation. Actuarial assumptions used in the determination of defined benefit pension plan liabilities and non-pension post-retirement benefits are based upon our best estimates, including discount rate, expected plan performance, salary escalation, expected health care costs and retirement dates of employees. The expected return on plan assets is estimated based on the fair value of plan assets, asset allocation and expected long-term rates of return.

Past service costs and transitional assets or liabilities are amortized on a straight-line basis over the expected average remaining service period of active employees expected to receive benefits under the plan up to the full eligibility date.

Differences between the actuarial liabilities and the amounts recorded in the financial statements will arise from changes in plan assumptions, changes in benefits, or through experience as results differ from actuarial assumptions. Cumulative differences which are greater than 10% of either the fair value of the plan assets or the accrued benefit obligation, whichever is greater, are amortized over the average remaining service life of the related employees.

Defined contribution pension plans

The cost of providing benefits through defined contribution plans is charged to earnings as the obligation to contribute is incurred.

Non-pension post-retirement plans

We provide certain health care benefits for certain employees when they retire. The cost of these benefits is expensed over the period in which the employees render services. These non-pension post-retirement benefits are funded by us as they become due.

Stock-Based Compensation

The cost of options and other stock-based compensation arrangements is recorded based on the estimated fair values at the grant date and charged to earnings over the vesting period. For employees eligible for normal retirement prior to vesting, the expense is charged to earnings over the period from the grant date to the date they are eligible for retirement. Expected volatility is estimated based on historical volatility, excluding periods of extraordinary volatility.

Stock-based compensation expense relating to deferred and restricted share units is accrued over the vesting period of the units based on the quoted market value of Class B subordinate voting shares. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. Significant Accounting Policies (continued)

Research and Development

Research costs are expensed as incurred. Development costs are only deferred when the product or process is clearly defined, the technical feasibility has been established, the future market for the product or process is clearly defined and we are committed to, and have the resources to, complete the project.

Asset Retirement Obligations

Future obligations to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are initially recognized and recorded as a liability at fair value, based on estimated future cash flows, our current credit adjusted risk-free discount rate and an estimated inflation factor. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings.

For operating properties, the amount of the asset retirement liability initially recognized and any subsequent adjustments are capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. For closed properties, any adjustments to the liability are charged to other income (expense). Asset retirement obligations are only recorded when the timing or amount of remediation costs can be reasonably estimated.

Earnings per Share

Earnings per share are calculated based on the weighted average number of shares outstanding during the year. We follow the treasury stock method for the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year. Dilution from any convertible securities is calculated based on the number of shares to be issued after taking into account the reduction of the related after-tax interest expense.

3. Acquisitions and Dispositions

a) Completed Dispositions In 2010

Disposition	Date of Sale	Buyer	Consideration	Pre-tax Gain (Cdn$ in millions)
Andacollo Gold Stream(i)	January 2010	Royal Gold, Inc. ("Royal Gold")	US$218 million in cash and approximately 1.2 million Royal Gold common shares valued at US$53 million at the date of sale	$ –
60% interest in Agi Dagi and Kirazli gold projects	January 2010	Alamos Gold Incorporated	US$24 million in cash and approximately 2.4 million shares of Alamos valued at US$30 million at the date of sale	50
One-third interest in Waneta Dam(ii)	March 2010	BC Hydro	$825 million in cash	656
Total				**$ 706**

i. Andacollo Gold Stream

In January 2010, Andacollo sold an interest in the gold reserves and resources of the Andacollo mine to Royal Gold. Under the agreement, Royal Gold will be entitled to 75% of the payable gold produced until total cumulative production reaches 910,000 ounces of gold, and 50% thereafter. We have recorded the transaction as a sale of a partial mineral property interest and the total consideration was accounted for as a recovery of mineral property costs. Accordingly, no gain or loss was recognized on this transaction.

ii. Interest in Waneta Dam

In March 2010, we sold a one-third interest in the Waneta Hydroelectric Dam, which supplies power to our smelter operations at Trail. The one-third interest approximately represents the excess generating capacity of the Dam, which was surplus to the Trail smelter's requirements. Our remaining interest in the Waneta Dam is a jointly controlled asset. We account for our proportionate share of the Waneta Dam assets, liabilities and operating costs in our consolidated financial statements (Note 18).

b) Completed Dispositions In 2009

Property	Date of Sale	Buyer	Consideration	Pre-tax Gain (Cdn$ in millions)
60% interest in Lobo-Marte gold project	January 2009	Kinross Gold Corporation	US$40 million in cash and approximately 5.6 million Kinross common shares valued at US$97 million at the date of sale 1.75% net smelter return royalty, in respect of 60% of the gold produced from Lobo-Marte payable when gold prices on the London Metal Exchange exceed US$760 per ounce, capped at US$40 million	$ 170
10% indirect interest in Sociedad Minera El Brocal S.A.A.	February 2009	Compañia de Minas Buenaventura S.A.A.	US$35 million in cash	45
50% interest in the Williams and David Bell ("Hemlo") mines	April 2009	Barrick Gold Corporation	US$65 million in cash	46
40% interest in the Pogo mine	July 2009	Sumitomo Metal Mining Co. Ltd. and Sumitomo Corporation	US$255 million in cash	58
78.8% interest in the Morelos project	November 2009	Gleichen Resources Ltd.	US$150 million in cash and approximately 1.6 million common shares and 12.4 million special warrants of Gleichen valued at $18 million at the date of sale	155
Total				$ 474

c) Acquisition of Fording Canadian Coal Trust

On October 30, 2008, we acquired all of the remaining assets of Fording, which consisted primarily of a royalty interest in respect of Fording's 60% non-operating interest in Teck Coal, previously known as Elk Valley Coal Partnership ("EVCP"). Teck Coal operates six steelmaking coal mines located in southeastern British Columbia and west-central Alberta.

Prior to the acquisition we were the managing partner of Teck Coal and owned a 52% effective interest in the partnership. This was comprised of a 40% direct interest in Teck Coal and a 19.6% interest in the outstanding units of Fording. We acquired an 8.7% interest in Fording in 2003 for $150 million and a further 11.2% interest in 2007 for $599 million. Our 19.6% interest in Fording, represented by 29.5 million Fording units, was an effective 11.8% interest in Teck Coal and we accounted for this interest using the equity method until October 30, 2008.

The separate acquisitions have been accounted for using the purchase method. Accordingly, the values assigned to assets acquired and liabilities assumed from Fording reflect the nature of a step-by-step purchase with the assets and liabilities measured at their estimated individual fair values on each respective date of acquisition. Our consolidated earnings and cash flows include 100% of Fording's results of operations from October 30, 2008.

4. Inventories

(Cdn$ in millions)	**2010**	2009
Raw materials	**$ 162**	$ 211
Supplies	**315**	315
Work in process	**374**	366
Finished product	**529**	483
	$ 1,380	$ 1,375

Operating expenses of $4.8 billion (2009 – $4.0 billion, 2008 – $3.8 billion) include $4.5 billion (2009 – $3.8 billion, 2008 – $3.6 billion) of inventories recognized as an expense during the period.

5. Investments

(Cdn$ in millions)		2010		2009
Investments carried at fair value				
Available-for-sale investments				
Marketable securities	**$**	**329**	$	241
Other		**15**		4
Held for trading investments				
Warrants		**3**		2
	$	**347**	$	247
Investments subject to significant influence and carried on an equity basis				
Fort Hills Energy Limited Partnership (20% interest) (a)		**705**		704
Galore Creek Partnership (50% interest) (b)		**311**		301
Other		**8**		–
	$	**1,371**	$	1,252

a) Fort Hills Energy Limited Partnership

In November 2005, we acquired a 15% interest in the Fort Hills Energy Limited Partnership ("FHELP"), which is developing the Fort Hills oil sands project in Alberta, Canada. As consideration for our initial 15% interest, we contributed 34% of the first $2.5 billion of project expenditures. In September 2007, we acquired an additional 5% interest, bringing our interest to 20%. To earn our additional 5% interest, we are required to contribute 27.5% of project expenditures after project spending reaches $2.5 billion and before project spending reaches $7.5 billion.

Thereafter, we are responsible for funding our 20% share of development costs. In the event that the project is abandoned, all limited partners are required to make additional contributions such that the aggregate contributions of all partners equal $7.5 billion and any unexpended amount will be distributed to the partners according to their partnership interest. Project spending totalled $2.7 billion as of December 31, 2010, of which our share was $907 million.

b) Galore Creek Partnership

In August 2007, we formed a 50/50 partnership with NovaGold Resources Inc. ("NovaGold") to develop the Galore Creek copper-gold deposit in northwest British Columbia. Our present obligation is to fund project costs of $36 million incurred after January 1, 2009 and before December 31, 2012 with any unspent amounts to be contributed to the Partnership at that date. As at December 31, 2010, we have funded $24 million of this amount.

The Galore Creek Partnership is a variable interest entity. NovaGold is subject to the majority of the risks and rewards of the partnership and accordingly we account for our interest in the partnership using the equity method.

c) Equity (loss) earnings are as follows:

(Cdn$ in millions)		2010		2009		2008
Fort Hills Energy Limited Partnership (a)	**$**	**(4)**	$	(119)	$	(85)
Galore Creek Partnership (b)		**(3)**		(7)		18
Fording Canadian Coal Trust		**–**		–		89
Other		**(1)**		–		–
	$	**(8)**	$	(126)	$	22

6. Property, Plant and Equipment

(Cdn$ in millions)	2010	2009
Operating		
Mines and mining facilities	**$ 23,882**	$ 23,465
Accumulated depreciation and amortization	**(3,973)**	(3,165)
	19,909	20,300
Mineral processing facilities	**1,684**	1,836
Accumulated depreciation and amortization	**(823)**	(809)
	861	1,027
Other Resource Properties		
Mineral properties	**750**	751
Oil sands leases	**366**	348
	$ 21,886	$ 22,426

Mines and mining facilities include $136 million (2009 – $46 million) of capitalized waste rock stripping costs associated with mine expansions at Highland Valley Copper and Teck Coal. As at December 31, 2010, we have cumulative capitalized waste rock stripping costs of $293 million (2009 – $197 million), of which $263 million (2009 – $177 million) relates to the capitalized expansion costs at Highland Valley Copper and $30 million (2009 – $20 million) relates to Teck Coal.

7. Other Assets

(Cdn$ in millions)	2010	2009
Future income and resource tax assets (Note 12(c))	**$ 316**	$ 259
Pension assets (Note 11(b))	**266**	245
Long-term receivables and deposits	**190**	189
Derivative assets (net of current portion of $21 million (2009 – $41 million)) (Note 21(d))	**174**	95
Other	**63**	69
	$ 1,009	$ 857

8. Goodwill

(Cdn$ in millions)	Teck Coal	Quebrada Blanca	Andacollo	Total
December 31, 2008	$ 1,191	$ 375	$ 158	$ 1,724
Finalization of purchase price allocations	12	–	–	12
Foreign exchange translation	–	(53)	(21)	(74)
December 31, 2009	$ 1,203	$ 322	$ 137	$ 1,662
Foreign exchange translation	–	(17)	(8)	(25)
December 31, 2010	**$ 1,203**	**$ 305**	**$ 129**	**$ 1,637**

9. Accounts Payable and Accrued Liabilities

(Cdn$ in millions)	2010	2009
Trade payables	**$ 758**	$ 542
Commercial and government royalties	**199**	182
Payroll related liabilities	**185**	162
Income and resource taxes payable	**125**	121
Accrued interest	**75**	89
Current portion of asset retirement obligations (Note 11(a))	**51**	23
Capital project accruals	**40**	10
Current derivative liabilities (Note 11)	**28**	33
Other	**37**	80
	$ 1,498	$ 1,242

10. Debt

(Cdn$ in millions)	2010		2009	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Term loan (a)	**$ –**	**$ –**	$ 2,443	$ 2,486
7.0% notes due September 2012 (US$200 million) (c)	**198**	**216**	209	223
9.75% notes due May 2014 (US$530 million) (b)	**494**	**657**	1,280	1,574
5.375% notes due October 2015 (US$300 million) (c)	**297**	**329**	313	308
10.25% notes due May 2016 (US$659 million) (b)	**608**	**813**	1,025	1,270
3.850% notes due August 2017 (US$300 million) (b)	**293**	**304**	–	–
10.75% notes due May 2019 (US$1,043 million) (b)	**962**	**1,350**	1,799	2,276
4.500% notes due January 2021 (US$500 million) (b)	**492**	**509**	–	–
6.125% notes due October 2035 (US$700 million) (c)	**681**	**737**	719	635
6.000% notes due August 2040 (US$650 million) (b)	**643**	**681**	–	–
Revolving credit facility due July 2014 (d)	**55**	**55**	–	–
Antamina senior revolving credit facility due August 2012 and April 2015 (e)	**114**	**114**	97	97
Other	**111**	**111**	119	119
	4,948	**5,876**	8,004	8,988
Less current portion of long-term debt	**(65)**	**(65)**	(1,121)	(1,132)
	$ 4,883	**$ 5,811**	$ 6,883	$ 7,856

The fair values of debt are determined using market values where available and cash flows based on our expected cost of borrowing on other items. The fair values of the 10.25% notes and the 10.75% notes are net of $50 million and $114 million, respectively, of fair value of prepayment rights (Note 21(c)).

a) During 2010, we acquired and cancelled US$1.993 billion of the aggregate principal amount of the notes we issued in May 2009. We funded these acquisitions with US$1.06 billion of cash and the issuance of US$1.45 billion of notes maturing in 2017, 2021 and 2040. Net proceeds from the notes issued, after discounts and underwriting expenses, were US$1.44 billion.

During the year we also repaid the US$2.365 billion outstanding balance on our term loan. As a result of the early payment of the term loan and the acquisitions of the notes described above, we incurred a $782 million pre-tax charge to earnings related to the write-off of unamortized discounts and issuance costs, capitalized prepayment options and the premium paid to acquire the notes (Note 16).

b) The 10.25% notes are callable on or after May 15, 2013 and the 10.75% notes are callable on or after May 15, 2014, both at pre-defined prices based on the date of redemption (Note 21(c)). The 4.500% notes are callable on or after October 15, 2020 and the 6.000% notes are callable on or after February 15, 2040, both at 100% of the face value. All of these notes can be called at any time by repaying the greater of the principal amount plus accrued interest and the present value of the principal and interest amounts discounted at a comparable treasury yield plus a stipulated spread. With our current investment grade ratings certain restrictive covenants under the 9.75%, 10.25% and 10.75% notes were suspended and the senior secured pledge bonds that secured our notes and the guarantees and liens supporting those pledge bonds were released. As a result, the titles of these notes have been changed to remove the word "secured." There is no default or event of default under the notes. Our obligations under these notes are guaranteed by TML.

c) The 6.125%, 5.375% and 7.0% notes are callable at any time by repaying the greater of the principal amount plus accrued interest and the present value of the principal and interest amounts discounted at a comparable treasury yield, plus a stipulated spread.

d) The revolving credit facility is due in full at maturity and is guaranteed by TML. Any outstanding amounts under the facility bear interest at LIBOR plus an applicable margin based on our credit ratings. The facility requires a maximum total debt to total capitalization ratio of 0.5 to 1. As at December 31, 2010, we are in compliance with all debt covenants and default provisions.

At December 31, 2010, we had revolving credit facilities aggregating $1.3 billion, of which $995 million is available until 2014. Net of $127 million of letters of credit and $55 million of credit facilities drawn, the unused portion of the credit facilities is $1.1 billion as at December 31, 2010. In addition, we have issued stand-alone letters of credit for $460 million in respect of environmental bonding requirements.

e) The Antamina revolving credit facilities are our proportionate share of Antamina's five-year revolving term bank facilities with full repayments due at maturity dates in 2012 and 2015 and are the obligation of Antamina. The facilities are non-recourse to us and the other Antamina project sponsors and may be renewed and extended annually with the concurrence of the participating banks. The outstanding amounts under the facilities bear interest at LIBOR plus a margin.

f) At December 31, 2010 the scheduled principal payments during the next five years and thereafter are as follows:

($ in millions)	US$	Cdn$
2011	$ 65	$ 65
2012	331	329
2013	10	10
2014	587	584
2015	323	321
Thereafter	3,851	3,830
Total	$ 5,167	$ 5,139

g) We incurred interest expense including financing fees on short-term debt and long-term debt as follows:

(Cdn$ in millions)	**2010**	2009	2008
Interest expense on long-term debt	**$ 565**	$ 569	$ 122
Interest expense on bridge facility	**–**	116	74
	565	685	196
Less amounts capitalized	**–**	(30)	(14)
Total interest expense	**$ 565**	$ 655	$ 182

11. Other Liabilities

(Cdn$ in millions)	**2010**	2009
Asset retirement obligations (a)	**$ 755**	$ 532
Other environmental and post-closure costs	**38**	66
Pension and other employee future benefits (b)		
Defined benefit pension plans	**49**	54
Non-pension post-retirement benefits	**284**	266
Derivative liabilities (net of current portion of $28 million (2009 – $33 million))	**2**	37
Other	**59**	74
	$ 1,187	$ 1,029

11. Other Liabilities (continued)

a) Asset Retirement Obligations

We have recorded an asset retirement obligation for each of our operating mines and closed properties. Our Trail refining and smelting facilities are considered to be indefinite life operations and neither the amounts that may be required to retire these facilities nor the timing of required expenditures can be reasonably estimated at this time. For the Trail operation, our recorded liability is limited to components of the facility where costs and expected dates of existing retirement and remediation requirements can be estimated.

The following table summarizes the movements in the asset retirement obligation for the years ended December 31, 2010 and 2009:

(Cdn$ in millions)	2010	2009
At January 1	**$ 555**	$ 669
Changes in cash flow estimates		
Operating mines	**246**	(83)
Closed properties	**15**	7
Expenditures and settlements	**(35)**	(16)
Accretion expense	**38**	42
Obligations transferred on disposition	**–**	(26)
Foreign currency translation adjustments	**(13)**	(38)
At December 31	**806**	555
Less current portion	**(51)**	(23)
	$ 755	$ 532

Asset retirement obligations are initially recorded as a liability at fair value, assuming a weighted average credit adjusted risk-free discount rate of 6.85% (2009 – 6.33%) and an inflation factor of 2.00%. The liability for retirement and remediation on an undiscounted basis before inflation is estimated to be approximately $1.36 billion. In addition, for ongoing treatment and monitoring of sites, the estimated undiscounted payments before inflation are $2.4 million per annum for 2020 to 2029 and averaging $25 million per annum for 2030 to 2159.

The change in cash flow estimates and accretion relating to asset retirement obligations at closed properties are recognized in other income (expense) (Note 16).

Our operations are affected by federal, provincial, state and local laws and regulations concerning environmental protection. Provisions for future reclamation and site restoration are based on known requirements. It is not possible to estimate the effect on operating results, if any, of future legislative or regulatory developments.

b) Pension and Other Employee Future Benefits

Defined Contribution Plans
We have defined contribution pension plans for certain groups of employees. Our share of contributions to these plans is expensed in the year it is earned by the employee.

Defined Benefit Plans and Non-Pension Post-Retirement Benefits
We have various defined benefit pension plans that provide benefits based principally on employees' years of service. These plans are only available to certain qualifying employees. The plans are "flat-benefit" or "final-pay" plans which are not indexed. Annual contributions to these plans are actuarially determined and made at or in excess of minimum requirements prescribed by legislation.

All of our defined benefit pension plans are actuarially evaluated for funding purposes on a three-year cycle. The most significant plan, which accounts for 35% of our accrued benefit obligation at December 31, 2010, was last actuarially evaluated on December 31, 2007. The measurement date used to determine all of the accrued benefit obligation and plan assets for accounting information was December 31, 2010. We also have several post-retirement plans, which provide post-retirement medical and life insurance benefits to certain qualifying employees.

i. Actuarial Valuation of Plans:

(Cdn$ in millions)	2010		2009	
	Defined Benefit Pension Plans	Non-pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-pension Post-Retirement Benefit Plans
Accrued benefit obligation				
Balance at beginning of year	$ 1,429	$ 311	$ 1,224	$ 248
Current service cost	29	7	23	5
Benefits paid	(93)	(9)	(92)	(10)
Interest cost	83	18	85	17
Actuarial revaluation	(2)	8	(3)	13
Past service costs arising from plan improvements	–	1	1	–
Foreign currency exchange rate changes	(5)	(2)	(14)	(6)
Effect of new discount rate at year end	148	42	205	44
Balance at end of year	1,589	376	1,429	311
Plan assets				
Fair value at beginning of year	1,304	–	1,213	–
Actual return on plan assets	162	–	137	–
Benefits paid	(93)	(9)	(92)	(10)
Contributions	82	9	55	10
Foreign currency exchange rate changes	(3)	–	(9)	–
Fair value at end of year	1,452	–	1,304	–
Funding surplus (deficit)	(137)	(376)	(125)	(311)
Unamortized actuarial costs	299	91	244	41
Unamortized past service costs	55	1	72	4
Net accrued benefit asset (liability)	$ 217	$ (284)	$ 191	$ (266)
Represented by:				
Pension assets (Note 7)	$ 266	$ –	$ 245	$ –
Accrued benefit liability	(49)	(284)	(54)	(266)
Net accrued benefit asset (liability)	$ 217	$ (284)	$ 191	$ (266)

ii. Funded Status

The funded status of our defined benefit pension plans is as follows:

(Cdn$ in millions)	2010			2009		
	Plans Where Assets Exceed Benefit Obligations	Plans Where Benefit Obligations Exceed Assets	Total	Plans Where Assets Exceed Benefit Obligations	Plans Where Benefit Obligations Exceed Assets	Total
Plan assets	$ 836	$ 616	$ 1,452	$ 758	$ 546	$ 1,304
Benefit obligations	(807)	(782)	(1,589)	(726)	(703)	(1,429)
Excess (deficit) of plan assets over benefit obligations	$ 29	$ (166)	$ (137)	$ 32	$ (157)	$ (125)

11. Other Liabilities (continued)

Our total cash payments for pension and other employee future benefits for 2010, including cash contributed to defined benefit and defined contribution pension plans and cash payments made directly to beneficiaries, were $107 million (2009 – $79 million). We expect to contribute $91 million to our defined contribution and defined benefit pension plans in 2011 based on minimum funding requirements.

The estimated future benefit payments to pensioners for the next five years and the five years thereafter are as follows:

(Cdn$ in millions)	
2011	$ 107
2012	112
2013	117
2014	122
2015	127
2016 – 2020	647

iii. Significant Assumptions

The assumptions used to calculate annual expenses are those used to calculate the accrued benefit obligation at the end of the previous year. Weighted average assumptions used to calculate the accrued benefit obligation at the end of each year are as follows:

	2010		2009		2008	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans
Discount rate	**5.10%**	**5.12%**	5.90%	5.90%	7.22%	7.09%
Assumed long-term rate of return on assets	**7%**	**–**	7%	–	7%	–
Rate of increase in future compensation	**4%**	**4%**	4%	4%	4%	4%
Initial medical trend rate	**–**	**8%**	–	8%	–	8%
Ultimate medical trend rate	**–**	**5%**	–	5%	–	5%
Years to reach ultimate medical trend rate	**–**	**7**	–	7	–	7
Dental trend rates	**–**	**5%**	–	5%	–	5%

The expected long-term rate of return on plan assets is developed based on the historical and projected returns for each asset class, as well as the target asset allocation for the pension portfolio. Projected rates of return for fixed income securities and equities are developed using a model that factors in long-term government debt rates, real bond yield trend, inflation and equity premiums, based on a combination of historical experience and future long-term expectations.

The discount rate used to determine the accrued benefit obligation is determined by reference to the market interest rates of high quality debt instruments at the measurement date.

iv. Employee Future Benefits Expense

(Cdn$ in millions)	**2010**		2009		2008	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans
Current service cost	**$ 29**	**$ 7**	$ 23	$ 5	$ 26	$ 8
Interest cost	**83**	**18**	85	17	69	15
Expected gain on assets	**(89)**	**–**	(83)	–	(87)	–
Actuarial loss (gain) recognized	**19**	**1**	7	(1)	7	3
Past service cost recognized	**19**	**5**	21	6	17	6
	$ 61	**$ 31**	$ 53	$ 27	$ 32	$ 32

The defined contribution expense for 2010 was $18 million (2009 – $17 million; 2008 – $12 million).

Certain employee future benefit costs incurred in the year and the actual return on plan assets in excess of or short of the actuarially assumed return are not taken into income in the year but are amortized over the expected average remaining service life ("EARSL") of employees. The weighted average EARSL is 8 years for defined benefit pension plans and 11 years for post-retirement benefit plans. Employee future benefit expenses recognized in the year are reconciled to employee future benefit costs incurred as follows:

(Cdn$ in millions)	**2010**		2009		2008	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-Pension Post-Retirement Benefit Plans
Expense recognized	**$ 61**	**$ 31**	$ 53	$ 27	$ 32	$ 32
Difference between expected and actual return on plan assets	**(73)**	**–**	(54)	–	240	–
Difference between actual losses (gains) amortized and actuarial losses (gains) arising	**127**	**49**	195	62	(264)	(59)
Difference between past service costs amortized and past service costs arising	**(19)**	**(4)**	(20)	(6)	16	(6)
Expense incurred	**$ 96**	**$ 76**	$ 174	$ 83	$ 24	$ (33)

v. Health Care Sensitivity

A 1% change in the initial and ultimate medical trend rate assumptions would have the following effect on our post-retirement health care obligations and expense:

(Cdn$ in millions)	Increase (Decrease) in Service and Interest Cost	Increase (Decrease) in Obligation
Effect of 1% increase in medical trend rate	$ 4	$ 59
Effect of 1% decrease in medical trend rate	(3)	(47)

11. Other Liabilities (continued)

vi. Investment of Plan Assets

The assets of our defined benefit pension plans are managed by pension asset fund managers under the oversight of the Teck Resources Limited Executive Pension committee.

Our pension plan investment strategies support the objectives of each defined benefit plan and are related to the plan demographics and timing of expected benefit payments to plan members. The objective for the plan asset portfolios is to achieve annual portfolio returns over a four-year period in excess of the annual percentage change in the Consumer Price Index plus 4%.

To achieve this objective, a strategic asset allocation policy has been developed for each defined benefit plan. The asset allocation is monitored quarterly and rebalanced if the funds in an asset class exceed their allowable allocation ranges. We review the investment guidelines for each plan at least annually and the portfolio and investment managers' performance is monitored quarterly.

The composition of the defined benefit pension plan assets at December 31, 2010 and 2009, and the weighted average target composition for 2011 are as follows:

	2011 Target	**2010 Actual**	2009 Actual
Equity securities	53%	**54%**	52%
Debt securities	36%	**35%**	37%
Real estate and other	11%	**11%**	11%
	100%	**100%**	100%

12. Income and Resource Taxes

a) Provision for Income and Resource Taxes:

(Cdn$ in millions)	**2010**	2009	2008
Current			
Canadian income tax	**$ 6**	$ (31)	$ (1,234)
Foreign income and resource tax	**434**	267	218
Canadian resource tax	**284**	274	186
	724	510	(830)
Future			
Canadian income tax	**193**	208	1,485
Foreign income and resource tax	**5**	8	(33)
Canadian resource tax	**10**	(31)	30
	208	185	1,482
	$ 932	$ 695	$ 652

b) Reconciliation of income and resource taxes calculated at the statutory rates to the actual tax provision:

(Cdn$ in millions)	**2010**	2009	2008
Tax expense at the statutory income tax rate of 28.56% (2009 – 30.1%; 2008 – 31.2%)	**$ 833**	$ 795	$ 430
Tax effect of:			
Resource taxes, net of resource and depletion allowances	**150**	88	131
Non-temporary differences including one-half of capital gains and losses and goodwill impairment	**(76)**	(161)	185
Tax losses not recognized (recognition of previously unrecognized losses)	**10**	11	(2)
Benefit of tax rate reduction	**(22)**	(80)	(38)
Difference in tax rates in foreign jurisdictions	**95**	16	(6)
Other	**(58)**	26	(48)
	$ 932	$ 695	$ 652

c) Temporary differences giving rise to future income and resource tax assets and liabilities:

(Cdn$ in millions)	2010	2009
Future income and resource tax assets		
Net operating loss carry forwards	**$ 667**	$ 428
Property, plant and equipment	**297**	441
Asset retirement obligations	**31**	35
Amounts relating to partnership year ends	**(217)**	(170)
Unrealized foreign exchange	**(90)**	(145)
Other	**(47)**	(15)
Valuation allowance	**(325)**	(315)
	$ 316	$ 259
Future income and resource tax liabilities		
Net operating loss carry forwards	**$ (675)**	$ (581)
Property, plant and equipment	**5,551**	5,415
Asset retirement obligations	**(148)**	(161)
Amounts relating to partnership year ends	**409**	319
Other	**86**	15
	$ 5,223	$ 5,007

d) Earnings by Jurisdiction

Our earnings before income and resource taxes and equity earnings (losses) from continuing operations are earned in the following tax jurisdictions:

(Cdn$ in millions)	2010	2009	2008
Canada	**$ 1,441**	$ 1,340	$ 1,202
Foreign	**1,474**	1,300	178
	$ 2,915	$ 2,640	$ 1,380

e) Foreign Subsidiaries

We have foreign subsidiaries that have undistributed earnings. For certain foreign subsidiaries, undistributed earnings are not expected to be repatriated in the foreseeable future and therefore taxes that are payable upon distribution have not been provided for.

f) Loss Carry Forwards and Canadian Development Expenses

At December 31, 2010, we had $4,744 million of Canadian federal net operating loss carry forwards (2009 – $3,402 million). These loss carry forwards expire at various dates between 2013 and 2030. Incorporated in our future income tax assets and liabilities, we also had $5,162 million of cumulative Canadian development expenses at December 31, 2010 (2009 – $7,701 million), which are deductible for income tax purposes on a declining balance basis at a maximum rate of 30% per year.

g) Valuation Allowance

We have provided a valuation allowance of $325 million (2009 – $315 million) relating to tax assets in jurisdictions and entities that do not have established sources of taxable income.

h) Taxation Assessments

In the normal course of business, we are subject to audit by taxation authorities. These audits may alter the timing or amount of taxable income or deductions. The amount ultimately reassessed upon resolution of issues raised may differ from the amounts accrued.

For our significant operating subsidiaries, audits by various taxation authorities have not been completed as follows:

Canada	2006 – present
United States	2006 – present
Peru	2007 – present
Chile	2008 – present

13. Non-Controlling Interests

(Cdn$ in millions)	2010	2009
Highland Valley Copper (2.5%)	**$ 25**	$ 20
Andacollo (10%)	**36**	32
Quebrada Blanca (23.5%)	**47**	36
Elkview Mine Limited Partnership (5%)	**16**	16
	$ 124	$ 104

14. Equity

a) Authorized Share Capital

Our authorized share capital consists of an unlimited number of Class A common shares without par value, an unlimited number of Class B subordinate voting shares ("Class B shares") without par value and an unlimited number of preferred shares without par value issuable in series.

Class A common shares carry the right to 100 votes per share. Class B shares carry the right to one vote per share. Each Class A common share is convertible, at the option of the holder, into one Class B share. In all other respects, the Class A common shares and Class B shares rank equally.

The attributes of the Class B shares contain so called "coattail provisions," which provide that, in the event that an offer (an "Exclusionary Offer") to purchase Class A common shares, which is required to be made to all or substantially all holders thereof, is not made concurrently with an offer to purchase Class B shares on identical terms, then each Class B share will be convertible into one Class A common share.

The Class B shares will not be convertible in the event that an Exclusionary Offer is not accepted by holders of a majority of the Class A common shares (excluding those shares held by the person making the Exclusionary Offer). If an offer to purchase Class A common shares does not, under applicable securities legislation or the requirements of any stock exchange having jurisdiction, constitute a "takeover bid," or is otherwise exempt from any requirement that such offer be made to all or substantively all holders of Class A common shares, the coattail provisions do not apply.

b) Class A Common Shares and Class B Subordinate Voting Shares:

Shares (in 000's)	Class A Common Shares	Class B Subordinate Voting Shares
At December 31, 2007	9,353	433,298
Issued for business acquisition	–	36,829
Issued for asset acquisition	–	6,918
Options exercised (d)	–	578
Other	–	(111)
At December 31, 2008	9,353	477,512
Issued pursuant to private placement (c)	–	101,304
Options exercised (d)	–	963
At December 31, 2009	9,353	579,779
Options exercised (d)	–	1,468
At December 31, 2010	9,353	581,247

c) Private Placement of Class B Subordinate Voting Shares

In July, 2009, we issued approximately 101.3 million Class B shares for proceeds of $1.7 billion through a private placement.

d) Share Options

Under our share option plan, 10 million Class B shares have been set aside for the grant of share options to full-time employees. The exercise price for each option is the closing price for our Class B shares on the last trading day before the date of grant. We issue new shares upon exercise of share options.

During the year ended December 31, 2010, we granted 1,289,600 Class B share options at market prices to employees. These share options have a weighted average exercise price of $35.54, vest in equal amounts over three years and have a term of 10 years.

The weighted average fair value of Class B share options granted in the year was estimated at $11.81 per option (2009 – $2; 2008 – $10) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

(Cdn$ in millions)	**2010**	2009	2008
Dividend yield	**2.10%**	2.00%	2.94%
Risk free interest rate	**2.54%**	2.09%	6.35%
Expected life	**6.0 years**	4.3 years	4.2 years
Expected volatility	**37%**	30%	31%

Outstanding share options:

(Cdn$ in millions)	**2010**		2009	
	Shares (in 000's)	**Weighted Average Exercise Price**	Shares (in 000's)	Weighted Average Exercise Price
Outstanding at beginning of year	**5,534**	**$ 21.58**	4,532	$ 28.28
Granted	**1,290**	**35.54**	2,350	4.19
Exercised	**(1,468)**	**22.31**	(964)	12.84
Forfeited	**(110)**	**20.37**	(104)	27.68
Expired	**(18)**	**37.84**	(280)	11.89
Outstanding at end of year	**5,228**	**$ 24.79**	5,534	$ 21.58
Vested and exercisable at end of year	**1,984**	**$ 31.36**	1,981	$ 32.76

Information relating to share options outstanding at December 31, 2010:

Outstanding Share Options (in 000's)	Vested Share Options (in 000's)	Price Range	Weighted Average Exercise Price on Outstanding Options	Weighted Average Exercise Price on Vested Options	Weighted Average Remaining Life of Outstanding Options (months)
1,857	349	$ 4.15 – $ 9.35	$ 4.15	$ 4.15	98
3	–	$ 9.36 – $14.04	12.36	12.36	100
4	1	$14.05 – $21.08	20.15	20.15	101
21	21	$21.09 – $31.64	22.64	22.64	2
3,293	1,580	$31.65 – $47.48	36.08	37.13	75
50	33	$47.49 – $49.17	49.17	49.17	65
5,228	1,984		$ 24.79	$ 31.36	83

The weighted average remaining life of vested options at December 31, 2010 was 60 months. The intrinsic value of a share option is the difference between the current market price for our Class B subordinate voting share and the exercise price of the option. At December 31, 2010, the aggregate intrinsic value of vested and unvested options, based on the December 31, 2010 closing price of $61.79 for the Class B subordinate voting shares, was $193 million for all outstanding options and $60 million for vested options.

Further information about our share options:

(Cdn$ in millions)	**2010**	2009	2008
Total compensation cost recognized	**$ 11**	$ 8	$ 13
Total grant date fair value of share options vested	**10**	11	9
Total intrinsic value of share options exercised	**41**	14	19

The unrecognized compensation cost for non-vested share options at December 31, 2010 was $8 million (2009 – $5 million). The weighted average period over which it is expected to be recognized is 1.5 years.

14. Equity (continued)

e) Deferred Share Units and Restricted Share Units

Under our Deferred Share Unit ("DSU") or Restricted Share Unit ("RSU") plan, directors and employees may receive either DSUs or RSUs, each of which entitle the holder to a cash payment equal to the market value of one Class B subordinate voting share at the time they are redeemed. These units vest immediately for directors and after three years for employees. Upon normal retirement the units vest immediately and when early retirement occurs, units vest on a pro-rata basis. Should employees be terminated without cause, units vest on a pro-rata basis. Should employees resign or be terminated with cause, units are forfeited.

DSUs may only be redeemed within 12 months from the date a holder ceases to be an employee or director while RSUs must be redeemed at the end of a three-year period measured from the end of the year immediately preceding the grant.

Additional units are issued to holders of DSUs and RSUs to reflect dividends paid on Class B subordinate voting shares and other adjustments to Class B subordinate voting shares.

At December 31, 2010, there were 3,682,629 DSUs and RSUs outstanding (2009 – 3,590,010).

Non-vested DSU and RSU activity:

	2010		2009	
	DSUs and RSUs (in 000's)	**Weighted Average Grant Date Fair Value**	DSUs and RSUs (in 000's)	Weighted Average Grant Date Fair Value
Non-vested units at beginning of year	**2,506**	**$ 9.43**	653	$ 38.24
Granted	**562**	**35.10**	2,778	4.40
Forfeited	**(63)**	**13.58**	(41)	20.18
Vested	**(555)**	**35.55**	(884)	14.40
Non-vested units at end of year	**2,450**	**$ 9.30**	2,506	$ 9.43

Further information about our DSUs and RSUs:

(Cdn$ in millions, except weighted average)	**2010**	2009	2008
Weighted average fair value of the units granted on the grant date	**$ 36.08**	$ 4.40	$ 35.74
Total fair value of units vested	**25**	11	4
Total compensation cost recognized	**113**	78	(19)
Tax benefits realized	**6**	3	–
Cash used to settle DSUs and RSUs	**21**	9	1

The unrecognized compensation cost for non-vested DSUs and RSUs at December 31, 2010 was $62 million (2009 – $59 million). The weighted average period over which it is expected to be recognized is 1.3 years.

f) Accumulated Comprehensive Income:

(Cdn$ in millions)	2010	2009	2008
Accumulated other comprehensive income (loss) – beginning of year	**$ 341**	$ 263	$ (671)
Other comprehensive income (loss) in the year			
Currency translation adjustments:			
Unrealized gains (losses) on translation of foreign subsidiaries	**(299)**	(833)	1,260
Foreign exchange differences on debt designated as a hedge of our investments in foreign subsidiaries (net of tax of $(36) for 2010, $(105) for 2009 and $35 for 2008)	**256**	724	(257)
Losses reclassified to earnings on realization	**–**	26	–
	(43)	(83)	1,003
Available-for-sale instruments:			
Unrealized gains (losses) (net of tax of $(18) for 2010, $(14) for 2009 and $48 for 2008)	**128**	118	(298)
Losses (gains) reclassified to earnings (net of tax of $17 for 2010, $2 for 2009 and $(40) for 2008)	**(120)**	(11)	250
	8	107	(48)
Derivatives designated as cash flow hedges:			
Unrealized gains (losses) (net of taxes of $(3) for 2010, $(13) for 2009 and $47 for 2008)	**8**	19	(72)
Losses (gains) reclassified to earnings on realization (net of tax of $7 for 2010, $(21) for 2009 and $(33) for 2008)	**(20)**	35	51
	(12)	54	(21)
Total other comprehensive (loss) income	**(47)**	78	934
Accumulated other comprehensive income – end of year	**294**	341	263
Retained earnings – end of year	**8,872**	7,307	5,476
Accumulated comprehensive income	**$ 9,166**	$ 7,648	$ 5,739

The components of accumulated other comprehensive income are:

(Cdn$ in millions)	2010	2009
Currency translation adjustment	**$ 182**	$ 225
Unrealized gains on investments (net of tax of $(14) in 2010 and $(13) in 2009)	**109**	101
Unrealized gains on cash flow hedges (net of tax of $(2) in 2010 and $(6) in 2009)	**3**	15
Accumulated other comprehensive income	**$ 294**	$ 341
Accumulated other comprehensive income attributed to:		
Shareholders of the company	**$ 294**	$ 338
Non-controlling interests	**–**	3
	$ 294	$ 341

14. Equity (continued)

g) Earnings Per Share

The following table reconciles our basic and diluted earnings per share:

(Cdn$ in millions, except per share data)	2010	2009	2008
Basic and diluted earnings attributable to shareholders of the company			
Earnings from continuing operations	**$ 1,860**	$ 1,750	$ 668
Earnings (loss) from discontinued operations	**–**	81	(9)
Net basic and diluted earnings attributable to shareholders of the company	**$ 1,860**	$ 1,831	$ 659
Weighted average shares outstanding (000's)	**589,517**	534,084	452,124
Dilutive effect of share options	**2,408**	1,557	1,119
Weighted average diluted shares outstanding	**591,925**	535,641	453,243
Basic earnings per share	**$ 3.15**	$ 3.43	$ 1.46
Basic earnings per share from continuing operations	**$ 3.15**	$ 3.28	$ 1.48
Diluted earnings per share	**$ 3.14**	$ 3.42	$ 1.45
Diluted earnings per share from continuing operations	**$ 3.14**	$ 3.27	$ 1.47

At December 31, 2010 there were 588,136 (2009 – 3,065,264; 2008 – 2,295,933) potentially dilutive shares that have not been included in the diluted earnings per share calculation for the periods presented because their effect is anti-dilutive.

h) Dividends

We declared dividends of $0.20 and $0.30 per share in the second and fourth quarters of 2010, respectively, nil in 2009 and $0.50 per share in 2008. Dividends of $0.30 per share with a record date of December 15, 2010 were paid in January, 2011.

15. Asset Impairment Charges

(Cdn$ in millions)	2010	2009	2008
Property, plant and equipment (a)	**$ –**	$ –	$ 179
Goodwill (b)(Note 8)	**–**	–	345
Exploration and development properties and other (c)	**–**	27	65
	$ –	$ 27	$ 589

a) During 2008, we recorded impairment charges against our Duck Pond copper-zinc mine, Pend Oreille zinc mine and Lennard Shelf zinc mine. These impairment charges were taken as a result of low commodity prices, short mine lives and operating losses. Lennard Shelf was closed in August 2008 and Pend Oreille was placed on care and maintenance in February 2009.

b) As a result of our goodwill impairment testing during the fourth quarter of 2008, we recorded total goodwill impairment charges of $345 million, representing impairment charges at our Duck Pond mine, Quebrada Blanca copper mine and Andacollo copper mine.

c) During 2009, we recorded an impairment charge for capitalized acquisition and exploration costs relating to certain of our oil sands leases as these costs were no longer expected to be recoverable.

During 2008, we elected to withdraw from the Petaquilla copper project in Panama and therefore, recorded an impairment charge of $22 million on our investment in Minera Petaquilla S.A. During 2008, we also recorded an impairment charge of $43 million for capitalized exploration costs as these costs were no longer expected to be recoverable.

16. Other Income (Expense)

(Cdn$ in millions)	2010	2009	2008
Gain on sale of investments and assets	**$ 859**	$ 383	$ 14
Derivative gains (loss) (Note 21(d))	**180**	(50)	311
Foreign exchange gains	**66**	640	69
Interest income	**6**	8	56
Reclamation for closed properties	**(23)**	(13)	(22)
Debt repurchase and refinancing fees (Note 10(a))	**(782)**	(168)	–
Provision for marketable securities	**–**	–	(292)
Other	**(41)**	24	(81)
	$ 265	$ 824	$ 55

17. Discontinued Operations

In 2009, we disposed of our 50% interest in the Hemlo mines and our 40% interest in the Pogo mine. Comparative results have been classified as discontinued operations. Selected financial information of these discontinued operations in our consolidated financial statements includes:

(Cdn$ in millions)	2010	2009	2008
Earnings (loss) on discontinued operations			
Revenue	**$ –**	$ 140	$ 249
Cost of sales	**–**	(95)	(210)
Other income (expense)	**–**	94	(46)
Provision for income and resource taxes	**–**	(58)	(2)
Earnings (loss)	**–**	81	(9)
Cash flows of discontinued operations			
Operating activities	**–**	(16)	68
Investing activities	**–**	325	(9)
	$ –	$ 309	$ 59

18. Joint Ventures

Our Antamina mine, in which we have a 22.5% interest, is the primary entity accounted for using the proportionate consolidation method. We also proportionately consolidate the Greenhills mine, Waneta Dam and Wintering Hills wind power project, which are all assets that we jointly control. Prior to the acquisition of Fording's assets on October 30, 2008, we had proportionately consolidated our 40% interest in Teck Coal. Our share of the assets, liabilities, revenues and expenses and cash flows of these operations is as follows:

(Cdn$ in millions)	2010	2009
Assets		
Cash and cash equivalents	**$ 99**	$ 106
Other current assets	**239**	248
Goodwill	**181**	181
Mineral properties, plant and equipment	**2,878**	2,522
	$ 3,397	$ 3,057
Liabilities and equity		
Current liabilities	**$ 154**	$ 113
Long-term debt	**116**	99
Other long-term liabilities	**204**	121
Equity	**2,923**	2,724
	$ 3,397	$ 3,057

18. Joint Ventures (continued)

(Cdn$ in millions)	2010	2009	2008
Earnings			
Revenues	$ 1,374	$ 1,179	$ 2,996
Operating and other expenses	(623)	(499)	(1,404)
Provision for income and resource taxes	(170)	(151)	(119)
Earnings	$ 581	$ 529	$ 1,473
Cash flow			
Operating activities	$ 445	$ 242	$ 1,072
Financing activities	24	–	42
Investing activities	(157)	(33)	(187)
Distributions	(315)	(146)	(979)
Effect of exchange rates on cash	(4)	(6)	13
Increase (decrease) in cash	$ (7)	$ 57	$ (39)

We have commitments of approximately $210 million over the next five years relating to our interests in joint ventures. We are also obligated to fund our 30% of the project costs of the Wintering Hills wind power project. We expect our total investment in connection with the project to be approximately $66 million. Construction of the project is expected to be complete by the end of 2011.

19. Supplemental Cash Flow Information

(Cdn$ in millions)	2010	2009	2008
Cash and cash equivalents			
Cash	$ 569	$ 564	$ 294
Money market investments with maturities from the date of acquisition of 3 months or less	263	765	556
	$ 832	$ 1,329	$ 850
Net change in non-cash working capital items and other			
Accounts and settlements receivable	$ (196)	$ (104)	$ 116
Inventories	(31)	(112)	114
Accounts payable and accrued liabilities	165	(159)	(4)
Current income and resource taxes receivable	–	1,084	(1,516)
	$ (62)	$ 709	$ (1,290)
Interest and taxes paid			
Interest paid	$ 533	$ 585	$ 135
Income and resource taxes paid (recovered)	$ 612	$ (594)	$ 645
Non-cash financing and investing transactions			
Shares issued for acquisitions	$ –	$ –	$ 1,791
Shares received from dispositions	$ 87	$ 132	$ –

20. Commitments and Contingencies

We consider provisions for all our outstanding and pending legal claims to be adequate. The final outcome with respect to actions outstanding or pending as at December 31, 2010, or with respect to future claims, cannot be predicted with certainty. Significant commitments and contingencies not disclosed elsewhere in the notes to our financial statements are as follows:

a) Upper Columbia River Basin (Lake Roosevelt)

Prior to our acquisition in 2000 of a majority interest in Cominco Ltd. (now Teck Metals Ltd.), the Trail smelter discharged smelter slag into the Columbia River. These discharges commenced prior to Teck Metals' acquisition of the Trail smelter in 1906 and continued until 1996. Slag was discharged pursuant to permits issued in British Columbia subsequent to the enactment of relevant environmental legislation in 1967. Slag and other non-slag materials released from the Trail smelter in British Columbia have travelled down river, as have substances discharged from many other smelting and industrial facilities located along the length of the Upper Columbia River system in Canada and the United States.

Slag is a glass-like compound consisting primarily of silica, calcium and iron, and also contains small amounts of base metals including zinc, lead, copper and cadmium. It is sufficiently inert that it is not characterized as a hazardous waste under applicable Canadian or US regulations and is sold to the cement industry.

While slag has been deposited into the river, further study is required to assess what effect the presence of metals in the river has had and whether they pose an unacceptable risk to human health or the environment.

A large number of studies regarding slag deposition and its effects have been conducted by various governmental agencies on both sides of the border. The historical studies of which we are aware have not identified unacceptable risks resulting from the presence of slag in the river. In June 2006, Teck Metals and its affiliate, TAI, entered into a Settlement Agreement (the "EPA Agreement") with the US Environmental Protection Agency ("EPA") and the United States under which TAI is paying for and conducting a remedial investigation and feasibility study ("RI/FS") of contamination in the Upper Columbia River under the oversight of the EPA.

The RI/FS is being prepared by independent consultants approved by the EPA and retained by TAI. TAI is paying the EPA's oversight costs and providing funding for the participation of other governmental parties: the Department of Interior, the State of Washington and two native tribes, the Confederated Tribes of the Colville Nation (the "Colville Tribe") and the Spokane Tribe. Teck Metals has guaranteed TAI's performance of the EPA Agreement. TAI has also placed US$20 million in escrow as financial assurance of its intention to discharge its obligations under the EPA Agreement. We have accrued our estimate of the costs of the RI/FS.

Two citizens of Washington State and members of the Colville Tribe have commenced an enforcement proceeding under the *Comprehensive Environmental Response, Compensation and Liability Act* ("CERCLA") to enforce an EPA administrative order against Teck and to seek fines and penalties against Teck Metals for non-compliance. In 2006, an amended complaint was filed in District Court adding the Colville Tribe as a plaintiff and seeking natural resource damages and costs. Teck Metals sought to have the claims dismissed on the basis that the court lacked jurisdiction because the CERCLA statute, in Teck Metals' view, was not intended to govern the discharges of a facility in another country. That case proceeded through US Federal District Court and the Federal Court of Appeals for the 9th Circuit. The 9th Circuit found that CERCLA could be applied to Teck Metals' disposal practices in British Columbia because they may have resulted in a release of toxic materials to a facility in Washington State.

The litigation continues. The hearing of the plaintiffs' claims for natural resource damages and costs has been deferred until the RI/FS has been substantially advanced or completed and a decision on liability is rendered. Trial on the liability issue is scheduled for mid-2011, and the decision on liability is expected to result in further appeals. If no liability is found, the damages hearing will not proceed. Natural resource damages are assessed for injury to, destruction of, or loss of natural resources including the reasonable cost of a damage assessment. TAI commissioned a study by recognized experts in damage assessment in 2008. Based on the assessment performed, Teck Metals estimates that the compensable value of such damage will not be material.

TAI intends to fulfill its obligations under the EPA Agreement reached with the United States and the EPA in June 2006 and to complete the RI/FS mentioned above. The EPA Agreement is not affected by the litigation.

There can be no assurance that Teck Metals will ultimately be successful in its defense of the litigation or that Teck Metals or its affiliates will not be faced with further liability in relation to this matter. Until the studies contemplated by the EPA Agreement and additional damage assessments are completed, it is not possible to estimate the extent and cost, if any, of remediation or restoration that may be required or to assess our potential liability for damages. The studies may conclude, on the basis of risk, cost, technical feasibility or other grounds, that no remediation should be undertaken. If remediation is required and damage to resources found, the cost of remediation may be material.

b) Red Dog Commitments

In accordance with the operating agreement governing the Red Dog mine, TAK pays a royalty to NANA Regional Corporation Inc. ("NANA") of 25% of net proceeds of production. The 25% royalty became payable in the third quarter of 2007 after we had recovered cumulative advance royalties previously paid to NANA. The net proceeds of production royalty rate will increase by 5% every fifth year to a maximum of 50%. The increase to 30% of net proceeds of production will occur in 2012. An expense of US$173 million was recorded in 2010 (2009 – US$128 million) in respect of this royalty.

TAK leases road and port facilities from the Alaska Industrial Development and Export Authority through which it ships all concentrates produced at the Red Dog mine. The lease requires TAK to pay a minimum annual user fee of US$18 million, but has no minimum tonnage requirements. There are also fee escalation provisions based on zinc price and annual budgets.

20. Commitments and Contingencies (continued)

TAK has also entered into agreements for the transportation and handling of concentrates from the mill site. These agreements have varying terms expiring at various dates through 2015 and include provisions for extensions. There are minimum tonnage requirements and the minimum annual fees amount to approximately US$4 million from 2011 through 2014 and US$2 million thereafter with adjustment provisions based on variable cost factors.

c) Antamina Royalty

Our interest in the Antamina mine is subject to a net profits royalty equivalent to 7.4% of our share of the project's free cash flow after recovery of capital costs and an interest factor on approximately 60% of project costs. The recovery of accumulated capital costs together with interest was completed in 2006 and an expense of $24 million was recorded in 2010 (2009 – $11 million) in respect of this royalty.

d) Operating Leases

Amounts payable under operating leases are $112 million, with annual payments of $42 million in 2011, $19 million in 2012, $10 million in each of 2013, 2014 and 2015 and $21 million, thereafter. The leases are primarily for office premises, mobile equipment and rail cars.

e) Forward Purchase Commitments

We have a number of forward purchase commitments for the purchase of concentrates and for shipping and distribution of products, which are incurred in the normal course of business. The majority of these contracts are subject to force majeure provisions.

21. Accounting for Financial Instruments

a) Financial Risk Management

Our activities expose us to a variety of financial risks, which include foreign exchange risk, interest rate risk, commodity price risk, credit risk, liquidity risk and other risks associated with capital markets. From time to time, we may use foreign exchange forward contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. We do not have a practice of trading derivatives. Our use of derivatives is based on established practices and parameters, which are subject to the oversight of our Hedging Committee and our Board of Directors.

Liquidity Risk

Liquidity risk arises from our general and capital financing needs. We have planning, budgeting and forecasting processes to help determine our funding requirements to meet various contractual and other obligations. Note 10(d) details our available credit facilities as at December 31, 2010.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2010 are as follows:

(Cdn$ in millions)	Less Than 1 Year	2–3 Years	4–5 Years	More Than 5 Years	**Total**
Accounts payable, accrued liabilities and dividends payable	1,647	–	–	–	**1,647**
Long-term debt (Note 10(f))	65	339	905	3,830	**5,139**
Estimated interest payments on debt	378	738	640	2,344	**4,100**
Derivative liabilities	28	2	–	–	**30**

Foreign Exchange Risk

We operate on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. Our foreign exchange risk arises primarily with respect to the US dollar and to a lesser extent, the Chilean peso. Our cash flows from Canadian and Chilean operations are exposed to foreign exchange risk as commodity sales are denominated in US dollars, and the majority of operating expenses are denominated in local currencies.

We have hedged a portion of our US dollar denominated future cash flows until 2013 with US dollar forward sales contracts. We have elected not to actively manage other foreign exchange exposures at this time.

We also have various investments in US dollar self-sustaining operations, whose net assets are exposed to foreign currency translation risk. This currency exposure is managed in part through our US dollar denominated debt as a hedge against these self-sustaining operations. As at December 31, 2010, $5 billion of US dollar debt was designated in this manner.

US dollar financial instruments subject to foreign exchange risk:

(US$ in millions)	2010	2009
Net working capital	$ 204	$ 761
US dollar forward sales contracts, net of forward purchase contracts	(419)	(272)
Long-term debt	(4,959)	(7,701)
Net investment in self-sustaining foreign operations	5,389	5,252
Net US dollar assets (liabilities) exposed	$ 215	$ (1,960)

As at December 31, 2010, with other variables unchanged, a $0.10 strengthening (weakening) of the Canadian dollar against the US dollar would have a $103 million effect (2009 – $257 million) on pre-tax earnings resulting from our financial instruments. There would also be a $42 million (2009 – $27 million) decrease (increase) in other comprehensive income from our US dollar forward sales contracts designated as cash flow hedges and there would be a $51 million (2009 – $9 million) decrease (increase) in other comprehensive income resulting from our net US dollar investments in self-sustaining operations.

Interest Rate Risk

Our interest rate risk mainly arises from our cash and cash equivalents. Our interest rate management policy is generally to borrow at fixed rates. However, floating rate funding may be used to fund short-term operating cash flow requirements or, in conjunction with fixed to floating interest rate swaps, be used to offset interest rate risk from our cash assets. The fair value of fixed-rate debt fluctuates with changes in market interest rates, but unless we make a prepayment, the cash flows, denominated in US dollars, do not. Cash flows related to floating rate debt fluctuate with changes in market interest rates, but the fair value, denominated in US dollars, does not (Note 10(d)(e)).

We separately value the prepayment options on our 2016 and 2019 notes (Note 10(b)). The value of these options fluctuates with both market interest rates and our credit spread.

Cash and cash equivalents have short terms to maturity and receive interest based on market interest rates. Interest rate risk associated with cash and cash equivalents is not significant.

The fair value of our derivative interest rate swap changes with fluctuations in market interest rates. Unless we settle the contract early, the future cash outflows do not change.

As at December 31, 2010, with other variables unchanged, a 1% change in the LIBOR rate would have a $2 million effect (2009 – $36 million) on earnings. There would be no effect on other comprehensive income.

Commodity Price Risk

We are subject to price risk from fluctuations in market prices of the commodities that we produce. From time to time, we may use commodity price contracts to manage our exposure to fluctuations in commodity prices. At the balance sheet date, we had zinc and lead forward contracts outstanding.

Our commodity price risk associated with financial instruments primarily relates to changes in fair value caused by settlement adjustments to receivables and payables and forward contracts for zinc and lead.

The following represents the effect of financial instruments on after-tax earnings from a 10% increase to commodity prices, based on the December 31, 2010 prices. There is no effect on other comprehensive income.

	Price on December 31		Increase on After-Tax Earnings	
(Cdn$ in millions, except for US$/lb data)	2010	2009	2010	2009
Copper	US$4.39/lb	US$3.33/lb	$ 25	$ 21
Zinc	US$1.11/lb	US$1.17/lb	6	14
Lead	US$1.17/lb	US$1.09/lb	–	–

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Our primary counterparties related to our money market investments and derivative contracts carry investment grade ratings as assessed by external rating agencies. There is ongoing review to evaluate the creditworthiness of these counterparties. We manage credit risk for trade and other receivables through established credit monitoring activities. We do not have a significant concentration of credit risk with any single counterparty or group of counterparties. Our maximum exposure to credit risk at the reporting date is the carrying value of our cash and cash equivalents, receivables and derivative assets. While we are exposed to credit losses due to the non-performance of our counterparties, we do not consider this to be a material risk.

21. Accounting for Financial Instruments (continued)

b) Factoring of Trade Receivables

During 2010, we entered into a US$150 million facility with a third party for the sales of certain trade receivables from export coal sales. We have accounted for these transactions as a sale since we have surrendered control over the receivables. Accordingly, we have derecognized the receivables at the date of the transactions. Total receivables sold during 2010 under the facility were US$652 million including US$150 million of receivables where due dates fell after December 31, 2010. No gain or loss has been recognized on these transactions during 2010.

c) Derivative Financial Instruments and Hedges

Sales and Purchases Contracts

The majority of our metal concentrates are sold under provisional pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. In these circumstances, revenues are recorded at the time of sale, which usually occurs upon shipment, based on forward prices for the expected date of the final settlement. Metal concentrates for smelting and refining operations are purchased under similar arrangements. Adjustments to the balance of our concentrate receivables and payables from changes in underlying market prices affect revenue or operating costs as appropriate. The effect of these adjustments on earnings is mitigated by the effect that changing commodity prices have on price participation clauses in the concentrate sales agreements, royalties and taxes.

Prepayment Rights On Notes Due 2016 and 2019

Our 2016 and 2019 notes (Note 10(b)) include prepayment options that are considered to be embedded derivatives. At December 31, 2010 these prepayment rights are recorded as other assets on the balance sheet at a fair value of $164 million based on current market interest rates for similar instruments and our credit spread. Changes in the fair value of the embedded derivatives are recorded in other income (expense). In 2010, we recorded a gain of $168 million (2009 – $49 million) based on the increase in value of these rights. We also wrote off $66 million (2009 – nil) of the value of these rights on the repurchase of the underlying notes (Note 10(a)).

Cash Flow Hedges

At December 31, 2010, US dollar forward sales contracts with a notional amount of $427 million remained outstanding. The contracts mature at varying dates from 2011 to 2013, with the majority of contracts maturing in the first quarter of 2011. Most of these contracts have been designated as cash flow hedges of a portion of our future cash flows from anticipated US dollar coal sales. We have determined that they are highly effective hedges from inception to December 31, 2010.

Unrealized gains and losses on the majority of our US dollar forward sales contracts are recorded in other comprehensive income. Realized gains and losses on settled contracts are recorded in revenue.

Economic Hedge Contracts

Zinc and lead forward sales contracts
As at December 31, 2010, the 57 million pounds of zinc forward purchase contracts were offsetting positions to the 57 million pounds of zinc forward sales contracts remaining from the Aur acquisition in 2007.

We entered into lead forward sales contracts to mitigate the risk of price changes for a portion of our concentrate sales. These contracts economically lock in prices for a portion of our lead sales. We do not apply hedge accounting to commodity forward sales contracts.

Zinc and lead forward purchase contracts
Certain customers purchase refined zinc and lead products at fixed forward prices from our smelter and refinery operations. The forward purchase commitments for these metal products are matched to these fixed price sales commitments to customers.

d) The fair value of our fixed commodity forward sale and purchase contracts is calculated using a discounted cash flow method based on forward metal prices. A summary of our free-standing derivative contracts and related fair values as at December 31, 2010 is as follows:

	2011	2012	2013	Total	Fair Value Asset (Liability) ($Cdn in miillions)
Derivatives not designated as hedging instruments					
Zinc (millions of lbs)					
Fixed forward sales contracts	57	–	–	57	
Average price (US$/lb)	0.63	–	–	0.63	$ (27)
Zinc (millions of lbs)					
Fixed forward purchase contracts	60	–	–	60	
Average price (US$/lb)	0.89	–	–	0.89	13
Lead (millions of lbs)					
Fixed forward sales contracts	3	–	–	3	
Average price (US$/lb)	1.07	–	–	1.07	(1)
Lead (millions of lbs)					
Fixed forward purchase contracts	26	–	–	26	
Average price (US$/lb)	1.06	–	–	1.06	2
Interest rate swap (millions of US$)					
7% fixed rate swapped to LIBOR plus 2.14%	–	100	–	100	7
LIBOR plus 0.21% swapped to 5.45% fixed rate	–	10	–	10	–
US dollars (millions of US$)					
Forward sales contracts	–	3	5	8	
Average rate (CLP/US$)	–	551	644	609	3
					(3)
Derivatives designated as cash flow hedges					
US dollars (millions of US$)					
Forward sales contracts	419	–	–	419	
Average rate (C$/US$)	1.01	–	–	1.01	6
					$ 3

Derivatives designated as cash flow hedges are recorded in accounts and settlements receivable and other on the consolidated balance sheet. Free-standing derivatives not designated as hedging instruments are recorded in accounts and settlements receivable and other of $15 million, other assets of $10 million and accounts payable and accrued liabilities of $28 million on the consolidated balance sheet.

21. Accounting for Financial Instruments (continued)

The following tables provide information regarding the effect of derivative instruments on our consolidated statements of earnings and comprehensive income in 2010 and 2009:

(Cdn$ in millions)	2010			
	Cash flow hedges		**Net investment hedge**	
	US$ Forward Sales Contracts	Gold Forward Sales Contracts	US$ Debt	**Total**
Gains recognized in other comprehensive income ("OCI") (effective portion)	**11**	**–**	**292**	**303**
Gains reclassified from accumulated other comprehensive income ("AOCI") into income (effective portion)	**27**	**–**	**–**	**27**
Location of gains reclassified from AOCI into income	**Revenue**	**–**	**–**	**–**

(Cdn$ in millions)	2009			
	Cash flow hedges		Net investment hedge	
	US$ Forward Sales Contracts	Gold Forward Sales Contracts	US$ Debt	Total
Gains recognized in OCI (effective portion)	32	–	829	861
Losses recognized in other income (unhedged portion)	–	(3)	–	(3)
Losses reclassified from AOCI into income (effective portion)	(40)	(16)	(26)	(82)
Location of losses reclassified from AOCI into income	Revenue	Discontinued Operations	Discontinued Operations	–

(Cdn$ in millions)	2010					
	Derivatives not designated as hedging instruments					
	Zinc Forward Sales and Purchases	Copper Forward Sales	Debt Prepayment Option	Other	Settlements Receivable and Payable	**Total**
Amount of gain (loss) recognized in other income (expense)	**7**	**–**	**168**	**5**	**–**	**180**
Amount of gain recognized in revenues and operating expenses	**–**	**–**	**–**	**–**	**86**	**86**

(Cdn$ in millions)	2009					
	Derivatives not designated as hedging instruments					
	Zinc Forward Sales and Purchases	Copper Forward Sales	Debt Prepayment Option	Other	Settlements Receivable and Payable	Total
Amount of gain (loss) recognized in other income (expense)	(43)	(50)	49	(6)	–	(50)
Amount of gain recognized in revenues and operating expenses	–	–	–	–	325	325

22. Fair Value Measurements

Certain of our financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash and demand deposits are valued at face value. Other cash equivalents including money market instruments, are valued using quoted market prices. Marketable equity securities are valued using quoted market prices in active markets, obtained from securities exchanges. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Derivative instruments are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward price curves, yield curves, and credit spreads. These inputs are obtained from or corroborated with the market where possible. Also included in Level 2 are settlements receivable and settlements payable from provisional pricing on concentrate sales and purchases because they are valued using quoted market prices for forward curves for copper, zinc and lead.

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

We include investments in debt securities in Level 3 of the fair value hierarchy because they trade infrequently and have little price transparency. We review the fair value of these instruments periodically and estimate an impairment charge based on management's best estimates, which are unobservable inputs.

The fair values of our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2010 and 2009 are summarized in the following table:

(Cdn$ in millions)	**2010**				2009			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	$ 832	$ –	$ –	**$ 832**	$ 1,329	$ –	$ –	$ 1,329
Marketable equity securities	347	–	–	**347**	247	–	–	247
Marketable debt securities	–	–	15	**15**	–	–	14	14
Settlements receivable	–	652	–	**652**	–	449	–	449
Derivative instruments	–	195	–	**195**	–	136	–	136
	$ 1,179	$ 847	$ 15	**$ 2,041**	$ 1,576	$ 585	$ 14	$ 2,175
Financial liabilities								
Derivative instruments	$ –	$ 30	$ –	**$ 30**	$ –	$ 70	$ –	$ 70
Settlements payable	–	87	–	**87**	–	107	–	107
	$ –	$ 117	$ –	**$ 117**	$ –	$ 177	$ –	$ 177

For our non-financial assets and liabilities measured at fair value on a non-recurring basis, no fair value measurements were made during the years ended December 31, 2010 or 2009.

23. Capital Risk Management

Our capital management objectives are to maintain access to the capital we require to operate and grow our business, while minimizing the cost of such capital. Our debt is rated investment grade by independent rating agencies who assess, among other things, our ability to meet our interest and principal obligations and our financial policies. These policies include, over the medium and long term, a target debt to debt plus equity ratio of less than 30%, and a target ratio of debt to EBITDA of below 2.5. These ratios are expected to vary from their target levels from time to time reflecting commodity price cycles and corporate activity, including the development of major projects.

23. Capital Risk Management (continued)

As at December 31, 2010, our debt to debt plus equity ratio was 24% (2009 – 37%) and our debt to EBITDA ratio was 1.2 (2009 – 2.0). In 2009 the ratios did not meet our target levels due to our acquisition of the remaining Fording assets in 2008, combined with the significant decline in commodity prices in late 2008 and early 2009 that negatively impacted our earnings and cash flow.

We manage the risk of not meeting our financial targets through the issuance and repayment of debt and equity capital as well as the ongoing management of operations, investments and capital expenditures. In 2009 and the first half of 2010, we also engaged in the sale of assets and reduced our operating and capital expenditures. These actions were employed to meet our financial targets and to restore our investment grade credit ratings.

24. Segmented Information

We have five reportable segments: copper, coal, zinc, energy and corporate, based on the primary products we produce and our development projects. The corporate segment includes all of our initiatives in other commodities, our corporate growth activities and groups that provide administrative, technical, financial and other support to all of our business units. Other corporate income (expense) includes general and administrative costs, research and development, and other income (expense). The information reported below is based on the information provided to the chief operating decision maker.

(Cdn$ in millions)	2010					
	Copper	Coal	Zinc	Energy	Corporate	Total
Segment revenues	**$ 2,610**	**$ 4,351**	**$ 2,608**	**$ –**	**$ –**	**$ 9,569**
Less inter-segment revenues	**–**	**–**	**(230)**	**–**	**–**	**(230)**
Revenues	**2,610**	**4,351**	**2,378**	**–**	**–**	**9,339**
Operating profit	**1,289**	**1,690**	**576**	**–**	**–**	**3,555**
Interest and financing	**(4)**	**(4)**	**–**	**–**	**(557)**	**(565)**
Exploration	**(28)**	**–**	**(14)**	**–**	**(14)**	**(56)**
Other corporate income (expense)	**32**	**20**	**638**	**–**	**(709)**	**(19)**
Earnings before taxes, equity earnings and discontinued operations	**1,289**	**1,706**	**1,200**	**–**	**(1,280)**	**2,915**
Capital expenditures	**375**	**285**	**91**	**45**	**14**	**810**
Goodwill	**434**	**1,203**	**–**	**–**	**–**	**1,637**
Total assets	**7,300**	**16,278**	**3,107**	**1,111**	**1,413**	**29,209**

(Cdn$ in millions)	2009					
	Copper	Coal	Zinc	Energy	Corporate	Total
Segment revenues	$ 2,161	$ 3,507	$ 2,226	$ –	$ –	$ 7,894
Less inter-segment revenues	–	–	(220)	–	–	(220)
Revenues	2,161	3,507	2,006	–	–	7,674
Operating profit	1,002	1,278	454	–	–	2,734
Interest and financing	(6)	(2)	–	–	(647)	(655)
Exploration	(20)	–	(8)	–	(5)	(33)
Asset impairment	–	–	–	(25)	(2)	(27)
Other corporate income (expense)	(55)	91	(57)	–	642	621
Earnings before taxes, equity earnings and discontinued operations	921	1,367	389	(25)	(12)	2,640
Capital expenditures	398	69	57	59	7	590
Goodwill	459	1,203	–	–	–	1,662
Total assets	7,613	16,103	3,000	1,061	2,096	29,873

(Cdn$ in millions)			2008			
	Copper	Coal	Zinc	Energy	Corporate	Total
Segment revenues	$ 2,156	$ 2,428	$ 2,262	$ –	$ –	$ 6,846
Less inter-segment revenues	–	–	(191)	–	–	(191)
Revenues	2,156	2,428	2,071	–	–	6,655
Operating profit	882	1,160	301	–	–	2,343
Interest and financing	(12)	(1)	–	–	(169)	(182)
Exploration	(94)	–	(16)	–	(23)	(133)
Asset impairment	(483)	–	(71)	–	(35)	(589)
Other corporate income (expense)	283	–	–	–	(342)	(59)
Earnings before taxes, equity earnings and discontinued operations	576	1,159	214	–	(569)	1,380
Capital expenditures	596	118	117	50	47	928
Goodwill	533	1,191	–	–	–	1,724
Total assets	7,941	18,008	3,172	895	1,517	31,533

The geographic distribution of our property, plant and equipment and external sales revenue, with revenue attributed to regions based on the location of the customer, is as follows:

(Cdn$ in millions)	Property, plant and equipment		Revenues		
	2010	2009	**2010**	2009	2008
Canada	**$ 16,418**	$ 16,461	**$ 374**	$ 437	$ 495
United States	**742**	765	**1,348**	986	1,100
Latin America	**4,707**	5,175	**605**	287	479
Asia	**–**	–	**5,388**	4,771	3,204
Europe	**1**	5	**1,546**	1,137	1,317
Australia	**18**	20	**77**	35	45
Africa	**–**	–	**1**	21	15
	$ 21,886	$ 22,426	**$ 9,339**	$ 7,674	$ 6,655

25. Generally Accepted Accounting Principles in Canada and the United States

The effect of the material recognition and measurement differences between generally accepted accounting principles in Canada and the United States on our earnings is summarized as follows:

(Cdn$ in millions, except per share data)	**2010**	2009	2008
Earnings under Canadian GAAP	**$ 1,975**	$ 1,900	$ 741
Add (deduct)			
Exploration expenses (b)	**(53)**	(36)	(37)
Derivative instruments (c)			
Embedded derivatives	**(168)**	(49)	–
Non-hedge derivatives	**(2)**	16	26
Asset retirement obligations (d)	**(3)**	(3)	(3)
Deferred stripping (e)	**(96)**	(19)	(84)
Differences in the carrying values of assets disposed and liabilities extinguished (f)	**67**	27	–
Capitalized interest (g)	**4**	22	17
Differences in the date that assets were considered put into production (h)	**15**	–	–
Other (i)	**5**	5	(12)
Tax effect of adjustments noted above (j)	**69**	36	3
Earnings under US GAAP	**$ 1,813**	$ 1,899	$ 651
Attributable to shareholders of the company	**$ 1,703**	$ 1,829	$ 569
Attributable to non-controlling interests	**$ 110**	$ 70	$ 82
Other comprehensive (loss) income under Canadian GAAP	**$ (47)**	$ 78	$ 934
Add (deduct)			
Non-hedge derivatives reclassified to other comprehensive income (c)	**2**	(16)	(26)
Cumulative translation adjustment (k)	**–**	–	4
Additional pension liability (l)	**(81)**	(170)	50
Tax effect of adjustments (j)	**31**	70	(15)
Other comprehensive (loss) income under US GAAP	**(95)**	(38)	947
Comprehensive income under US GAAP	**$ 1,718**	$ 1,861	$ 1,598
Attributable to shareholders of the company	**$ 1,611**	$ 1,803	$ 1,496
Attributable to non-controlling interests	**$ 107**	$ 58	$ 102
Earnings per share under US GAAP			
Basic	**$ 2.89**	$ 3.42	$ 1.26
Diluted	**$ 2.88**	$ 3.41	$ 1.26
Basic from continuing operations	**$ 2.89**	$ 3.24	$ 1.28
Diluted from continuing operations	**$ 2.88**	$ 3.23	$ 1.28

Balance sheets under Canadian GAAP and US GAAP:

(Cdn$ in millions)	2010		2009	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
ASSETS				
Current assets				
Cash and cash equivalents	**$ 832**	**$ 832**	$ 1,329	$ 1,329
Accounts and settlements receivable and other	**1,094**	**1,094**	972	972
Inventories (e)	**1,380**	**1,371**	1,375	1,371
Deferred debt issuance costs (n)	**–**	**–**	–	11
	3,306	**3,297**	3,676	3,683
Investments (i)	**1,371**	**1,349**	1,252	1,230
Property, Plant and equipment (b)(d)(e)(f)(g)(h)	**21,886**	**21,442**	22,426	22,096
Other assets (c)(i)(l)(n)	**1,009**	**684**	857	737
Goodwill	**1,637**	**1,637**	1,662	1,662
	$ 29,209	**$ 28,409**	$ 29,873	$ 29,408
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$ 1,498**	**$ 1,498**	$ 1,242	$ 1,242
Dividends payable	**177**	**177**	–	–
Current portion of long-term debt (n)	**65**	**65**	1,121	1,132
	1,740	**1,740**	2,363	2,374
Long-term debt (c)(f)(n)	**4,883**	**4,964**	6,883	7,048
Other liabilities (d)(l)	**1,187**	**1,286**	1,029	1,058
Future income and resource taxes (j)	**5,223**	**4,785**	5,007	4,672
Equity	**16,176**	**15,634**	14,591	14,256
	$ 29,209	**$ 28,409**	$ 29,873	$ 29,408

Equity under Canadian GAAP and US GAAP:

(Cdn$ in millions)	2010		2009	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
Capital stock	**$ 6,802**	**$ 6,678**	$ 6,757	$ 6,633
Retained earnings	**8,872**	**8,798**	7,307	7,390
Contributed surplus	**84**	**84**	85	85
Accumulated other comprehensive income	**294**	**(49)**	338	43
Equity before non-controlling interests	**$ 16,052**	**$ 15,511**	$ 14,487	$ 14,151
Non-controlling interests	**124**	**122**	101	101
Accumulated other comprehensive income attributable to non-controlling interests	**–**	**1**	3	4
Equity attributable to non-controlling interests	**124**	**123**	104	105
Equity	**$ 16,176**	**$ 15,634**	$ 14,591	$ 14,256

25. Generally Accepted Accounting Principles in Canada and the United States (continued)

a) Adoption of New Accounting Standards

i. Accounting for Transfer of Financial Assets

In December 2009, the FASB issued ASU 2009-16, "Transfers and Servicing (Topic 860), an Amendment of the Accounting for Transfers of Financial Assets" (formerly SFAS 166, "Accounting for Transfers of Financial Assets"). This ASU significantly changes how companies account for transfers of financial assets. The ASU provides revised guidance in a number of areas including the elimination of the qualifying special purpose entity concept, the introduction of a new "participating interest" definition that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarification and amendments to the derecognition criteria for a transfer to be accounted for as a sale, a change to the amount of recognized gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor, and extensive new disclosures.

The provisions of this ASU are to be applied to transfers of financial assets occurring in years beginning after November 15, 2009. The adoption of this ASU did not impact our financial results or disclosures as at December 31, 2010.

ii. Consolidation of Variable Interest Entities

In December 2009, the FASB issued ASU 2009-17, "Consolidations (Topic 810), Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities" (formerly SFAS 167, "Amendments to FASB Interpretation No. 46(R)"), which amends the consolidation guidance for variable interest entities ("VIE"). The changes include the elimination of the exemption for qualifying special purpose entities and a new approach for determining who should consolidate a VIE. In addition, changes to when it is necessary to reassess who should consolidate a VIE have also been made.

In determining the primary beneficiary, or entity required to consolidate a VIE, quantitative analysis of who absorbs the majority of the expected losses or receives a majority of the expected residual returns or both of the VIE is no longer required. Under ASU 2009-17, an entity is required to assess whether its variable interest or interests in an entity give it a controlling financial interest in the VIE, which involves more qualitative analysis.

Additional disclosures will be required under this ASU to provide more transparent information regarding an entity's involvement with a VIE. The provisions of this ASU are to be applied for years beginning after November 15, 2009, for interim periods within those years, and for interim and annual reporting periods thereafter. The adoption of this ASU did not impact our financial results or disclosures as at December 31, 2010.

iii. Fair Value Measurements and Disclosures

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (Topic 810) Improving Disclosures About Fair Value Measurements." This ASU provides further disclosure requirements for recurring and non-recurring fair value measurements. These disclosure requirements include transfers in and out of Level 1 and 2 and additional information relating to activity in Level 3 fair value measurements. The ASU also provides clarification on the level of disaggregation for disclosure of fair value measurement.

The new disclosures and clarifications are effective for interim and annual periods beginning after December 15, 2009, except for disclosures about activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The adoption of this ASU did not impact our financial results or disclosures as at December 31, 2010.

b) Exploration Expenses

Under Canadian GAAP, we capitalize exploration expenditures where resources, as defined under National Instrument 43-101, exist and it is expected that the expenditures can be recovered by future exploitation or sale. For US GAAP, exploration expenditures are expensed unless proven and probable reserves have been established by a feasibility study.

c) Derivative Instruments and Hedging

For US GAAP purposes, all derivatives are recorded on the balance sheet as either assets or liabilities at fair value.

i. Our 2016 and 2019 notes issued in May 2009 (Note 10(b)) include prepayment options that are considered embedded derivatives (Note 21(c)). The prepayment options enable us to redeem the notes, in whole or in part, at specified redemption prices depending on the year of exercise. The embedded prepayment options have been separated and valued under Canadian GAAP as they are not considered closely related to the host debt instruments since the options' exercise price is not approximately equal to the debt instrument's amortized cost on each exercise date. Under US GAAP, the embedded prepayment options are considered clearly and closely related to the host debt instrument and do not require separation as the debt does not involve a substantial premium or discount.

Information regarding the fair value and location on the consolidated financial statements of our derivative instruments is included in Note (21(d)).

ii. Under Canadian GAAP, we consider warrants to be held for trading and accordingly, we record them on the balance sheet at fair value. Unrealized gains and losses on warrants are recorded in earnings. For US GAAP, warrants are accounted for consistently with the equity they are traded for and accordingly, all unrealized gains and losses are recorded in other comprehensive income.

iii. With the adoption of the Canadian GAAP financial instruments standards on January 1, 2007, our unrealized losses on cash flow hedges were charged, net of taxes, directly to opening accumulated other comprehensive income. As these previously designated cash flow hedges mature, losses are brought into net earnings. Under US GAAP, these derivatives were not designated as cash flow hedges and, accordingly, unrealized gains and losses were recorded in net earnings. These cash flow hedges matured in the year ended December 31, 2009 so are no longer a reconciling item in 2010.

d) Asset Retirement Obligations

The United States and Canadian standards for asset retirement obligations are substantially the same; however, due to the difference in adoption dates, different discount rate assumptions were used in initial liability recognition. This resulted in differences in the asset and liability balances on adoption and will result in different amortization and accretion charges over time.

e) Deferred Stripping

Canadian GAAP differs from US GAAP in that it allows the capitalization of production stripping costs when such costs are considered a betterment of the asset. Under US GAAP, all stripping costs are treated as variable production costs when incurred.

f) Differences in the Carrying Value of Assets Disposed and Liabilities Extinguished

As a result of the accumulation of differences between US and Canadian GAAP, the carrying value of assets disposed and liabilities extinguished in the period was different under each GAAP. The gain on the sale of these assets and loss on extinguishment of these liabilities are adjusted to reflect these differences.

g) Capitalized Interest

Under US GAAP, interest must be capitalized on all assets that are under development. Under Canadian GAAP, we have a policy of only capitalizing interest on project specific debt.

h) Differences in the Date That Assets Were Considered Put Into Production

Under Canadian GAAP, we recognize the operating results and amortization of assets once the assets are in the location and condition necessary to be capable of operating in the manner intended by management. Under US GAAP, recognition of operating results and amortization of assets commence at the same time as production begins. As a result of the difference in the timing of when the Andacollo hypogene project commenced production and when it was operating in the form and manner intended by management, the recognition of operating results and amortization of the assets is at an earlier date under US GAAP.

i) Other

Other adjustments include differences in respect of equity earnings, foreign exchange on reconciling adjustments and other items.

j) Income Taxes

The adjustment to tax expense is the tax effect of adjustments under US GAAP. The computation of income taxes related to adjustments is based on the nature of the adjustment and the jurisdiction in which the adjustment originated. We operate in various jurisdictions which are subject to local tax legislation, resulting in varying rates for each reconciling item.

The model for recognition and measurement of uncertain tax positions is different under US GAAP. For US GAAP purposes, our unrecognized tax benefits on January 1, 2010 and 2009 were $67 million and $27 million, respectively. Our unrecognized tax benefit on December 31, 2010 was $96 million due to changes throughout the year.

Our unrecognized tax benefits, if recognized, would not significantly impact our effective tax rate. We recognize interest and penalties related to unrecognized tax benefits in other income and expenses. During the years ended December 31, 2010, 2009 and 2008, we did not recognize any significant tax related interest or penalties. We also did not accrue significant amounts of tax related interest and penalties as at December 31, 2010 and 2009. The balance of the adjustment to tax expense is the tax effect of adjustments to earnings under US GAAP.

k) Cumulative Translation Adjustment

Under US GAAP, a gain or loss from the cumulative translation adjustment is only recognized when the foreign subsidiary is sold, or the parent company completely or substantially liquidates its investment.

l) Pension and Other Employee Future Benefits

For US GAAP purposes, we are required to report the overfunded asset or underfunded liability of our defined benefit pension and other post-retirement plans on the balance sheet. Changes in the funded status are recorded through other comprehensive income. The information set out below should be read in conjunction with the information disclosed under Canadian GAAP requirements for pension and other employee future benefits provided in Note 11(b).

25. Generally Accepted Accounting Principles in Canada and the United States (continued)

The funded status at the end of the year and the related amounts recognized on the statement of financial position for US GAAP purposes are as follows:

(Cdn$ in millions)	**2010**		2009	
	Pension Benefits	Other Post-Retirement Benefits	Pension Benefits	Other Post-Retirement Benefits
Funded status at end of year				
Fair value of plan assets	**$ 1,452**	**$ –**	$ 1,304	$ –
Benefit obligations	**1,589**	**376**	1,429	311
Funded status	**$ (137)**	**$ (376)**	$ (125)	$ (311)
Amounts recognized in the balance sheet				
Non-current asset	**$ 9**	**$ –**	$ 31	$ –
Current liability	**–**	**–**	(17)	–
Non-current liability	**(146)**	**(376)**	(139)	(311)
	$ (137)	**$ (376)**	$ (125)	$ (311)
Amounts recognized in accumulated other comprehensive income				
Net actuarial loss	**$ 299**	**$ 91**	$ 244	$ 41
Past service cost	**55**	**1**	72	4
	$ 354	**$ 92**	$ 316	$ 45

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2010 and 2009 were as follows:

(Cdn$ in millions)	**2010**	2009
Accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	**$ 782**	$ 703
Accumulated benefit obligation	**741**	660
Fair value of plan assets	**616**	546

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2011 are as follows:

(Cdn$ in millions)	Pension Benefits	Other Post-Retirement Benefits
Actuarial loss	$ 24	$ 6
Past service cost	15	1
Total	$ 39	$ 7

There are no significant concentrations of risk in our pension plan assets as at December 31, 2010.

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority (Note 22). The levels and the valuation techniques used to value our pension plan assets are described below.

The fair values of pension plan assets at December 31, 2010 and 2009 are summarized in the following table:

(Cdn$ in millions)	2010				2009			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Equity securities	$ 419	$ 350	$ –	**$ 769**	$ 393	$ 273	$ –	$ 666
Debt securities	–	490	–	**490**	–	470	–	470
Real estate and other	53	–	140	**193**	48	–	120	168
	$ 472	$ 840	$ 140	**$ 1,452**	$ 441	$ 743	$ 120	$ 1,304

Additional information describing the levels of fair value measurement is presented in Note 22.

Level 1 – Marketable equity securities are valued using quoted market prices in active markets obtained from securities exchanges. Other cash equivalents, including money market instruments are included in "real estate and other" and are valued using quoted market prices. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Commingled or pooled funds where the fund is valued daily but the valuation is a compilation of the underlying securities are included in Level 2 of the fair value hierarchy. These funds include both marketable equity and debt securities.

Level 3 – Real estate and infrastructure comprise the other category of pension plan assets. These assets are valued through external appraisals and pricing models or discounted cash flow models. These models require a variety of inputs including, but not limited to, contractual terms, market prices, yield curves and credit spreads. These inputs are obtained from or corroborated with the market where possible. Since these items have minimal observable prices, they are included in Level 3 of the fair value hierarchy. A continuity of Level 3 measurements is included below.

A continuity of Level 3 fair value measurements is summarized in the following table:

(Cdn$ in millions)	Total
December 31, 2009	$ 120
Actual return on plan assets	1
Purchases, sales, settlements, net	19
Transfers out of Level 3	–
December 31, 2010	**$ 140**

m) Proportionate Consolidation

US GAAP requires investments in joint ventures to be accounted for under the equity method, while under Canadian GAAP the accounts of joint ventures are proportionately consolidated. All of our joint ventures qualify for the SEC's accommodation, which allows us to continue to follow proportionate consolidation. Additional information concerning our interests in joint ventures is presented in Note 18.

n) Debt Issuance Costs

Under Canadian GAAP, debt is initially recorded at total proceeds received less direct issuance costs. Under US GAAP, direct issuance costs are recorded separately as an asset and amortized over the life of the instrument.

o) Statement of Cash Flows

The United States and Canadian standards for cash flow statements are substantially the same. Additional information regarding our cash flows are presented in the statements of cash flows and in Note 19.

p) Recent US Accounting Pronouncements

We transitioned to International Financial Reporting Standards ("IFRS") on January 1, 2011 and will no longer be required to prepare a reconciliation to US GAAP. Accordingly, we have not assessed the impact of adopting recent US accounting pronouncements with an application date of January 1, 2011 or beyond on our financial statements and disclosures.

26. Supplemental Guarantor Condensed Consolidating Financial Information

Teck Metals Ltd. ("Teck Metals"), a wholly owned subsidiary of Teck Resources Limited ("Teck," or "our"), provides a full and unconditional guarantee in respect of certain of our outstanding debt.

The following tables set forth condensed consolidating financial information for Teck Metals as at December 31, 2010, 2009 and 2008. The information is presented with separate columns for: (i) Teck; (ii) Teck Metals; (iii) our other subsidiaries on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. The investments in subsidiaries held by Teck, Teck Metals and other non-guarantor subsidiaries have been accounted for using the equity method of accounting. Compañia Minera Antamina ("Antamina") is not considered a subsidiary, and as such, our share of Antamina's results and balances are included in consolidation adjustments in the following tables.

Year Ended December 31, 2010

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	15	(5)	764	58	**832**
Accounts and settlements receivable and other	5,939	107	7,274	(12,226)	**1,094**
Inventories	23	409	914	34	**1,380**
Current assets	5,977	511	8,952	(12,134)	**3,306**
Investments	23,867	21,960	462	(44,918)	**1,371**
Property, plant and equipment	517	859	20,081	429	**21,886**
Other assets	1,517	1,294	3,325	(5,127)	**1,009**
Goodwill	–	–	1,637	–	**1,637**
	31,878	24,624	34,457	(61,750)	**29,209**
Accounts payable and accrued liabilities	6,448	5,667	1,687	(12,304)	**1,498**
Dividends payable	177	–	–	–	**177**
Current portion of long-term debt	–	–	38	27	**65**
Current liabilities	6,625	5,667	1,725	(12,277)	**1,740**
Long-term debt	7,922	1,767	207	(5,013)	**4,883**
Other liabilities	41	267	859	20	**1,187**
Future income and resource taxes	1,238	1,430	2,473	82	**5,223**
Equity	16,052	15,493	29,193	(44,562)	**16,176**
	31,878	24,624	34,457	(61,750)	**29,209**

Year Ended December 31, 2010

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Earnings Information					
Revenues	139	1,476	7,281	443	**9,339**
Operating expenses	78	1,356	3,430	(20)	**4,844**
Depreciation and amortization	21	49	852	18	**940**
Operating profit (loss)	40	71	2,999	445	**3,555**
Interest and financing	698	102	21	(256)	**565**
Exploration	11	–	45	–	**56**
General administration and other expense (income)	230	(686)	(444)	919	**19**
Earnings (loss) before the undernoted items	(899)	655	3,377	(218)	**2,915**
Provision for income and resource taxes	231	(28)	(413)	(722)	**(932)**
Equity earnings (loss)	2,528	1,779	–	(4,315)	**(8)**
Earnings (loss) from continuing operations	1,860	2,406	2,964	(5,255)	**1,975**
Earnings (loss) from discontinued operations	–	–	–	–	**–**
Earnings	1,860	2,406	2,964	(5,255)	**1,975**
Attributable to:					
Shareholders of the company	1,860	2,406	2,849	(5,255)	**1,860**
Non-controlling interests	–	–	115	–	**115**
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	2,828	472	3,550	(4,107)	**2,743**
Investing activities					
Property, plant and equipment	(67)	(48)	(626)	(69)	**(810)**
Investments and other assets	(39)	–	(7)	–	**(46)**
Investment in subsidiaries	–	–	–	–	**–**
Proceeds from sale of investments and other assets	148	826	265	–	**1,239**
Decrease in restricted cash	91	–	–	–	**91**
	133	778	(368)	(69)	**474**
Financing activities					
Issuance of debt	1,537	–	–	23	**1,560**
Repayment of debt	(5,019)	–	(35)	–	**(5,054)**
Issuance of Class B subordinate voting shares	33	–	–	–	**33**
Dividends paid	(118)	–	–	–	**(118)**
Distributions to non-controlling interests	–	–	(89)	–	**(89)**
Interdivision distributions	–	(1,310)	(2,839)	4,149	**–**
	(3,567)	(1,310)	(2,963)	4,172	**(3,668)**
Effect of exchange rate changes on cash and cash equivalents	–	–	(42)	(4)	**(46)**
Cash received from discontinued operations	–	–	–	–	**–**
Increase (decrease) in cash	(606)	(60)	177	(8)	**(497)**
Cash and cash equivalents at beginning of year	621	55	587	66	**1,329**
Cash and cash equivalents at end of year	15	(5)	764	58	**832**

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2009

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	621	55	587	66	1,329
Accounts and settlements receivable and other	7,088	92	4,464	(10,672)	972
Inventories	22	391	918	44	1,375
Current assets	7,731	538	5,969	(10,562)	3,676
Investments	21,551	20,690	433	(41,422)	1,252
Property, plant and equipment	489	1,028	20,484	425	22,426
Other assets	1,473	1,410	3,150	(5,176)	857
Goodwill	–	–	1,662	–	1,662
	31,244	23,666	31,698	(56,735)	29,873
Accounts payable and accrued liabilities	4,684	6,791	439	(10,672)	1,242
Current portion of long-term debt	1,078	–	33	10	1,121
Current liabilities	5,762	6,791	472	(10,662)	2,363
Long-term debt	9,676	2,089	321	(5,203)	6,883
Other liabilities	52	259	674	44	1,029
Future income and resource taxes	1,267	979	2,682	79	5,007
Equity	14,487	13,548	27,549	(40,993)	14,591
	31,244	23,666	31,698	(56,735)	29,873
Condensed Consolidating Statement of Earnings Information					
Revenues	104	1,214	5,929	427	7,674
Operating expenses	55	1,089	2,877	(9)	4,012
Depreciation and amortization	22	52	828	26	928
Operating profit	27	73	2,224	410	2,734
Interest and financing	820	106	6	(277)	655
Exploration	6	–	28	(1)	33
Asset impairment	25	–	2	–	27
General, administration and other expense (income)	(1,423)	(102)	(421)	1,325	(621)
Earnings (loss) before the undernoted items	599	69	2,609	(637)	2,640
Provision for income and resource taxes	(87)	(19)	(337)	(252)	(695)
Equity earnings (loss)	1,291	1,004	–	(2,421)	(126)
Earnings (loss) from continuing operations	1,803	1,054	2,272	(3,310)	1,819
Earnings from discontinued operations	28	7	46	–	81
Earnings	1,831	1,061	2,318	(3,310)	1,900
Attributable to:					
Shareholders of the company	1,831	1,061	2,249	(3,310)	1,831
Non-controlling interests	–	–	69	–	69

Year Ended December 31, 2009

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	2,810	1,317	2,726	(3,870)	2,983
Investing activities					
Property, plant and equipment	(79)	(24)	(459)	(28)	(590)
Investments and other assets	(302)	(37)	(33)	–	(372)
Investment in subsidiaries	(203)	–	–	203	–
Proceeds from sale of investments and other assets	179	160	53	–	392
Increase in restricted cash	(94)	–	–	–	(94)
	(499)	99	(439)	175	(664)
Financing activities					
Issuance of debt	4,462	–	–	–	4,462
Repayment of debt	(8,103)	–	(38)	–	(8,141)
Issuance of Class B subordinate voting shares	1,670	–	–	–	1,670
Distributions to non-controlling interests	–	–	(69)	–	(69)
Interdivision distributions	–	(1,374)	(2,389)	3,763	–
	(1,971)	(1,374)	(2,496)	3,763	(2,078)
Effect of exchange rate changes on cash and cash equivalents	–	–	(65)	(6)	(71)
Cash received from discontinued operations	(1)	17	293	–	309
Increase (decrease) in cash	339	59	19	62	479
Cash and cash equivalents at beginning of year	282	(4)	568	4	850
Cash and cash equivalents at end of year	621	55	587	66	1,329

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2008

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	282	(4)	569	3	850
Income taxes receivable	47	952	69	62	1,130
Accounts and settlements receivable and other	7,999	256	4,190	(11,665)	780
Inventories	27	287	978	47	1,339
Current assets	8,355	1,491	5,806	(11,553)	4,099
Investments	19,390	19,201	356	(37,999)	948
Property, plant and equipment	539	1,058	21,830	482	23,909
Other assets	2,313	1,509	2,276	(5,245)	853
Goodwill	–	–	1,724	–	1,724
	30,597	23,259	31,992	(54,315)	31,533
Accounts payable and accrued liabilities	3,435	8,533	1,197	(11,666)	1,499
Short-term debt	6,436	–	–	–	6,436
Current portion of long-term debt	1,304	–	22	10	1,336
Current liabilities	11,175	8,533	1,219	(11,656)	9,271
Long-term debt	8,392	1,765	220	(5,275)	5,102
Other liabilities	53	80	623	428	1,184
Future income and resource taxes	77	2,324	2,494	70	4,965
Equity	10,900	10,557	27,436	(37,882)	11,011
	30,597	23,259	31,992	(54,315)	31,533
Condensed Consolidating Statement of Earnings Information					
Revenues	82	1,467	4,700	406	6,655
Operating expenses	83	1,237	2,531	(7)	3,844
Depreciation and amortization	29	34	377	28	468
Operating profit (loss)	(30)	196	1,792	385	2,343
Interest and financing	341	81	(31)	(209)	182
Exploration	18	–	114	1	133
Asset impairment	148	–	441	–	589
General, administration and other expense (income)	(561)	(1,026)	346	1,300	59
Earnings (loss) before the undernoted items	24	1,141	922	(707)	1,380
Provision for income and resource taxes	31	72	(301)	(454)	(652)
Equity earnings (loss)	614	430	–	(1,022)	22
Earnings (loss) from continuing operations	669	1,643	621	(2,183)	750
Earnings (loss) from discontinued operations	(10)	(18)	19	–	(9)
Earnings	659	1,625	640	(2,183)	741
Attributable to:					
Shareholders of the company	659	1,625	558	(2,183)	659
Non-controlling interests	–	–	82	–	82

Year Ended December 31, 2008

As Reported in Canadian GAAP (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	2,104	1,023	1,128	(2,146)	2,109
Investing activities					
Property, plant and equipment	(248)	(44)	(586)	(50)	(928)
Investments and other assets	(558)	(71)	(30)	–	(659)
Investment in subsidiaries	(113)	–	–	113	–
Acquisition of Fording Canadian Coal Trust	(11,639)	–	–	–	(11,639)
Proceeds from sale of investments and other assets	10	1	203	–	214
Increase in temporary investments	–	–	(11)	–	(11)
	(12,548)	(114)	(424)	63	(13,023)
Financing activities					
Issuance of debt	11,842	–	–	–	11,842
Repayment of debt	(854)	–	(387)	–	(1,241)
Issuance of Class B subordinate voting shares	6	–	–	–	6
Dividends paid	(442)	–	–	–	(442)
Distributions to non-controlling interests	–	–	(102)	–	(102)
Interdivision distributions	–	(944)	(1,075)	2,019	–
	10,552	(944)	(1,564)	2,019	10,063
Effect of exchange rate changes on cash and cash equivalents	–	–	222	12	234
Cash received from discontinued operations	(24)	38	45	–	59
Increase (decrease) in cash	84	3	(593)	(52)	(558)
Cash and cash equivalents at beginning of year	198	(7)	1,162	55	1,408
Cash and cash equivalents at end of year	282	(4)	569	3	850

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2010
Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Teck			Teck Metals		
	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
Condensed Consolidating Balance Sheet Information						
Cash and cash equivalents	15	–	15	(5)	–	(5)
Accounts and settlements receivable and other	5,939	–	5,939	107	–	107
Inventories	23	–	23	409	–	409
Current assets	5,977	–	5,977	511	–	511
Investments	23,867	(351)	23,516	21,960	(141)	21,819
Property, plant and equipment	517	(106)	411	859	(1)	858
Other assets	1,517	(88)	1,429	1,294	(174)	1,120
Goodwill	–	–	–	–	–	–
	31,878	(545)	31,333	24,624	(316)	24,308
Accounts payable and accrued liabilities	6,448	–	6,448	5,667	–	5,667
Dividends payable	177	–	177	–	–	–
Current portion of long-term debt	–	–	–	–	–	–
Current liabilities	6,625	–	6,625	5,667	–	5,667
Long-term debt	7,922	81	8,003	1,767	–	1,767
Other liabilities	41	(1)	40	267	64	331
Future income and resource taxes	1,238	(85)	1,153	1,430	(113)	1,317
Equity	16,052	(540)	15,512	15,493	(267)	15,226
	31,878	(545)	31,333	24,624	(316)	24,308
Condensed Consolidating Statement of Earnings Information						
Revenues	139	–	139	1,476	–	1,476
Operating expenses	78	–	78	1,356	–	1,356
Depreciation and amortization	21	–	21	49	–	49
Operating profit (loss)	40	–	40	71	–	71
Interest and financing	698	–	698	102	–	102
Exploration	11	18	29	–	–	–
General, administration and other expense (income)	230	107	337	(686)	–	(686)
Earnings before the undernoted items	(899)	(125)	(1,024)	655	–	655
Provision for income and resource taxes	231	27	258	(28)	4	(24)
Equity earnings (loss)	2,528	(58)	2,470	1,779	(7)	1,772
Earnings (loss) from continuing operations	1,860	(156)	1,704	2,406	(3)	2,403
Earnings (loss) from discontinued operations	–	–	–	–	–	–
Earnings	1,860	(156)	1,704	2,406	(3)	2,403
Attributable to:						
Shareholders of the company	1,860	(156)	1,704	2,406	(3)	2,403
Non-controlling interests	–	–	–	–	–	–

Non-Guarantor Subsidiaries			Consolidating Adjustments			Consolidated Totals		
Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
764	–	764	58	–	58	**832**	**–**	**832**
7,274	–	7,274	(12,226)	–	(12,226)	**1,094**	**–**	**1,094**
914	(9)	905	34	–	34	**1,380**	**(9)**	**1,371**
8,952	(9)	8,943	(12,134)	–	(12,134)	**3,306**	**(9)**	**3,297**
462	(14)	448	(44,918)	484	(44,434)	**1,371**	**(22)**	**1,349**
20,081	(365)	19,716	429	28	457	**21,886**	**(444)**	**21,442**
3,325	(63)	3,262	(5,127)	–	(5,127)	**1,009**	**(325)**	**684**
1,637	–	1,637	–	–	–	**1,637**	**–**	**1,637**
34,457	(451)	34,006	(61,750)	512	(61,238)	**29,209**	**(800)**	**28,409**
1,687	–	1,687	(12,304)	–	(12,304)	**1,498**	**–**	**1,498**
–	–	–	–	–	–	**177**	**–**	**177**
38	–	38	27	–	27	**65**	**–**	**65**
1,725	–	1,725	(12,277)	–	(12,277)	**1,740**	**–**	**1,740**
207	–	207	(5,013)	–	(5,013)	**4,883**	**81**	**4,964**
859	36	895	20	–	20	**1,187**	**99**	**1,286**
2,473	(240)	2,233	82	–	82	**5,223**	**(438)**	**4,785**
29,193	(247)	28,946	(44,562)	512	(44,050)	**16,176**	**(542)**	**15,634**
34,457	(451)	34,006	(61,750)	512	(61,238)	**29,209**	**(800)**	**28,409**
7,281	128	7,409	443	–	443	**9,339**	**128**	**9,467**
3,430	232	3,662	(20)	–	(20)	**4,844**	**232**	**5,076**
852	(20)	832	18	–	18	**940**	**(20)**	**920**
2,999	(84)	2,915	445	–	445	**3,555**	**(84)**	**3,471**
21	–	21	(256)	(4)	(260)	**565**	**(4)**	**561**
45	35	80	–	–	–	**56**	**53**	**109**
(444)	(9)	(453)	919	–	919	**19**	**98**	**117**
3,377	(110)	3,267	(218)	4	(214)	**2,915**	**(231)**	**2,684**
(413)	38	(375)	(722)	–	(722)	**(932)**	**69**	**(863)**
–	–	–	(4,315)	65	(4,250)	**(8)**	**–**	**(8)**
2,964	(72)	2,892	(5,255)	69	(5,186)	**1,975**	**(162)**	**1,813**
–	–	–	–	–	–	**–**	**–**	**–**
2,964	(72)	2,892	(5,255)	69	(5,186)	**1,975**	**(162)**	**1,813**
2,849	(67)	2,782	(5,255)	69	(5,186)	**1,860**	**(157)**	**1,703**
115	(5)	110	–	–	–	**115**	**(5)**	**110**

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2009
Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Teck			Teck Metals		
	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
Condensed Consolidating Balance Sheet Information						
Cash and cash equivalents	621	–	621	55	–	55
Accounts and settlements receivable and other	7,088	–	7,088	92	–	92
Inventories	22	–	22	391	–	391
Deferred debt issuance costs	–	11	11	–	–	–
Current assets	7,731	11	7,742	538	–	538
Investments	21,551	(241)	21,310	20,690	(77)	20,613
Property, plant and equipment	489	(88)	401	1,028	(1)	1,027
Other assets	1,473	107	1,580	1,410	(163)	1,247
Goodwill	–	–	–	–	–	–
	31,244	(211)	31,033	23,666	(241)	23,425
Accounts payable and accrued liabilities	4,684	–	4,684	6,791	–	6,791
Current portion of long-term debt	1,078	11	1,089	–	–	–
Current liabilities	5,762	11	5,773	6,791	–	6,791
Long-term debt	9,676	165	9,841	2,089	–	2,089
Other liabilities	52	(1)	51	259	32	291
Future income and resource taxes	1,267	(56)	1,211	979	(93)	886
Equity	14,487	(330)	14,157	13,548	(180)	13,368
	31,244	(211)	31,033	23,666	(241)	23,425
Condensed Consolidating Statement of Earnings Information						
Revenues	104	–	104	1,214	–	1,214
Operating expenses	55	–	55	1,089	–	1,089
Depreciation and amortization	22	–	22	52	–	52
Operating profit (loss)	27	–	27	73	–	73
Interest and financing	820	–	820	106	–	106
Exploration	6	21	27	–	–	–
Asset impairment	25	–	25	–	–	–
General, administration and other expense (income)	(1,423)	45	(1,378)	(102)	–	(102)
Earnings before the undernoted items	599	(66)	533	69	–	69
Provision for income and resource taxes	(87)	28	(59)	(19)	10	(9)
Equity earnings (loss)	1,291	30	1,321	1,004	13	1,017
Earnings (loss) from continuing operations	1,803	(8)	1,795	1,054	23	1,077
Earnings (loss) from discontinued operations	28	7	35	7	–	7
Earnings	1,831	(1)	1,830	1,061	23	1,084
Attributable to:						
Shareholders of the company	1,831	(1)	1,830	1,061	23	1,084
Non-controlling interests	–	–	–	–	–	–

Non-Guarantor Subsidiaries			Consolidating Adjustments			Consolidated Totals		
Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
587	–	587	66	–	66	1,329	–	1,329
4,464	–	4,464	(10,672)	–	(10,672)	972	–	972
918	(4)	914	44	–	44	1,375	(4)	1,371
–	–	–	–	–	–	–	11	11
5,969	(4)	5,965	(10,562)	–	(10,562)	3,676	7	3,683
433	(15)	418	(41,422)	311	(41,111)	1,252	(22)	1,230
20,484	(264)	20,220	425	23	448	22,426	(330)	22,096
3,150	(64)	3,086	(5,176)	–	(5,176)	857	(120)	737
1,662	–	1,662	–	–	–	1,662	–	1,662
31,698	(347)	31,351	(56,735)	334	(56,401)	29,873	(465)	29,408
439	–	439	(10,672)	–	(10,672)	1,242	–	1,242
33	–	33	10	–	10	1,121	11	1,132
472	–	472	(10,662)	–	(10,662)	2,363	11	2,374
321	–	321	(5,203)	–	(5,203)	6,883	165	7,048
674	(2)	672	44	–	44	1,029	29	1,058
2,682	(190)	2,492	79	4	83	5,007	(335)	4,672
27,549	(155)	27,394	(40,993)	330	(40,663)	14,591	(335)	14,256
31,698	(347)	31,351	(56,735)	334	(56,401)	29,873	(465)	29,408
5,929	–	5,929	427	–	427	7,674	–	7,674
2,877	46	2,923	(9)	–	(9)	4,012	46	4,058
828	(25)	803	26	–	26	928	(25)	903
2,224	(21)	2,203	410	–	410	2,734	(21)	2,713
6	–	6	(277)	(22)	(299)	655	(22)	633
28	15	43	(1)	–	(1)	33	36	69
2	–	2	–	–	–	27	–	27
(421)	(17)	(438)	1,325	–	1,325	(621)	28	(593)
2,609	(19)	2,590	(637)	22	(615)	2,640	(63)	2,577
(337)	15	(322)	(252)	(5)	(257)	(695)	48	(647)
–	1	1	(2,421)	(47)	(2,468)	(126)	(3)	(129)
2,272	(3)	2,269	(3,310)	(30)	(3,340)	1,819	(18)	1,801
46	10	56	–	–	–	81	17	98
2,318	7	2,325	(3,310)	(30)	(3,340)	1,900	(1)	1,899
2,249	6	2,255	(3,310)	(30)	(3,340)	1,831	(2)	1,829
69	1	70	–	–	–	69	1	70

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2008
Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Teck			Teck Metals		
	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
Condensed Consolidating Balance Sheet Information						
Cash and cash equivalents	282	–	282	(4)	–	(4)
Income taxes receivable	47	–	47	952	–	952
Accounts and settlements receivable and other	7,999	–	7,999	256	–	256
Inventories	27	–	27	287	–	287
Deferred debt issuance costs	–	106	106	–	–	–
Current assets	8,355	106	8,461	1,491	–	1,491
Investments	19,390	(173)	19,217	19,201	(68)	19,133
Property, plant and equipment	539	(72)	467	1,058	(1)	1,057
Other assets	2,313	65	2,378	1,509	(148)	1,361
Goodwill	–	–	–	–	–	–
	30,597	(74)	30,523	23,259	(217)	23,042
Accounts payable and accrued liabilities	3,435	–	3,435	8,533	–	8,533
Short-term debt	6,436	80	6,516	–	–	–
Current portion of long-term debt	1,304	26	1,330	–	–	–
Current liabilities	11,175	106	11,281	8,533	–	8,533
Long-term debt	8,392	62	8,454	1,765	–	1,765
Other liabilities	53	5	58	80	(47)	33
Future income and resource taxes	77	(32)	45	2,324	(46)	2,278
Equity	10,900	(215)	10,685	10,557	(124)	10,433
	30,597	(74)	30,523	23,259	(217)	23,042
Condensed Consolidating Statement of Earnings Information						
Revenues	82	–	82	1,467	–	1,467
Operating expenses	83	–	83	1,237	–	1,237
Depreciation and amortization	29	(1)	28	34	–	34
Operating profit (loss)	(30)	1	(29)	196	–	196
Interest and financing	341	–	341	81	–	81
Exploration	18	53	71	–	–	–
Asset impairment	148	–	148	–	–	–
General, administration and other expense (income)	(561)	(9)	(570)	(1,026)	–	(1,026)
Earnings before the undernoted items	24	(43)	(19)	1,141	–	1,141
Provision for income and resource taxes	31	(32)	(1)	72	(1)	71
Equity earnings (loss)	614	(25)	589	430	(28)	402
Earnings (loss) from continuing operations	669	(100)	569	1,643	(29)	1,614
Earnings (loss) from discontinued operations	(10)	10	–	(18)	–	(18)
Earnings	659	(90)	569	1,625	(29)	1,596
Attributable to:						
Shareholders of the company	659	(90)	569	1,625	(29)	1,596
Non-controlling interests	–	–	–	–	–	–

Non-Guarantor Subsidiaries			Consolidating Adjustments			Consolidated Totals		
Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
569	–	569	3	–	3	850	–	850
69	–	69	62	–	62	1,130	–	1,130
4,190	–	4,190	(11,665)	–	(11,665)	780	–	780
978	–	978	47	–	47	1,339	–	1,339
–	–	–	–	–	–	–	106	106
5,806	–	5,806	(11,553)	–	(11,553)	4,099	106	4,205
356	(17)	339	(37,999)	239	(37,760)	948	(19)	929
21,830	(267)	21,563	482	5	487	23,909	(335)	23,574
2,276	(35)	2,241	(5,245)	(1)	(5,246)	853	(119)	734
1,724	–	1,724	–	–	–	1,724	–	1,724
31,992	(319)	31,673	(54,315)	243	(54,072)	31,533	(367)	31,166
1,197	–	1,197	(11,666)	–	(11,666)	1,499	–	1,499
–	–	–	–	–	–	6,436	80	6,516
22	–	22	10	–	10	1,336	26	1,362
1,219	–	1,219	(11,656)	–	(11,656)	9,271	106	9,377
220	–	220	(5,275)	–	(5,275)	5,102	62	5,164
623	(44)	579	428	–	428	1,184	(86)	1,098
2,494	(155)	2,339	70	1	71	4,965	(232)	4,733
27,436	(120)	27,316	(37,882)	242	(37,640)	11,011	(217)	10,794
31,992	(319)	31,673	(54,315)	243	(54,072)	31,533	(367)	31,166

Non-Guarantor Subsidiaries			Consolidating Adjustments			Consolidated Totals		
4,700	–	4,700	406	–	406	6,655	–	6,655
2,531	90	2,621	(7)	–	(7)	3,844	90	3,934
377	(5)	372	28	–	28	468	(6)	462
1,792	(85)	1,707	385	–	385	2,343	(84)	2,259
(31)	–	(31)	(209)	(17)	(226)	182	(17)	165
114	(16)	98	1	–	1	133	37	170
441	–	441	–	–	–	589	–	589
346	1	347	1,300	(2)	1,298	59	(10)	49
922	(70)	852	(707)	19	(688)	1,380	(94)	1,286
(301)	45	(256)	(454)	(7)	(461)	(652)	5	(647)
–	–	–	(1,022)	41	(981)	22	(12)	10
621	(25)	596	(2,183)	53	(2,130)	750	(101)	649
19	1	20	–	–	–	(9)	11	2
640	(24)	616	(2,183)	53	(2,130)	741	(90)	651
558	(24)	534	(2,183)	53	(2,130)	659	(90)	569
82	–	82	–	–	–	82	–	82

Teck's Board of Directors from left to right: (standing) Jack Cockwell, Chris Thompson, Jalynn Bennett, Norman Keevil III, Takashi Kuriyama, Hugh Bolton, Janice Rennie, Warren Seyffert, Mayank Ashar, Brian Aune; **(seated)** Norman Keevil, Donald Lindsay. **Not shown:** Felix Chee, Takuro Mochihara.

Board of Directors

Norman B. Keevil
Chairman of the Board
Director Since: 1963
(1)

Warren S. R. Seyffert Q.C.
Deputy Chairman and Lead Director
Director Since: 1989
(1) (2) (3) (5) (6)

Donald R. Lindsay
President and Chief Executive Officer
Director Since: 2005
(1)

Mayank M. Ashar
Director Since: 2007
(2) (6) (7)

J. Brian Aune
Director Since: 1995
(1) (3) (4)

Jalynn H. Bennett
Director Since: 2005
(3) (4) (5)

Hugh J. Bolton
Director Since: 2001
(2) (5)

Felix P. Chee
Director Since: 2010
(4)

Jack L. Cockwell
Director Since: 2009
(7)

Norman B. Keevil III
Director Since: 1997
(4) (6) (7)

Takashi Kuriyama
Director Since: 2006
(6) (7)

Takuro Mochihara
Director Since: 2000
(1) (6)

Janice G. Rennie
Director Since: 2007
(2) (3) (5)

Chris M. T. Thompson
Director Since: 2003
(1) (2) (3) (5) (7)

NOTES:
(1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee
(4) Member of the Pension Committee
(5) Member of the Corporate Governance and Nominating Committee
(6) Member of the Safety and Sustainability Committee
(7) Member of the Reserves Committee

More information on our directors can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are available on our website at www.teck.com, or on the Canadian Securities Administrators website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Governance

Demonstrating good corporate governance is an important priority for the directors and senior executives of Teck. The Board of Directors has a number of committees structured to ensure that our practices in governing the company are ethical, transparent and meet the highest standards of governance required in Canada and wherever we carry on business.

The Board and its committees follow a rigorous process through which governance practices are reviewed annually and updated as appropriate. We have processes in place to annually evaluate Board effectiveness and to assess the independence of directors in accordance with applicable rules. The Board has implemented an orientation program for new directors along with a continuing education program for directors, including site visits, briefings from third party experts on the global economy, project risk assessments and other subjects of relevance to the Board's activities. The Board maintains the following standing committees:

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee considers and recommends corporate governance programs to the Board, proposes nominees for Board and committee appointment and assists with Board, committee and director evaluations to ensure that our governance practices are rigorous, relevant and appropriate. Our primary focus is on effective oversight of and independence from management and to ensure that the interests of all shareholders are considered and protected in the governance process.

Executive Committee

The purpose of the Executive Committee is to act on behalf of the Board in the intervals between meetings to enable us to react quickly to emerging issues and opportunities that the Board has previously reviewed and approved in principle.

Audit Committee

The purpose of the Audit Committee is to provide an open avenue of communication between management, the external auditors, the internal auditors and the Board. The Audit Committee assists the Board in its oversight of:

- integrity, adequacy and timeliness of our financial reporting and disclosure practices;
- processes for identifying the principal financial reporting risks of the Corporation and the adequacy of our internal control systems to ensure fair, complete and accurate financial reporting;
- our compliance with legal and regulatory requirements related to financial reporting;
- independence and performance of our external auditors;
- audit plans, programs and results of audits performed by the our internal audit department;
- our anti-fraud programs and controls; and
- the key financial estimates made by management and reviewed by the external auditors.

Compensation Committee

The purpose of the Compensation Committee is to assist the Board in carrying out its responsibility for executive compensation (including policy and programs), management development and succession, Board compensation, and broadly applicable compensation and benefit programs.

Pension Committee

This committee of the Board of Directors assists in the oversight of the governance and management of Teck's pension plans.

Reserves Committee

This committee provides enhanced oversight of our policies in connection with the estimation of our mineral and oil reserves and resources.

Safety and Sustainability Committee

This committee reviews corporate policies, procedures and performance with respect to ensuring Teck fulfills its commitment to holding safety and sustainability as core values.

Officers

Norman B. Keevil
Chairman of the Board

Warren S. R. Seyffert Q.C.
Deputy Chairman and Lead Director

Donald R. Lindsay
President and Chief Executive Officer

Michael E. Agg
Senior Vice President, Zinc

Roger J. Higgins
Senior Vice President, Copper

Douglas H. Horswill
Senior Vice President, Sustainability and External Affairs

Ian C. Kilgour
Senior Vice President, Coal

Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

Peter C. Rozee
Senior Vice President, Commercial and Legal Affairs

Ronald J. Vance
Senior Vice President, Corporate Development

Timothy C. Watson
Senior Vice President, Project Development

Michael J. Allan
Vice President, Engineering

Dale E. Andres
Vice President, Copper Strategy and North American Operations

David R. Baril
Vice President, Copper Chile Operations

Robert W. Bell
Vice President, Chief Commercial Officer, Coal

Anne J. Chalmers
Vice President, Risk and Security

Howard C. Chu
Vice President, Asian Affairs and Chief Representative, China

Fred S. Daley
Vice President, Exploration

Karen L. Dunfee
Corporate Secretary

Michel P. Filion
Vice President, Environment

William A. Fleming
Vice President, Coal Operations and Engineering

Réal Foley
Vice President, Coal Marketing

John F. Gingell
Vice President and Corporate Controller

Graham C. Harris
Vice President, Audit and Operational Review

David R. Parker
Vice President, Sustainability

Raymond A. Reipas
Vice President, Energy

Robert G. Scott
Vice President, Operating Excellence

Robin B. Sheremeta
Vice President, Health and Safety Leadership

Marcia M. Smith
Vice President, Corporate Affairs

Andrew A. Stonkus
Vice President, Base Metals Marketing

John F. H. Thompson
Vice President, Technology and Development

James A. Utley
Vice President, Human Resources

Gregory A. Waller
Vice President, Investor Relations and Strategic Analysis

Scott R. Wilson
Vice President and Treasurer

Anthony A. Zoobkoff
Senior Counsel and Assistant Secretary

More information on our directors and officers can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are available on our website at www.teck.com, or on the Canadian Securities Administrators website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Corporate Information

2010 Share Prices and Trading Volume

Class B subordinate voting shares–TSX–C$/share

	High	Low	Close	Volume
Q1	$ 44.90	$ 32.19	$ 44.25	215,067,420
Q2	$ 46.92	$ 30.43	$ 31.48	274,639,809
Q3	$ 42.78	$ 30.25	$ 42.32	216,752,777
Q4	$ 62.00	$ 42.11	$ 61.79	170,648,540
				877,108,546

Class B subordinate voting shares–NYSE–US$/share

	High	Low	Close	Volume
Q1	$ 44.24	$ 30.08	$ 43.56	337,984,066
Q2	$ 46.92	$ 28.67	$ 29.58	396,983,245
Q3	$ 41.76	$ 28.37	$ 41.16	282,954,932
Q4	$ 62.30	$ 41.17	$ 61.83	242,031,264
				1,259,953,507

Class A common shares–TSX–C$/share

	High	Low	Close	Volume
Q1	$ 45.14	$ 33.39	$ 44.99	168,318
Q2	$ 47.60	$ 32.51	$ 33.78	272,140
Q3	$ 43.24	$ 32.00	$ 42.76	153,295
Q4	$ 62.21	$ 42.65	$ 62.00	178,662
				772,415

Stock Exchanges

Our Class A common and Class B subordinate voting shares are listed on the Toronto Stock Exchange under the symbols TCK.A and TCK.B respectively.

Our Class B subordinate voting shares are listed on the New York Stock Exchange under the symbol TCK.

Dividends on declared Class A and B shares

Amount per share	Payment Date
$0.20	June 16, 2010
$0.30	January 4, 2011

These dividends are eligible for both the Federal and Provincial enhanced dividend tax credits.

Shares Outstanding at December 31, 2010

Class A common shares	9,353,470
Class B subordinate voting shares	581,247,244

The Board of Directors and the management of Teck are committed to leadership in corporate governance. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (TSX), we have in place a system of corporate governance practices that meets or exceeds all applicable Canadian requirements.

Teck is classified as a foreign private issuer in connection with its listing on the NYSE and as a result, many of the corporate governance rules in the NYSE Listed Company Manual (NYSE Corporate Governance Rules) that apply to US domestic companies do not apply to us. The differences between our practices and the NYSE Rules are not material or are more a matter of form than substance.

Shareholder Relations

Karen L. Dunfee, Corporate Secretary

Annual Meeting

Our annual meeting of shareholders will be held at 11:00 a.m. on Wednesday, April 20, 2011, in the British Columbia Ballroom, Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia.

Transfer Agents

Inquiries regarding change of address, stock transfer, registered shareholdings, dividends or lost certificates should be directed to our Registrar and Transfer Agent:

CIBC Mellon Trust Company
1600–1066 West Hastings Street
Vancouver, British Columbia
V6E 3X1

CIBC Mellon Trust Company provides an Answerline Service for the convenience of shareholders:

Toll-free in Canada and the US
1-800-387-0825
Outside Canada and the US
1-416-643-5500
Email: inquiries@cibcmellon.com

BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310 USA
1-800-589-9836
Email: shrrelations@bnymellon.com
Website: www.bnymellon.com

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
250 Howe Street, Suite 700
Vancouver, British Columbia
V6C 3S7

Annual Information Form

We prepare an Annual Information Form (AIF) that is filed with the securities commissions or similar bodies in all the provinces of Canada. Copies of our AIF and annual and quarterly reports are available on request or on our website at www.teck.com, on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

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Setting Possibilities in Motion

Environmental Benefits Statement

By using paper made from 100% post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
247	427,833	78	3,108	10,631
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information visit http://papercalculator.org.