2009 Annual Report

Teck

2009 proved to be an extraordinarily challenging year. We persevered with determination and optimism, developed and executed a multi-step plan to effectively address our specific challenges and retain our capacity to grow in the future. Today we have in place the asset base, the team of people and the financial strength we need. We have more total production, reserves and resources than ever before and are committed to the growth of shareholder value through responsible development of our priority projects.

On the cover: The artistry of Corrine Hunt, contemporary Kwakiutl/Tlingit carver and artist Omer Arbel, industrial designer and architect, combined with the innovation and craftsmanship of the Royal Canadian Mint, captures the beauty of copper from our mines and electronic waste recycling business used in making the medals awarded at the Vancouver 2010 Olympic and Paralympic Winter Games. According to Komoyue culture, the orca motif depicted in the artwork on the Olympic medals symbolizes the power of the group as it travels within pods supporting one another, for life. Each medal has a unique, hand-cropped section of the master artwork piece, making it a one-of-a-kind treasure.

Annual Meeting
Our annual meeting of shareholders will be held at 11:00 a.m. on Thursday, April 22, 2010, in Waterfront Ballroom C at the Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

Forward-Looking Statements
This annual report contains forward-looking statements. Please refer to the caution on forward-looking information on page 118.

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2009 Highlights

Antamina

- A new annual record was set for zinc production.
- Plans completed and approved for major expansion project to increase ore throughput by 38 percent to 130 thousand tonnes per day, expected to extend the life of the mine to 2029.

Quebrada Blanca

- A new annual record was set for the production of copper cathode.
- Advanced engineering study for major mine expansion was progressed. This project has the potential to more than double production and is expected to extend the mine life to 2030.

Carmen de Andacollo

- The new concentrator has been completed and is expected to reach full production capacity in the first half of 2010. At full capacity, annual copper production is expected to be quadruple the figure for 2009.

Highland Valley

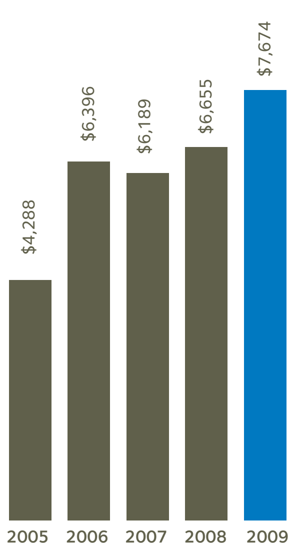
- Work continued on a two-phase mine expansion program that is expected to extend the life of the mine to 2020.

Teck Coal

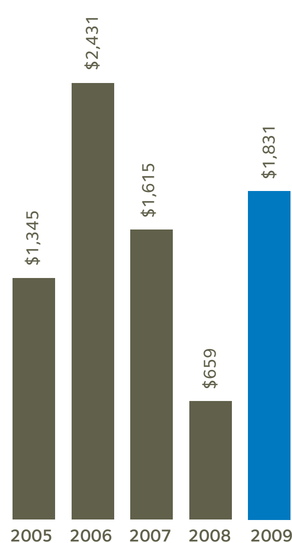
- New markets were successfully entered, primarily in China, partially mitigating the impact of the reduction in sales to our traditional customers.
- Advanced waste stripping during the severe economic crisis in early 2009 benefited our results in the latter part of the year.

Red Dog

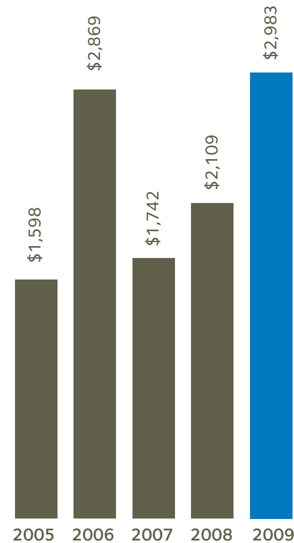
- A new annual record was set for contained metal production, as a result of site-driven performance improvement initiatives.



Revenue
($ million)



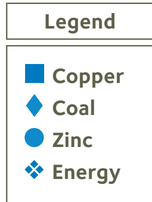
Net Earnings
($ million)



Cash Flow
($ million)

Global Operations

Red Dog
Fairbanks
Fort Hills
Highland Valley
Teck Coal
Trail
Pend Oreille
Vancouver
Duck Pond
Toronto
Antamina
Lima
Quebrada Blanca
Carmen de Andacollo
Santiago



Coal	47%
Copper	37%
Zinc	16%

2009 Operating Profit by Business Unit

Norman B. Keevil – Chairman

"**The three keys** to any successful mining company are its ore reserves, people and financial strength."

To our Shareholders and Employees:

2009 was a year to be remembered, and certainly best not forgotten.

It began as "the worst of times" with a global financial markets and credit crisis that may have been the worst in living memory for many of us; serious fears of a possible depression and frantic worldwide stimulus packages to try to allay this. It ended with the recession largely over in much of the world, but at a cost in terms of continuing unemployment, government deficits, shell-shocked financial institutions and political recriminations, the results of which will be with us for some time to come.

While shares of all mining companies were affected, as were those of most companies in any sector, the impact was particularly severe for us, coming just as we completed a major acquisition of the 60 percent of the Elk Valley Coal Partnership that we did not already own. This left us with a large acquisition debt including a US$5.8 billion short-term bridge loan due, as with most such bridge loans, in less than a year. Short-term bridge loans to buy long-term assets are just that, bridges meant to be refinanced quickly in the longer-term debt markets. In this case, with credit markets suddenly frozen worldwide, that was impossible to accomplish immediately, as had been planned. As a result, there were serious concerns amongst employees, shareholders, and the investment community at large as to whether we would come through the crisis intact.

In fact we did, and are arguably in better shape than before.

This is a credit to our management team led by our CEO Don Lindsay, which developed a clear, multi-faceted plan to get us through the interregnum. The details are covered elsewhere, but it included suspending the shareholders' dividend, cutting the level of our worldwide workforce, cutting discretionary expenditures and selling off non-core assets. It included accessing the longer-term bond markets when they opened again, as they eventually did in May, and an equity issue to China Investment Corporation (CIC) in July.

Said quickly it may sound easy, but I can assure you that it was not. There were many nervous moments and sleepless nights for the large number of dedicated people involved and our thanks and compliments go out to all of them. Nobody could have done it better.

Our thanks also to the many board members who met weekly with Don to lend him advice and much-needed support in difficult times. This was critical as well.

Looking Ahead

It is important to note that this recovery program did not involve the sale of any of our core metallurgical coal, zinc or copper assets. In fact, during the course of it we were able to keep advancing the engineering studies on our planned new deep copper mine at Quebrada Blanca as well as our open pit copper project at Relincho, both in Chile.

As I said in last year's annual report:

"It is our view that the 'super-cycle' of stronger resource markets (based on continuing pent-up demand from many aspiring people around the world, combined with limited near-term supply growth) is not over, but has merely paused. The future will belong to those resources companies, in mining and oil, that are able to emerge from this financial abyss with their long life resources largely intact. As the largest diversified Canadian mining company, we are determined to be one of them."

That continues to be the case, and we are pleased that we have come through the abyss with those reserves intact, as planned.

The coal assets acquired in the Fording transaction are world class. We are now the second largest exporter of seaborne metallurgical coal in the world, after the BHP-Mitsubishi Alliance. The mines will be important for this company for many years to come and one of the cornerstones for our next steps forward, along with our copper and zinc operations and development projects. While our debt is still higher than I would personally like to see, it is coming down quickly and the company is once again in good shape to resume its historic growth trend in shareholder value.

That growth has been one of the best of all established world mining companies for over 35 years now, and has been based on a simple, effective strategy.

We have said many times that the three keys to any successful mining company are its ore reserves, people and financial strength. Clearly, a mining company without ore reserves is an oxymoron. The people to find, build and operate these reserves well are crucial. Maintaining the financial strength to weather and indeed benefit from the inevitable downturns is the final cornerstone of this strategy.

Given this, our tactical modus operandi is based upon five things:

- The need to secure high quality, long life reserves, in minerals and petroleum, improving this position consistently as attractive opportunities occur;
- Diversification within the resources business, not only for the balance it provides, but because in a world of finite opportunities, the willingness to be diversified results in exposure to more opportunities than are available to any company committed to a single commodity;
- Sustaining a team of people that can find, develop and operate projects with the highest possible professional standards;
- Maintaining the financial strength to accomplish all of this;
- Dealing with our partners, local communities, shareholders and customers honestly and fairly, not only because it's right, but also because it's good business.

The future is, as always, not entirely clear. An extended period of volatility is likely as the world adjusts to: varying new debt and deficit levels; consumption, production and savings imbalances between countries; varying levels of inflation; exchange rate movements; possible oil supply disruptions and their consequences on global trade; and so on. And these are just some of the "known unknowns!"

That said, the aspirations and limited supply growth referred to above are still facts. It is said about most things people need that "if you can't grow it, you have to mine it."

From the supply side we are still feeling the impact of the two lost decades, when a modest but unrelenting surplus in supply over demand for a prolonged period led to what some labelled as "20 years of declining metals prices in real terms." Then when demand growth did pick up with wider economic growth, notably in Brazil, Russia, China and India, the cycle finally reversed and the current side of it has been termed the "super-cycle." We have demand improving and the need for new supply occurring at the same time as it is becoming harder for the industry to respond quickly, given the increasing lead times necessary to find, permit, finance and build new mines.

But it is still a cycle. The industry will respond. As Lu Feng, a well-known Chinese professor, said recently, "In a competitive environment, overcapacity is inevitable." Put another way, "nature abhors a vacuum."

Eventually, entrepreneurs will always find a way to fill a vacuum, and the cycle will reverse. That will take time, unless there is another major disruption that impacts the current demand trend. That is not immediately probable, but it could occur, hence we always have to be conscious of this possibility and allow for it in our financial planning.

Should we have foreseen the severity of the most recent major markets disruption of 2008? Perhaps. Certainly some observers noted the possibility, but most people didn't. And it is what it is. We have to move on regardless.

With our current diversified production base and the potential to increase it in both coal and copper, and with significant strategic investors from two of our major markets in Japan and China, Sumitomo Metal Mining and China Investment Corporation, we are well placed to continue to prosper in the years ahead.

Appreciation

To the management team who bore the brunt of the immediate criticism following the meltdown, but worked tirelessly to make the recovery happen, our plaudits. As noted earlier and worth repeating, nobody could have done it better. And to the members of our Executive Committee and other Board members who met weekly with our CEO, Don Lindsay, to lend support in difficult times, your help was important.

To CIC, which invested in Teck at an important time for us last July, we appreciate your confidence and are more than pleased that it proved profitable for you so quickly. China is an important market for our businesses and we look forward to the opportunity to work with you to strengthen our position in that market for our mutual benefit.

Our thanks are also due to Derek Pannell, who will not be standing for re-election this April for personal reasons. We appreciated your knowledgeable input to the Board and will miss your regular counsel.

It's my pleasure to note that Felix Chee has agreed to stand for election as a director at the upcoming annual meeting. Felix is a Chinese-Canadian with a long history of senior management positions in major Canadian institutions, and is currently a consultant to CIC. He will be a valuable addition to the Board as we move forward.

On behalf of the Board,

Norman B. Keevil
Chairman
March 5, 2010

Donald R. Lindsay – President and Chief Executive Officer

"**I am proud of the way we all stood together** in times of adversity and rose to the challenges we faced during 2009. We have an absolutely tremendous team here at Teck and I wish to thank all of our employees for their outstanding efforts. We learned valuable lessons from our experience and I firmly believe it has made us stronger as an organization."

The theme of this year's annual report, "Determination", highlights the fact that we have been able to navigate our way through the challenges posed by the economic shock of late 2008 and early 2009. With our mineral, financial and human resources intact, we are once again well positioned to benefit from the expected economic recovery in the western world and the continued strong growth for our products in China, India and other developing economies.

Background

When I wrote to you at this time last year, we were in the early stages of executing a solid plan to address the uncertainties that followed the abrupt global economic meltdown. We knew we had to be resolute in cutting spending and raising cash to reduce our overall debt level. Our overriding objective was to accomplish this without sacrificing our core assets. The steps that we took during the course of the year to execute that plan can be summarized as follows:

- We reduced our operating expenses to free up cash flow for debt servicing. This involved the temporary shutdown of Pend Oreille and the difficult decision to reduce our workforce;
- We suspended our dividend;
- We deferred sustaining capital and new project capital expenditures;
- In April, we completed critical amendments to both the Fording acquisition bridge loan and term loan facilities;
- In May, we completed the refinancing of over US$4 billion of the Fording acquisition bridge loan facility through the issuance of new 5, 7 and 10 year fixed rate notes;
- In July we completed a US$1.5 billion private placement of Class B shares of Teck to China Investment Corporation (CIC), China's sovereign wealth fund. CIC manages over US$300 billion of the country's foreign exchange reserves; and
- Over the course of the year, we sold certain non-core assets, including our gold properties and a one-third interest in the Waneta Dam, representing power that was surplus to the requirements of our metallurgical facility at Trail.

Progress in 2009 and Debt Reduction

As a result of these actions, I am pleased to be able to report the following progress in respect of the goals that we set ourselves one year ago:

- With the proceeds from the sale of a one-third interest in the Waneta Dam in March 2010 and application of other debt payments in 2010, our total debt will be reduced by $7.1 billion since the Fording acquisition. The bridge loan was fully repaid in July and the amount outstanding on the term loan now stands at approximately US$800 million, which we expect to be able to repay entirely from cash flow from operations well before the end of this year. This debt reduction performance exceeds the targets stipulated in the original plan that we had presented to the debt rating agencies before the Fording acquisition;
- Our cash on the balance sheet in early March 2010 is approximately $900 million, which exceeds the remaining balance of the term loan. Our net debt position is $5.4 billion;
- Our net debt to net debt plus equity ratio of 26 percent and debt to EBITDA ratio of 1.53 are vastly improved and solidly in the range for an investment grade rating;
- CIC's shareholding in Teck has enabled us to form an important relationship with China, the largest consumer of our products. CIC is very well positioned to assist us in growing our business; and
- Our record revenues in 2009 reflect strong overall operating performance across the company. Our operating profit before depreciation was $3.7 billion, compared to $2.8 billion in 2008. Our net earnings were our second highest ever at $1.8 billion, compared with $659 million last year.

Outlook

But we still have work to do. Our immediate priority is to complete our objective of repaying the outstanding term loan balance. We also wish to re-establish an investment grade rating. Upon achieving that, the security over our assets that was granted to the banks and note holders will automatically fall away and, the higher our rating, the more flexibility we will have to finance our business going forward. While we will do all we can to justify investment grade ratings, the decisions and timing are ultimately up to the agencies. Once we see a clear path to the final repayment of the term loan, we fully intend to recommend to our Board that we reinstate dividend payments.

So, we have come a long way in the past year. Our balance sheet strength has been restored and we are in a position

to resume investments that will sustain both our existing operations and growth projects that will add to our production of coal, copper and eventually oil. The products we produce position us well to benefit from the increased demand for commodities that we expect to result from billions of people in China, India and the developing world seeking a better life for themselves. For example, China is currently producing seven times more steel and consuming more than three times more copper than the US. I have seen firsthand the progress China has made in building large new steel plants on the coast which creates new demand for seaborne metallurgical coal. 2009 was the worst year for the global steel industry in over 70 years, yet China's imports of metallurgical coal increased by a factor of ten.

While the current economic recovery may be slow and volatile, when the US emerges from recession, as it inevitably will, global demand for commodities will rise further. We therefore foresee strong growth prospects for all our business divisions over the next few years and are working hard to be able to meet increased demand.

Copper

We produced 308,000 tonnes of copper in 2009, as compared to 316,000 tonnes in 2008. Operating profit for the year was $1,002 million compared to $882 million in 2008, reflecting significantly higher copper prices over the course of the year. Quebrada Blanca achieved record production of 87,000 tonnes of copper cathode in 2009. Lower copper output and record zinc output at Antamina reflected the higher proportions of zinc in the available ores. Production at Highland Valley has been affected by geotechnical issues that are currently being addressed. The lost production should be more than offset in 2010 by the completion of the Carmen de Andacollo concentrator project in late 2009.

An expansion project at Antamina is expected to extend the mine's operation through 2029 and increase ore throughput by 38 percent when completed in late 2011. In Chile, an advanced engineering study of the Quebrada Blanca concentrate project is expected to be completed by mid-year after which we anticipate moving into a full feasibility study. We are also completing a scoping study at our Relincho property in Chile and expect to start a pre-feasibility study later this year.

Coal

Our decision to reduce coal output during the first half of the year in response to the global recession resulted in production decreasing from 23 million tonnes in 2008 to 19 million tonnes in 2009. Revenues were affected both by lower sales volumes and lower average sale prices. However, we managed our mining operations efficiently at a time of extreme volatility in early 2009 and this helped our results in the latter part of the year. Our 2009 operating profit of $1,278 million reflects our first full year of 100 percent ownership of Teck Coal. We have exceptionally long-life resources of high quality hard coking coal and are well placed to tap into the increased demand that we expect to see from China and other rapidly developing countries over the next few years.

Zinc

We had record zinc production years at both Red Dog and Antamina. Red Dog's operating profit rose from $171 million to $399 million in 2009. Profits were also bolstered by shipment timing and improved zinc prices, albeit partially offset by reduced lead production and sales. Provided we obtain the necessary permits, we expect to commence work on development of the Aqqaluk deposit which will become Red Dog's principal ore supply for the next two decades.

Full production was resumed at Trail in September 2009, having been curtailed due to market conditions since November 2008.

Energy

Fort Hills is another good, long life asset that fits well within our asset portfolio. We are pleased to have Suncor on board as our majority partner with their tremendous expertise in oil sands development. Suncor is currently assessing how the development of Fort Hills fits with their existing and planned oil sands operations and we need to wait for the results of this assessment. We are looking forward to working with them in the future.

During 2009 our energy division's contingent bitumen resources were re-estimated at 1.6 billion barrels and the Fort Hills site was placed on care and maintenance during the third quarter. Notwithstanding the long term value of this significant resource, we recorded an equity loss of $119 million as a result of the deferral of the project. We continue to perform engineering studies as well as exploration and permit related activities on our other oil sands holdings.

Gold

We remain committed to the gold business but are not necessarily committed to being a gold producer. Our strategy continues to be to find and identify gold resources with our gold exploration teams and then add value through further definition drilling and engineering studies. Ultimately we will then sell those resources at a point in the development cycle where we believe we can maximize the return on our investment and in many cases that may

be well before a production decision. The recent sale of our Morelos property in Mexico for approximately US$165 million serves as a good case study of how we can earn returns for Teck shareholders in the gold business. Our investment over the years in Morelos was approximately $30 million.

Safety

Safety is a core value at Teck. We remain committed to the goal of zero accidents in the workplace and our vision of "Everyone Going Home Safe and Healthy Every Day". I am therefore pleased to be able to report further improvements in our safety performance. During 2009, we began rolling out our Courageous Safety Leadership program. Courageous Safety Leadership is an ongoing program that instills safety awareness and teaches people to take proactive steps to avoid incidents that can lead to accidents. As of the end of the first quarter this year our entire workforce will have been through the first round of training and a second training phase is underway.

Sustainability

We are striving to reinforce our culture where every decision we make takes appropriate account of its impacts upon the environment people and our communities. There are many examples where we put our values into action in 2009 and to learn more about this, we encourage you to read our annual Sustainability Report.

We are also playing a role in the Zinc Saves Kids campaign, in collaboration with UNICEF and the International Zinc Association, an initiative that aims to eradicate zinc deficiency worldwide. There are currently up to 800 thousand lives lost annually due to zinc deficiency, including 450 thousand children under the age of five.

At Teck, we believe that it is important to build and support Canadian champions on the world stage in all fields of endeavour including sports, the arts, medical research and, of course, business. We acknowledge all who contributed to the success of the Vancouver 2010 Winter Olympic and Paralympic Games. We were honoured to be the exclusive supplier of the metal for the gold, silver and bronze medals awarded at the games. Among the many unique features of the medals was the fact that they contained recycled metal from end-of-life electronic devices processed by our own metallurgical facility at Trail. Our sponsorship of the Games was used to recognize many of our employees for outstanding performance in areas such as productivity, safety, sustainability and community service.

Management

Larry Mackwood retired from the management team. I would like to thank Larry for his 14 years of service and wish him a happy retirement. Larry was replaced as Treasurer by Scott Wilson.

I congratulate Anne Chalmers on her promotion to Vice President, Risk and Security and Robin Sheremeta on his promotion to Vice President, Health and Safety Leadership.

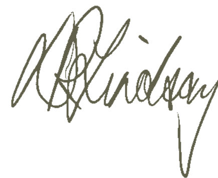
I would also like to welcome Marcia Smith, who will be joining us as Vice President, Corporate Affairs, assuming responsibility for communications and government relations.

Objectives for 2010

As we move forward with determination in 2010, our primary objective will be to maximize our cash flows though prudent capital and operating expense control in order to eliminate our term debt and achieve balance sheet ratios that are consistent with an investment grade rating. We will also continue to strive for improved performance in all aspects of our work through the pursuit of our Operating Excellence program and the ongoing development of our next generation of management. Other objectives include achieving commercial production from the new concentrator at Carmen de Andacollo, advancing the Quebrada Blanca concentrator project and the Relincho project and increasing coal production to a minimum of 23.5 million tonnes.

As always, we will remain cognizant of our commitment to safety and sustainable development as we pursue our objectives. To this end, we are implementing the second phase of Courageous Safety Leadership and we will develop our sustainability leadership initiative across the company, to maintain and enhance our social license to operate.

In conclusion, I want to say that I am proud of the way that we all stood together in times of adversity and rose to the challenges we faced during 2009. I am truly excited about the incredible opportunities that lie ahead to grow our business and make a positive difference in the world. This excitement is due to the energy and enthusiasm of our outstanding team and the tremendous work they do. I sincerely thank them for their commitment to Teck and to the communities where we live and work.



Donald R. Lindsay
President and Chief Executive Officer
March 5, 2010

Warren Seyffert, Q.C. – Deputy Chairman and Lead Director

"**The Board is committed** to ensuring that the interests of all shareholders are considered and protected in Teck's governance process."

In a climate of global economic concerns, questionable corporate excesses, uncertain business recoveries, and large-scale financial defaults, it behooves all companies to examine the current trends in governance and how they measure up.

In an effort to meet the expectations of our shareholders, we will strive to provide more information in our annual reports, our sustainability reports, our press releases, our website and elsewhere, so that our shareholders can gain a better understanding of our approach to our business and our response to current trends. In the end, disclosure is the touchstone of good corporate governance.

Our Information Circular this year has been expanded in the area of compensation where, in addition to following the latest regulatory pronouncements, the Board has outlined the elements of a compensation plan designed to help sustain the Company's growth and success in the business environment in which we operate. While perhaps not unique in all its features, it may very well differ from that of our competitors or companies of a similar size.

Our Corporate Governance report in the Information Circular has also been expanded to list additional governance matters dealt with by the Board, and this letter provides comments on three specific governance issues that have been addressed by the Board and the rationale behind the Board's approach to them.

Slate Voting

The Board, on the recommendation of the Corporate Governance Committee, has decided to change its prior practice where shareholders voted for a slate of nominee directors, to one where shareholders can withhold their vote from individual nominees, all in the manner set forth in this year's proxy material.

The Board has done so notwithstanding some cause for concern. We have seen in other companies a call for a vote to be withheld from supporting a particular committee member or committee chair because of a controversial decision taken by that committee. In many instances such a call may be totally unwarranted, since singling out that nominee ignores the fact that it is the board of the company as a whole that is accountable for any actions taken or not taken.

On the other hand, the Board does recognize that other criteria such as an individual's skill levels, experience, independence, conflicts and similar factors are matters for shareholder input. In the end, the Board favoured expanding the opportunity for more shareholder input and took into account that it could do so by simply amending the Board's policies without having to alter or diminish any existing rights that shareholders have.

Say on Pay

This topic is a looming presence in governance publications and its merits and failings have fostered considerable debate. On balance, the Board has concluded that our level of compensation is in the middle of the pack when compared to our peers, and perhaps more importantly, does not reflect any of the large, if not excessive, amounts paid in the banking and financial industries where the demand for a "say on pay" originated.

The Board frankly questions how a non-binding resolution by shareholders is preferable to direct dialogue with concerned shareholders. Put another way, the Board believes that "say on pay resolutions" are not necessarily the most effective method of giving our shareholders an opportunity to express to the Board any dissatisfaction or misunderstandings that they have with our policies or awards.

Throughout the year, our CEO and senior management engage with numerous shareholder groups where questions on compensation and governance issues do arise. Management reports back to the Board on issues raised at meetings and in shareholder correspondence. The Board also welcomes any and all communications from shareholders. Until dealing directly with shareholder comments becomes ineffective or too burdensome to manage, the Board will defer implementing any formal "say on pay resolution" process.

Dual Class Share Structure

While the Board has concluded that no change to this aspect of our capital structure is warranted at this time, the Board also acknowledges that any change to the existing rights held by either Class of shareholders would require the prior approval of that Class of shareholders. The following is a brief overview of Teck's dual class structure.

Our shareholders approved our dual class share structure in 1969 by way of a corporate reorganization in which all of its then outstanding shares were converted into Class A shares carrying 100 votes each. Subsequent to that date no additional Class A shares have been issued, other than when stock splits of both classes of shares have occurred. All public share issuances, mergers and corporate takeovers have been implemented or enabled by issuing Class B shares, which carry one vote each. The objective of the founders of Teck was to build a major Canadian diversified mining company with a global reach and this is facilitated by our dual class share structure.

All prospectuses and other securities documents over the years have clearly disclosed that the Class B shares have subordinate voting rights. Today there are approximately 579.9 million Class B shares outstanding, which are actively traded on the Toronto and New York stock exchanges.

The Class B shares as a whole carry approximately 38 percent of the votes available at joint shareholder meetings and rank equally with the Class A shares in all respects, except for voting at a joint meeting. Keevil Holding Corporation, Sumitomo Metal Mining Co. Ltd. and related parties hold Class A shares, which carry approximately 40 percent of the votes available at joint shareholder meetings. Institutional and individual investors unrelated to these companies also hold Class A shares which carry 22 percent of such votes. Notwithstanding this disparity in voting rights, the approval of the holders of Class B shares is generally required under the Canada Business Corporations Act before fundamental corporate changes can be enacted, and for that purpose the Class B shareholders will vote separately from the Class A shareholders.

In 2001, with the requisite approval of both its Class A and Class B shareholders, we amended our Articles to adopt a standard form of "coattail" provisions for the benefit of Class B shareholders. This coattail is more fully described in our Information Circular, but in general terms, if a "takeover bid" is made in the future to all the Class A shareholders and accepted by the then holders of a majority of Class A shares without any concurrent bid being made to acquire Class B shares on the same terms, this will automatically trigger a conversion of all Class B shares into Class A shares.

Irrespective of the historical basis for our dual class share structure, the resultant success that it has facilitated, and the fact that in the vast majority of matters that come before the Board the interests of the Class A and the Class B shareholders are entirely aligned, the Board recognizes that dual share structures have some potential for abuse and the Board must be vigilant to avoid even the appearance of abuse. In that context:

- Only four directors out of 14 have any interest in or relationship with any of the companies that are Class A shareholders of Teck;
- Only one director, the CEO, is a member of management;

- Only the Chairman holds any Class A shares;
- All other members of the Board hold only Class B shares, with a minimum holding of Class B shares being a requisite for serving on the Board;
- The members of the Board, excluding the CEO, hold in total 859,649 Class B shares and the CEO holds 302,056 Class B shares;
- Management's long-term compensation awards are linked only to the Class B shares;
- All Board committees are composed of a majority of directors independent of management and having no relationship with the Class A shareholders, and the Audit, Corporate Governance and Nominating, and Compensation Committees are composed entirely of such independent and non-related directors;
- The roles of the Chairman, Deputy Chairman and Lead Director, and the CEO have been separated and are subject to individual mandates; and
- No shareholder or group of shareholders has the right or lawful ability to fetter or otherwise control the exercise of the discretion or vote of any member of the Board and none of the Board members are aware of any agreement or arrangement that attempts to do so.

Conclusion
The Board is committed to ensuring that the interests of all shareholders are considered and protected in our governance process. The Board recognizes that corporate governance is continuing to evolve and is becoming more and more principle-based. To measure up well, especially when deciding whether or not to adopt a new practice, the board of a corporation must carefully consider the issues involved and exercise reasoned judgment. Consequently, if our Board does not follow any particular governance protocol endorsed by other organizations, we will endeavour to disclose this and explain our rationale for doing so, while encouraging communication and dialogue with shareholders.

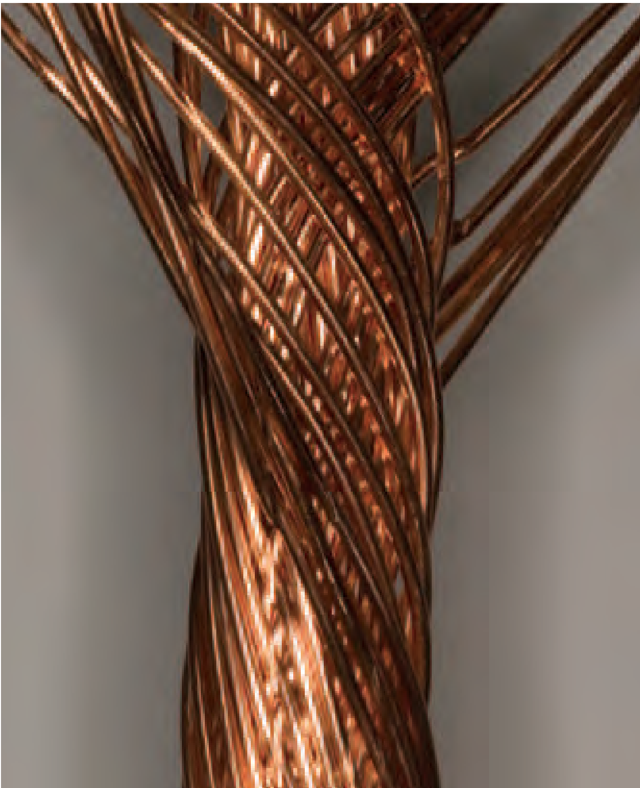
While the above topics are not the only governance issues discussed by the Board and its Governance Committee in the last 12 months, they are representative of matters that have been considered in detail on more than one occasion and may well continue to be reviewed as we go forward. In the same manner, other trends in governance will be assessed and reported upon as they become prevalent.

Warren Seyffert, Q.C.
Deputy Chairman and Lead Director
March 5, 2010

Operations

Copper

Copper is an excellent conductor of electricity and most copper production is destined for use in electrical wiring and electronics.



Electrical power transmission, consumer electronics, information technology, transportation, communications and virtually any feature of modern life requiring electricity is heavily reliant upon copper. Copper's versatility, resistance to corrosion and thermal conductivity mean it is also used extensively in the construction industry for piping, plumbing and ventilation.

Global copper consumption exceeded 18 million tonnes in 2009 and demand for copper is likely to increase further to support the development of emerging markets, notably in China, India and Brazil. The increase in copper use is also driven by the expansion of green technology. For example, a hybrid vehicle requires 13-23 more kilograms of copper than a non-hybrid vehicle. A wind turbine requires over three tonnes of copper, amounting to 1.6 percent of the overall weight of the structure.

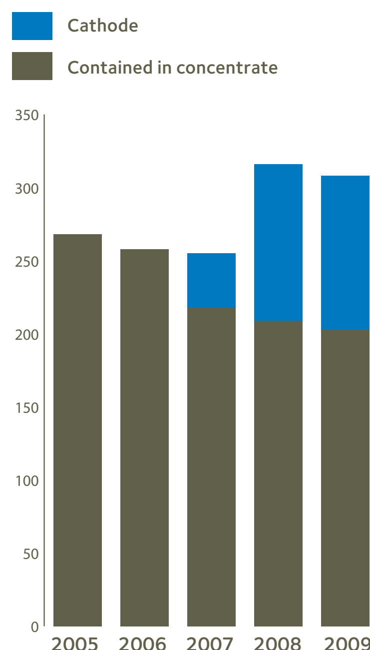
In the future, a large potential market for copper may arise from copper's excellent antimicrobial properties. In 2008, the US Environmental Protection Agency registered 275 copper alloys as antimicrobial materials, having determined that the fast rate at which germs die on surfaces made from these alloys means they are suitable for use in settings such as hospitals.

We currently have the capacity to produce over 300 thousand tonnes of copper annually, primarily from our major mines at Quebrada Blanca and Carmen de Andacollo in Chile, the Antamina mine in Peru and Highland Valley in British Columbia, Canada. We have recently completed, or are actively engaged in, various projects to expand capacity and increase the working lives of our major copper mines. In addition, we are actively exploring and assessing development opportunities for new copper deposits in Canada, Chile, Mexico, the United States and Australia. Approximately 70 percent of our copper production is sold in the Asia-Pacific region.

Copper Production (tonnes in thousands)

Cathode

Contained in concentrate



Coal

100 tonnes of high quality hard coking coal is required to produce the 185 tonnes of steel used to build a typical wind turbine.

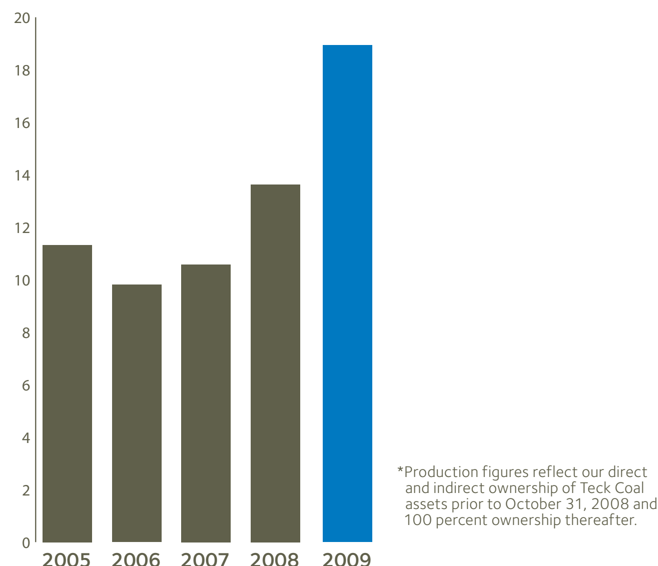
The bulk of our coal production is high quality hard coking coal, also known as metallurgical coal, a fundamental ingredient in the manufacture of steel.

Our coal business is a major player in a consolidated industry. We are the second largest exporter of high quality hard coking coal to the seaborne market. The average annual global market for seaborne high quality hard coking coal has traditionally been around 120-140 million tonnes, falling to 110-120 million tonnes during the recent economic downturn and subsequent recovery. Our share of this market is typically 15-16 percent and the top five producers make up almost 60 percent of the total market.

We operate five mines in southeastern British Columbia and one in west-central Alberta. Ninety percent of our coal is transported west by rail to the coast of British Columbia and shipped from there to Asia, Europe and South America. The remainder is taken east by rail, primarily for use elsewhere in North America. On average, the reserve life of our six mines is 25 years, with significant resources beyond that.

The majority of our coal is exported for steel production, with approximately 70 percent going to customers in the Asia-Pacific region in 2009. Historically, around 45 percent of our coal has been shipped to Japan, Korea and Taiwan, but in 2009 China emerged as a major importer of metallurgical coal and we were a significant part of that market. We foresee strong growth prospects in China, which is currently undergoing the biggest process of urbanization and industrialization in human history, a process that is elevating millions of people out of poverty. This huge socio-economic transformation requires vast quantities of steel and China's steel industry is currently expanding its production through large new plants on the coast.

Coal Production (tonnes in millions)*



*Production figures reflect our direct and indirect ownership of Teck Coal assets prior to October 31, 2008 and 100 percent ownership thereafter.

Zinc

There are currently up to 800 thousand lives lost annually due to zinc deficiency, including 450 thousand children under the age of five.

Zinc is fundamental to many aspects of modern life. Zinc alloys are extremely durable and resistant to corrosion hence zinc is used widely to prolong the life of metal alloys, with over 50 percent of world zinc production being used for galvanizing steel. Zinc diecasts are used in applications where fine specifications are required, such as automotive and aeronautical applications.

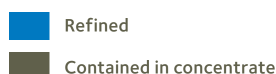
Zinc is an essential nutrient, yet it is estimated that up to one-third of the world's population suffers from zinc deficiency and that children are particularly at risk from the resulting disorders. To address this problem, we are pleased to be able to support Zinc Saves Kids, in association with UNICEF and the International Zinc Association, to provide zinc supplementation to children in zinc-deficient regions of the world.

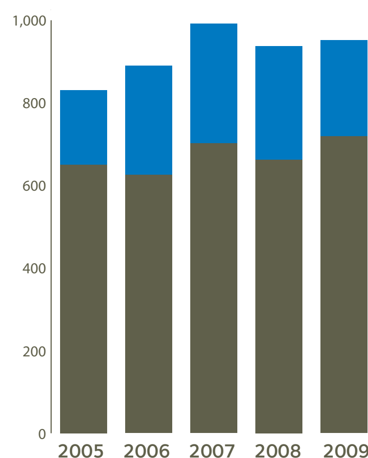
Nearly 11 million tonnes of zinc were consumed worldwide in 2009. We are one of the world's largest miners of zinc, capable of producing approximately 650 thousand tonnes of zinc in concentrates per year. We also have the capacity to produce 290 thousand tonnes of refined zinc per year.

Our Red Dog operation in Alaska is one of the world's largest zinc mines. The Antamina mine in northern Peru is another of the world's large producers of zinc concentrate, with annual production dependent upon the variable mix of copper and zinc ores available as mining progresses.

Our metallurgical facility at Trail in British Columbia, Canada, is one of the world's largest and highest margin fully-integrated zinc and lead smelting and refining operations, benefiting from low-cost power provided by the neighbouring Waneta hydroelectric dam facility. Approximately 80 percent of Trail's refined zinc is sold in Canada and the US.

Zinc Production (tonnes in thousands)



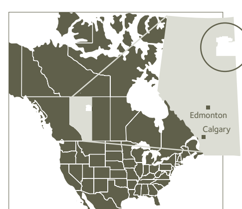


Energy

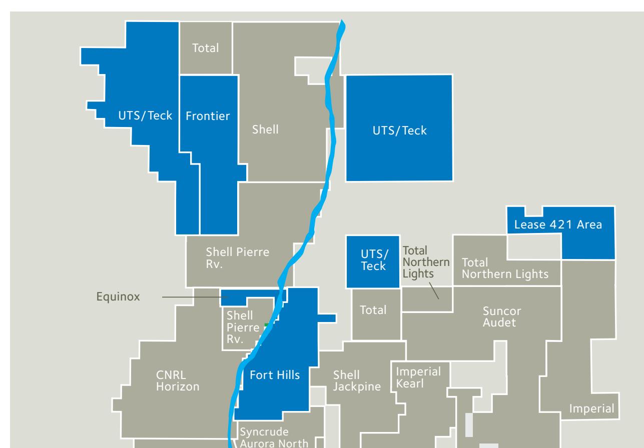
The Alberta oil sands host the world's second largest oil resource and oil is likely to remain a vital constituent of our energy requirements for the foreseeable future.

The oil sands are a mixture of bitumen, water, sand and clay. Bitumen is a heavy, viscous oil and separating the sand from the bitumen is a complex process. Once the bitumen has been extracted, it is normally processed in an upgrader before being transported to oil refineries to produce fuel and other products. These additional extraction processes have meant that oil sands production has traditionally been a more expensive way of obtaining oil than conventional drilling. However, oil sands technology is continually evolving, becoming progressively less expensive and more efficient. As conventional oil production depletes or is increasingly sourced from deep offshore waters and becomes more expensive, oil sands production will in turn become increasingly competitive.

We see our oil sands properties as valuable long-term assets for our company. While we recognize public concerns over the environmental impact of oil sands development and production, improvements are being achieved in oil sands-related technology and production processes. In recent years the industry has made great strides in reducing water consumption and further reduction targets have been set. Land reclamation projects have increased substantially and tailing ponds stabilization and revegetation projects are seen as a priority. Energy consumption and greenhouse gas emissions have also been reduced. Moreover, as technology evolves, we expect to see further improvements in all these areas of environmental performance. In moving forward with our oil sands properties, we will work to improve the practices we will apply to the extraction and processing of oil sands. For example, our Applied Research Technology centre at Trail, British Columbia, is working to improve bitumen recovery in the oil sands.



Alberta, Canada



Oil Sands Joint Venture Properties in which Teck has an interest

Exploration

We have a long history of exploration discoveries and mine development. Our team of professionals is recognized around the world. We are currently exploring in Canada, Alaska, Mexico, Peru, Chile, Australia and parts of Europe and Africa.

Red Dog, Alaska

Our objective is to provide high quality growth opportunities through the discovery or acquisition of top-tier mineral deposits. Exploration efforts are primarily focused on three commodities: copper, zinc and gold. Strategic opportunities in other metals and high-margin mineral commodities are also being actively pursued.

Copper exploration is focused in Canada and Chile, where we have existing operations, as well as Mexico and Turkey. Zinc exploration includes projects in the vicinity of our Red Dog mine in Alaska as well as in Ireland and Australia. Gold exploration will continue in jurisdictions where we have recently realized significant revenue from the sale of gold assets, including Mexico and Chile.

Our success in exploration requires a commitment to building strong relationships with communities and undertaking responsible environmental stewardship. Our policy requires that our overseas activities meet or exceed the applicable North American standards.

We believe that strong partnerships create opportunities and discoveries. With our in-house expertise and innovative technologies, we seek to be a partner of choice for both mining and exploration companies. To this end, we have established a number of successful partnerships around the globe with junior and mid-tier companies, major mining companies, and government mining and exploration agencies.

People

Our employees are our most important asset. A variety of programs and initiatives are in place to attract new talent and to retain, develop and engage our highly motivated and competent team. We also diligently ensure that knowledge and skills are being passed on to our next generation of employees.

Recruitment and Training

We hire engineering and geology graduates from around the world and actively recruit at all major universities in Canada and four universities in Chile. We have established Engineer-in-Training (EIT) and Geologist-in-Training programs at most of our sites and a formal program of EIT rotations to various sites is being introduced this year.

Employee Recognition Programs

The CEO Awards recognize exceptional contributions towards our success. Twenty individuals were recognized in 2009. Their achievements include: contributing to the Fording transaction and bridge and term debt facilities; developing and implementing the Courageous Safety Leadership initiative; identifying and completing the Relincho acquisition in 2008; working on the resolution of the Morelos project community issues; and providing critical information services under exceptional circumstances.

Leadership and Development

We provide leadership and management skills training to our supervisors through several development programs. We also continue to offer graduate-level business courses through our Business Education Program, in partnership with Simon Fraser University (SFU). This program was recently recognized by the Canadian Council on Learning for providing excellence in learning.

In September 2008, we launched our first internal MBA program, in co-operation with SFU. The first group of 25 employees are working towards graduation in 2011, while continuing to work full-time.

In 2007 we developed an Emerging Leader Program. This program focuses on developing future leaders for key senior positions in the company. The program is now well established, with 29 employees in two groups having completed it over the past two years. Plans are under way for a third group of employees to begin the Emerging Leader Program later this year.

Performance Management

Building Strength with People is our performance management program, encouraging discussion between employees and supervisors about performance, development and career planning. We are pleased to report that the program has now been successfully implemented in our Chilean operations and offices.

Greenhills operating team, British Columbia

It Takes Determination

The dramatic form of the Vancouver 2010 medals was inspired by the ocean waves, drifting snow and mountainous landscape found in the Games region and throughout Canada. Produced by the Royal Canadian Mint, the medals are based on two large master artworks, the orca whale motif (Olympic) and the raven (Paralympic) by Corrine Hunt, a Canadian designer/artist of Komoyue and Tlingit heritage based in Vancouver, British Columbia. Corrine chose the orca because it is associated with attributes similar to those of the Olympic athletes – strength, dignity and teamwork. The orca symbolizes the power of the group as it travels within pods supporting one another, for life. It cannot really survive without its pod. The raven is symbolic of the Paralympic athletes. It is often associated with transformation and healing abilities and represents determination, creativity and wisdom. It is sometimes given tremendous challenges and must rise above them.

Canadian industrial designer and architect Omer Arbel, also of Vancouver, used his extensive knowledge of materials and fabrication processes to create the innovative undulating design of the medals, which are struck nine times each to achieve the distinctive look as part of the 30-step medal fabrication process. Through innovation, craftsmanship and unparalleled technical skill, the Royal Canadian Mint brought this ground-breaking vision of the medal designers to reality, producing all 549 gold, silver and bronze medals for Olympic Winter Games athletes, as well as the 333 athlete medals for Paralympic Winter Games competition. Each medal has a unique, hand-cropped section of the art, making it a one-of-a-kind treasure.

We congratulate the organizers, volunteers, officials and athletes who made the Vancouver 2010 Olympic and Paralympic Winter Games a great success. We were most honoured to be the exclusive supplier of the metals used to produce the gold, silver and bronze medals awarded at the Games. We provided this metal from our operations around the world and many of our employees were involved in the production, refining and transportation of these metals. One of the many unique features of the medals is that they contain recycled metal recovered from the circuit boards of end-of-life electronics, processed by our metallurgical facility at Trail. This electronic waste – about 6,000 tonnes of it – would have otherwise ended up in landfills.

When Alex Bilodeau became the first Canadian to win an Olympic gold medal on home soil, we joined with the Canadian Olympic Committee to honour him for his achievement by presenting him with a commemorative award made from our metals. The gold-plated maple leaf is inscribed: *"Celebrating the first Olympic gold medal won by a Canadian athlete in Canada."*

Official Supporter of the Vancouver 2010 Olympic and Paralympic Winter Games

Our partnership with the Vancouver Organizing Committee's (VANOC) has provided the opportunity for our employees to get involved with a once-in-a-lifetime event and to be inspired to realize their own potential. We created two programs to select employees to either carry the torch or attend Olympic events. Our Olympic Going for Gold Challenge identified employees who made positive contributions to their communities while our Excellence Awards program recognized individuals who made a significant contribution to the company. Thirty of our employees were selected under these programs to run in the 2010 Olympic Torch Relay across Canada and 69 Excellence Awards winners attended the Vancouver 2010 Olympic Winter Games.

Don Lindsay presents Olympic Freestyle Skiing - Men's Mogul's Gold Medallist, Alex Bilodeau, wth a special commemorative gold-plated maple leaf in recognition of his achievement.

(Left to right) Corvin Colbourne from Duck Pond mine is joined in Newfoundland, Canada, by fellow torchbearers Juan Acosta, Jose Luis Aguilera and Jose Luis Ulloa from our Chilean mines.

Sustainability

For us, sustainability means ensuring that we consider people, the environment and our communities of interest, now and in the future, with every decision we make. We are creating a culture in the company where everyone is empowered to look at their decisions through a sustainability lens and to do so in a way that respects the physical and human environment.

Teck's Cardinal River mine in west-central Alberta has supported and participated in a major study to guide our management activities to protect important carnivore species such as the grizzly bear.

As a company, we make natural resources available for use by present and future generations. We believe that products from mining make an indispensible contribution towards sustainable development. We carefully plan our operations to avoid or minimize impacts. We undertake remedial work where damage has been caused by past practices. When our work at a site is completed, we reclaim the site to the highest standards, in accordance with the applicable government rules and regulations.

We promote reuse and recycling of our products and are actively engaged in the recycling of electronic materials. We hold ourselves to the highest possible standards of public reporting. We subscribe to the goals embedded in the "Imagine Guidelines" for our community investment programs. We set goals for continuous improvement in our environmental and safety performance.

Community Engagement

We are passionate about social engagement and community improvement in the places where we live and work. This commitment takes many forms and here are just a few examples:

- At Antamina, in the high Andes of Peru, we are working with our business partners, local communities, non-governmental organizations and government authorities to improve nutrition, health, education and economic opportunities;

- We provide sponsorship to countless organizations in our local communities and donate generously to many worthwhile causes; and

- We are particularly excited to be working with UNICEF and the International Zinc Association to develop a global initiative to tackle zinc deficiency through a program of supplementation and fertilizer fortification. This initiative will raise funds to support UNICEF's zinc supplementation programs for children in developing countries. The provision of zinc supplements for children suffering from diarrhea, malaria and pneumonia can aid quick recovery and prevent recurrences. It is estimated that 800 thousand people die annually from zinc deficiency, of whom 450 thousand are children under five years old.

Safety

Safety is a core value. We believe that all incidents that cause harm to people, the environment and property are avoidable. Our vision is "Everyone Going Home Safe and Healthy Every Day."

We work continuously to achieve our goal of "Zero Incidents." Despite our efforts, we are saddened to report three fatalities at our sites in 2009. Two of these incidents occurred at the Carmen de Andacollo Hypogene project in Chile and one at the Antamina mine in Peru. We wish to express our heartfelt condolences to the family, friends and colleagues of the deceased.

Total Recordable Injury Frequency is our primary indicator of safety performance because it takes into account fatalities, lost-time injuries and injuries requiring medical aid. By this measure, we saw continued improvement between 2008 and 2009.

Environment

Our long-term goal is to reduce greenhouse gas emissions through energy efficiency improvements, the increased use of renewable energy and, if necessary, through the use of credits and offsets.

We are actively working to protect biodiversity and conserve nature for future generations. A few examples of our commitment to biodiversity are provided below:

- We donated 890 hectares of land and one million dollars to help create the 2,200 acre Fort Shepherd Land Conservancy Area along the Columbia River in a partnership with The Land Conservancy. We are also helping to manage and protect the site;

- For over 10 years we have been closely associated with unprecedented research to better understand grizzly bear movements and behaviour in and around our mine at Cardinal River. We believe that the findings will make an important contribution to the long-term persistence of grizzly bears in the region; and

- We are partners in the Canadian Intermountain Joint Venture (CIJV), working with aboriginal groups, non-governmental organizations, industry, universities and landowners. The CIJV provides regional implementation for a number of bird conservation programs and plans, designed to conserve habitats for the benefit of wildlife and people.

Our assurance program emphasizes the importance of compliance and effective environmental protection. We conduct regular comprehensive Environment, Health and Safety compliance audits at all our operations.

Teck's Board of Directors from front to back, left to right : Takuro Mochihara, Janice Rennie, J. Brian Aune, Warren Seyffert, Donald Lindsay, Norman Keevil, Jack Cockwell, Jalynn Bennett, Takashi Kuriyama, Hugh Bolton, Chris Thompson, Mayank Ashar, Norman Keevil III. **Not shown:** Derek Pannell.

Norman B. Keevil
University of Toronto (B.A. Sc.)
University of California, Berkeley (Ph.D.)
University of British Columbia (Honorary LL.D.)

Norman B. Keevil was appointed to the Board of Teck in 1963 and was a member of the Board of Cominco Ltd. from 1986 to the date of the merger. He was Vice President Exploration at Teck from 1962 to 1968, Executive Vice President from 1968 to 1981, President and Chief Executive Officer from 1981 to 2001 and has been Chairman of the Board of Teck since 2001. He is a lifetime director of the Mining Association of Canada. Dr. Keevil was inducted into the Canadian Mining Hall of Fame in January 2004.
(1)

Warren S. R. Seyffert, Q.C.
University of Toronto Law School (LL.B.)
York University, Osgoode Hall (LL.M.)

Warren S. R. Seyffert, Q.C. was appointed to the Board of Teck in 1989 and was a member of the Board of Cominco Ltd. from 2000 to the date of the merger. He was a partner of the law firm Lang Michener LLP from 1969 to 2001 and counsel from 2002 to 2007. He taught "Law of Corporate Management" for over 12 years at Osgoode Hall Law School. He is a director of various public and private corporations including Allstate Insurance Company of Canada, Pembridge Insurance Company, the Kensington Health Centre and St. Andrew Goldfields Ltd. He is an Honorary Trustee of the Royal Ontario Museum.
(1) (2) (3) (5) (6)

Donald R. Lindsay
Queen's University (B.Sc., Honours)
Harvard Business School (M.B.A.)

Don Lindsay joined Teck as President in January 2005, was appointed to the Board in February 2005 and Chief Executive Officer in April 2005. Since 2008, he has been Chairman of the International Zinc Association. Mr. Lindsay was employed by CIBC World Markets Inc. (investment banking) from 1985 to 2004 where he held the positions of President from 2000 to 2004, Head of Investment and Corporate Banking from 1997 to 2004, and Head of the Asia Pacific Region and Head of Global Mining from 1989 to 2004.
(1)

Mayank M. Ashar
University of Toronto (B.A. Philosophy and Economics, B.Sc. Chemical Engineering, M.B.A. Engineering)

Mayank M. Ashar was appointed to the Board of Teck in November 2007. Mr. Ashar is presently the President and CEO of Irving Oil. From 1996 to 2008, he was Executive Vice President at Suncor Energy with operation roles in Oil Sands, U.S.A. and Corporate Strategy. Mr. Ashar is a director of Operation Eyesight, a charity that works toward treatment and blindness prevention initiatives in developing regions of the world. He is on the board of the National Petroleum Refiners Association and the Vice Chair of the World Petroleum Council, Canadian Chapter.
(4) (6) (7)

J. Brian Aune
Chartered Accountant

J. Brian Aune was appointed to the Board of Teck in February 1995 and was a member of the Board of Cominco Ltd. from 1997 to the date of the merger. Mr. Aune, a retired Chartered Accountant, joined Nesbitt Thomson Inc. in 1966 and served as Chairman and Chief Executive Officer from 1980 to 1990. He is President of Aldervest Inc. and was Chairman of St. James Financial Corporation from 1990 to September 2005 (both private investment companies). He is a director of a number of Canadian public and private corporations including Constellation Software Inc. and Power Financial Corporation.
(1) (3) (4)

Jalynn H. Bennett
University of Toronto
(B.A. Economics)

Jalynn H. Bennett was appointed to the Board of Teck in April 2005. She is President of Jalynn H. Bennett and Associates Ltd., a consulting firm specializing in strategic planning and organizational development in both the public and private sectors. Ms. Bennett is currently a director of the Canadian Imperial Bank of Commerce, Nortel Networks Limited, Nortel Networks Corporation, and Cadillac Fairview Corporation Limited. She is also a director of The Hospital for Sick Kids Foundation; a Member of the Lawrence National Centre for Policy and Management; Richard Ivey School of Business, the University of Western Ontario; and a Member of the Canada Millennium Scholarship Foundation. She is a past Commissioner of the Ontario Securities Commission and was a member of the Toronto Stock Exchange, Canadian Stock Exchange and the Canadian Institute of Chartered Accountants' Joint Committee on Corporate Governance (the Saucier Committee).
(3) (4) (5)

Hugh J. Bolton
Chartered Accountant, University of Alberta
(B.A. Economics)

Hugh J. Bolton was appointed to the Board of Cominco Ltd. in 1998 and the Board of Teck in 2001. Mr. Bolton was managing partner of Coopers & Lybrand Canada (accounting firm) from 1984 to 1990 and Chairman and Chief Executive Officer from 1991 to 1998. He is presently Chairman of Epcor Utilities Inc., Chairman of Matrikon Inc. and a director of the Toronto Dominion Bank, WestJet Airlines Ltd., Canadian National Railway Company, Capital Power Corp. and the Shock Trauma Air Rescue Society (STARS).
(2) (5)

Jack L. Cockwell
University of Cape Town (M.Comm.)

Jack L. Cockwell was appointed to the Board of Teck in April 2009. Mr. Cockwell is Group Chairman of Brookfield Asset Management Inc. and has served as a director of Brookfield since September 1979. As Group Chairman, Mr. Cockwell represents Brookfield as a director on the Board of Brookfield Properties Corporation and other subsidiaries. He is also a director of Astral Media Inc. and Waterfront Toronto, and a governor of the Royal Ontario Museum and Ryerson University.

Norman B. Keevil III
University of British Columbia
(B.A.Sc. Mechanical Engineering)

Norman B. Keevil III was appointed to the Board of Teck in 1997. Mr. Keevil is President of Poncho Wilcox Engineering, a British Columbia based company formed in 2009 which specializes in management and technical support for new technology ventures in the energy sector. From 2004 to 2009, Mr. Keevil was Vice President of Engineering with Triton Logging Inc., an underwater harvesting company and from 1998 to 2003 was President and Chief Executive Officer of Pyramid Automation Ltd.
(4) (6) (7)

Takashi Kuriyama
Akita University (B.A. Engineering)

Takashi Kuriyama was appointed to the Board of Teck in June 2006. Mr. Kuriyama is Executive Vice President of Sumitomo Metal Mining America Inc., as well as a director of several other companies which are subsidiaries of Sumitomo Metal Mining America Inc. (mining and mine development company).
(6) (7)

Takuro Mochihara
University of Tokyo
Faculty of Law

Takuro Mochihara was appointed to the Board of Teck in 2000. Mr. Mochihara held managerial positions with Mitsubishi Canada Ltd. and Mitsubishi Corporation (general trading companies) from 1986 to 2000 when he joined Sumitomo Metal Mining Co. Ltd. (mining and mine development company) where he is currently an advisor.
(1) (6)

Derek G. Pannell
Metallurgical Engineer, Imperial College, London, England (B.A.Sc.)
Honorary Professor of the Universidad Nacional de Ingenéria, Lima, Peru

Derek G. Pannell was appointed a director of Teck in October 2006. Mr. Pannell was President and Chief Operating Officer of Noranda/Falconbridge from 2001 to October 2006 and Vice President, Operations of Compañía Minera Antamina from 1999–2001. He is presently a Managing Partner of Brookfield Asset Management (asset management company), Chairman of Brookfield Infrastructure Partners and a director of Brookfield Infrastructure Partners, Agrium Inc. and Major Drilling Group International Inc. Mr. Pannell is also a professional engineer registered in Québec and Peru.
(6) (7)

Janice R. Rennie
Chartered Accountant, University of Alberta
(B.Comm.)

Janice Rennie was appointed to the Board of Teck in April 2007. Ms. Rennie was Sr. Vice President, Human Resources and Organizational Effectiveness for Epcor Utilities Inc. from 2004 to 2005. Prior to 2004 she was Principal of Rennie & Associates which provided investment and related advice to small and mid-size companies. She is a director of Matrikon Inc., Methanex Corp., Capital Power Corp. and West Fraser Timber Co. Ltd.
(2) (3) (5)

Chris M.T. Thompson
Rhodes University, SA (B.A. Law & Economics)
Bradford University, UK (M.Sc.)

Chris M.T. Thompson was appointed to the Board of Teck Cominco Limited in June 2003. Mr. Thompson was the Chief Executive Officer and Chairman of the Board of Gold Fields Ltd. from 1998–2002 and was the Chairman of the Board from 1998 until November 2005. He was Chairman of the World Gold Council from April 2002 until April 2005 and is currently a director of Ram Power Inc., The Water Company and Golden Star Resources Ltd.
(1) (2) (3) (5) (7)

Notes refer to membership on committees of the Board

(1) Executive Committee
(2) Audit Committee
(3) Compensation Committee
(4) Pension Committee
(5) Corporate Governance & Nominating Committee
(6) Safety and Sustainability Committee
(7) Reserves Committee

Officers

Norman B. Keevil
Chairman of the Board

Donald R. Lindsay
President and Chief Executive Officer

Warren S. R. Seyffert
Deputy Chairman and Lead Director

Michael E. Agg
Senior Vice President, Zinc

Roger J. Higgins
Senior Vice President, Copper

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

G. Leonard Manuel
Senior Vice President and General Counsel

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

Boyd Payne
Senior Vice President, Coal

Peter C. Rozee
Senior Vice President, Commercial 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

Anne J. Chalmers
Vice President, Risk and Security

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

Fred S. Daley
Vice President, Exploration

Karen L. Dunfee
Corporate Secretary

Michel P. Filion
Vice President, Environment

John F. Gingell
Controller

Gary M. Jones
Vice President, Business Development

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
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 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.

Teck's Senior Management Team from front to back, left to right : Ronald Millos, Anne Chalmers, John Gingell, Roger Higgins, Michael Agg, Gary Jones, Fred Daley, Robin Sheremeta, Scott Wilson, Karen Dunfee, John Thompson, Dale Andres, James Utley, Robert Scott, Timothy Watson, David Parker, Peter Rozee, Anthony Zoobkoff, Michel Filion, Douglas Horswill, Gregory Waller, Michael Allan, Boyd Payne, Leonard Manuel, Ronald Vance. **Not shown:** David Baril, Howard Chu, Raymond Reipas, Marcia Smith and Andrew Stonkus.

Financial Report

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Corporate Information	inside back cover

The management's discussion and analysis of our results of operations is prepared as at March 5, 2010 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, 2009. 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.; 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 are disclosed in note 25 to our consolidated financial statements. Certain comparative amounts have been reclassified to conform to the presentation adopted for 2009. In addition, in May 2007 our Class A common and Class B subordinate voting shares were split on a two-for-one basis. All comparative figures related to outstanding shares and per share amounts have been adjusted to reflect the share split.

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", which forms part of this management's discussion and analysis.

Business Unit Results

The table below shows our share of production of our major commodities for the last five years and expected production for 2010.

Five-year production record and 2010 plan (our proportionate share)

	Units (000's)	2005	2006	2007	2008	**2009**	2010 Plan
Principal Products							
Copper contained in concentrate	tonnes	268	258	218	209	**203**	245
Copper cathodes	tonnes	–	–	37	107	**105**	95
		268	258	255	316	**308**	340
Metallurgical coal							
Direct share	tonnes	9,948	8,657	9,024	11,282	**18,930**	24,000
Indirect share	tonnes	1,376	1,147	1,552	2,345	**–**	–
		11,324	9,804	10,576	13,627	**18,930**	24,000
Refined zinc	tonnes	223	296	292	270	**240**	290
Zinc contained in concentrate	tonnes	657	627	699	663	**711**	650
Other Products							
Molybdenum contained in concentrate	pounds	9,640	8,032	7,235	7,224	**7,798**	7,500
Refined lead	tonnes	69	90	76	85	**73**	80
Lead contained in concentrate	tonnes	110	129	146	133	**132**	95

Notes to five-year production record and 2010 plan:

(1) In August 2007, we acquired the Quebrada Blanca, Andacollo and Duck Pond mines as a result of our acquisition of Aur Resources Inc. Quebrada Blanca and Andacollo produce cathode copper. Duck Pond produces copper and zinc concentrates. We report 100% of the production of Quebrada Blanca and Andacollo, even though we own 76.5% and 90%, respectively of these operations because we fully consolidate their results in our financial statements.

(2) The direct share of coal production includes 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. The indirect share of coal production was 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.

(3) Our Lennard Shelf zinc mine produced from April 2007 to August 2008 when it was permanently closed. Our Pend Oreille zinc mine has been on a temporary shutdown since February 2009.

(4) In 2005, refined zinc and lead production was affected by a three-month strike at our Trail metallurgical operation.

Our business is the exploration for and development and production of natural resources. Through our interests in mining and processing operations in Canada, the United States and South America we are an important producer of copper and one of the world's largest zinc miners. We hold a 100% direct ownership in Teck Coal, the world's second largest exporter of seaborne high quality coking coal. Our principal products are copper, metallurgical coal, and zinc. Lead, molybdenum, various specialty and other metals, chemicals and fertilizers are by-products produced at our operations. We also 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, Canada. In 2009 we sold our gold mines and results from those operations have been classified as discontinued operations.

We manage our activities along commodity lines and are organized into business units as follows:

- **Copper**
- **Coal**
- **Zinc**
- **Energy**
- **Corporate**

Our energy business unit consists of our investments in our oil sands projects, which are in various stages of exploration and development. Our corporate business unit includes all of our activities in other commodities, our corporate growth initiatives and groups that provide administrative, technical, financial and other support to all of our business units.

The comparability of business unit results between 2009 and 2008 was affected by two significant events. The first was the rapid deterioration in global economic conditions in the latter part of 2008 followed by a subsequent improvement throughout 2009. The deterioration that occurred in late 2008 contributed to a steep decline in the demand and selling prices for the commodities we produce. As a result, significant negative pricing adjustments reduced our revenues from base metals in the fourth quarter of 2008. With the improvement in the global economy in 2009, commodity prices improved significantly and this resulted in substantial positive pricing adjustments on our base metal revenues in 2009. The second event was our acquisition of Fording's 60% interest in the coal assets in October, 2008. Our operating profit for the coal business unit included 40% of Teck Coal's operating profit for 10 months and 100% for two months in 2008 and 100% for the entire year in 2009. In addition, the acquisition of the coal assets resulted in a significant increase in the depreciation charge against the coal assets as the historical cost bases of the acquired assets were adjusted to reflect the acquisition cost. As a result of the US dollar denominated debt incurred to finance the Fording acquisition, and the favourable movement in the Canadian/US dollar exchange rate, our 2009 earnings included a significant non-cash foreign exchange translation gain.

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$				
	2009	% chg	2008	% chg	2007	**2009**	% chg	2008	% chg	2007
Copper (LME Cash – $/pound)	**2.34**	-26%	3.17	-2%	3.23	**2.67**	-21%	3.37	-3%	3.46
Coal (realized – $/tonne)	**157**	-23%	205	+109%	98	**177**	-20%	220	+110%	105
Zinc (LME Cash – $/pound)	**0.75**	-12%	0.85	-42%	1.47	**0.86**	-6%	0.91	-42%	1.57
Molybdenum (Platts* – $/pound)	**11**	-62%	29	-3%	30	**13**	-58%	31	-3%	32
Lead (LME Cash – $/pound)	**0.78**	-18%	0.95	-19%	1.17	**0.89**	-12%	1.01	-19%	1.25
Exchange rate (Bank of Canada)										
US$1 = CDN$	**1.14**	+7%	1.07	–%	1.07					
CDN$1 = US$	**0.88**	-7%	0.93	–%	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)	**2009**	2008	2007	**2009**	2008	2007
Copper	**$ 2,161**	$ 2,156	$ 2,186	**$ 1,284**	$ 1,146	$ 1,459
Coal	**3,507**	2,428	951	**1,795**	1,226	249
Zinc	**2,006**	2,071	3,052	**583**	439	1,328
Total	**$ 7,674**	$ 6,655	$ 6,189	**$ 3,662**	$ 2,811	$ 3,036

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

Copper

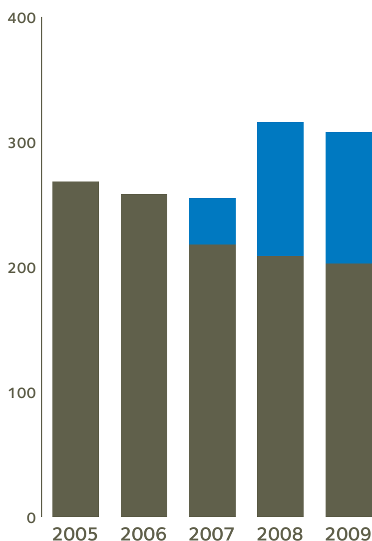
2009 Production: 308,000 tonnes

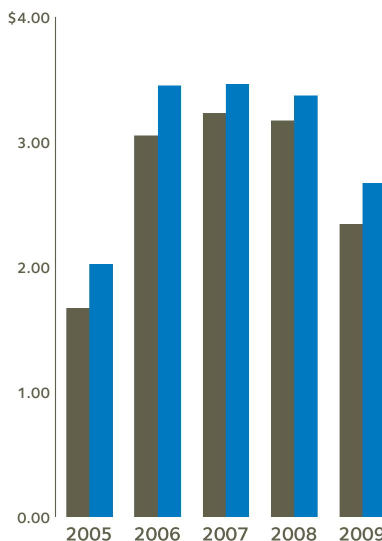
In 2009, we produced copper concentrates at Highland Valley Copper, Duck Pond and Antamina, in which we have a joint venture interest. Our Quebrada Blanca and Carmen de Andacollo mines in Chile produce cathode copper, with Andacollo transitioning to a concentrate producer in 2010. Significant amounts of zinc were produced in concentrates at both Antamina and Duck Pond, and Highland Valley Copper and Antamina produced significant amounts of molybdenum in concentrate.

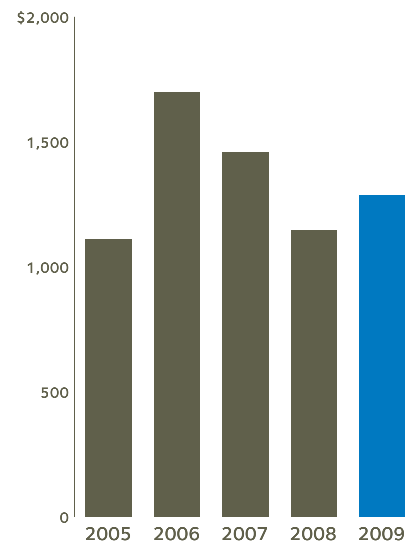
In 2009, our copper operations accounted for 28% of our revenue and 35% of our operating profit before depreciation and amortization.

	Revenues			Operating Profit Before Depreciation and Amortization		
($ in millions)	**2009**	2008	2007	**2009**	2008	2007
Highland Valley Copper	**$ 838**	$ 789	$ 1,115	**$ 473**	$ 426	$ 776
Antamina	**634**	569	775	**450**	368	597
Quebrada Blanca	**484**	574	215	**265**	267	71
Andacollo	**101**	142	46	**47**	72	9
Duck Pond	**104**	82	35	**49**	13	6
Total	**$ 2,161**	$ 2,156	$ 2,186	**$ 1,284**	$ 1,146	$ 1,459

	Production			Sales		
(000's tonnes)	**2009**	2008	2007	**2009**	2008	2007
Highland Valley Copper	**118**	119	139	**118**	122	140
Antamina	**71**	77	74	**73**	76	74
Quebrada Blanca	**87**	86	30	**83**	85	32
Andacollo	**18**	21	7	**17**	21	7
Duck Pond	**14**	13	5	**14**	13	5
Total	**308**	316	255	**305**	317	258







Markets

Copper

Copper prices recorded their largest yearly increase on record in 2009. London Metal Exchange (LME) copper prices ended 2008 at US$1.32 per pound, a level not seen since 2004, but by December 2009 LME copper prices had increased 153% to end the year at US$3.33 per pound. Copper prices per pound averaged US$2.34 in 2009, down US$0.83 from the 2008 average of US$3.17.

Global refined copper consumption fell by 1.3% in 2009. Most of the decline took place in the developed world. In North America, demand was down 9%. In Europe, demand was down 12% in Germany and 9% in France. In China, apparent consumption as reported by the International Copper Study Group (ICSG) was up 42% in 2009. This increase was due in large part to the rapid deployment of stimulus spending and infrastructure spending by the Chinese government as well as the restocking of strategic stockpiles and a certain amount of speculative buying.

Chinese imports of copper concentrates rose 18% to 1.8 million tonnes of contained copper in 2009. Chinese imports of scrap copper fell 28% to 1.2 million tonnes of contained copper in 2009 and imports of refined copper increased 129% to 3.1 million tonnes.

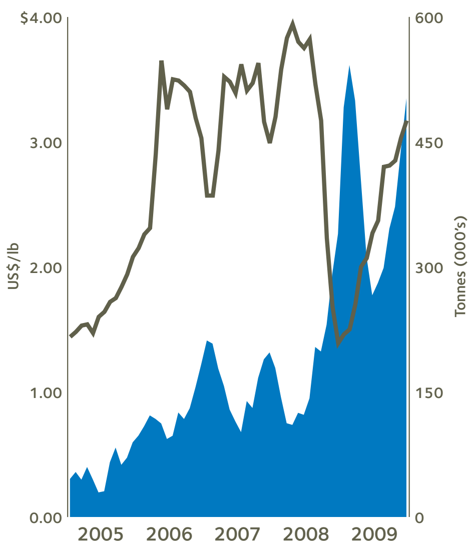
In 2009, China's copper smelting capacity increased by 290,000 tonnes, while global capacity outside of China increased by 340,000 tonnes, keeping the global copper concentrate market in a structural deficit. Although a surplus of copper metal occurred in the global marketplace in 2009, a continuation of the mine production disruptions could again push the metal market into deficit in 2010.

Total mine production including solvent extraction and electrowinning (SX-EW) was little changed over 2008, but was down over 600,000 tonnes from what had been projected at the beginning of the year. Several of the economic production cutbacks made at the beginning of the year were rescinded by the end of the year as prices improved. When combined with an increase in production from Chile, this resulted in flat production globally. Despite record high copper prices over the past four years, copper concentrate production globally has shown little change from where it was in 2005. This lack of growth has been due to pit stability issues, mill failures, weather, labour unrest and lower overall grades at many of the largest copper mines in the world. The copper industry is projecting a 7% increase in global concentrate production in 2010, barring any unforeseen events. However, even this increase is expected to be insufficient to meet demand from the smelting industry.

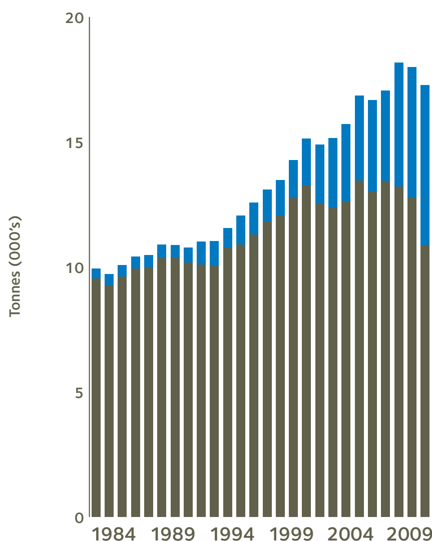
Copper stocks on the LME rose in the first quarter of 2009 by 60% as producers and consumers tried to monetize surplus inventories. By the end of the first half, those stocks had been removed and shipped to Asia, hence LME stocks in June 2009 were down by 20%. As the differential between the domestic Chinese copper price and the LME price began to decline, stocks started reappearing on the LME so that by the end of December 2009, LME stocks were up 163,000 tonnes to 502,000 tonnes.

Copper stocks on the Shanghai Futures Exchange ("SHFE") were up 77,000 tonnes or over 400% from the beginning of the year, albeit from a very low base of only 18,000 tonnes. At the end of 2009 total global stocks were up 233,000 tonnes compared with the end of 2008. Total global stocks (producer, consumer, merchant and terminal stocks) stood at 28 days of global consumption while 25-year average levels are estimated at 30 days of global consumption.

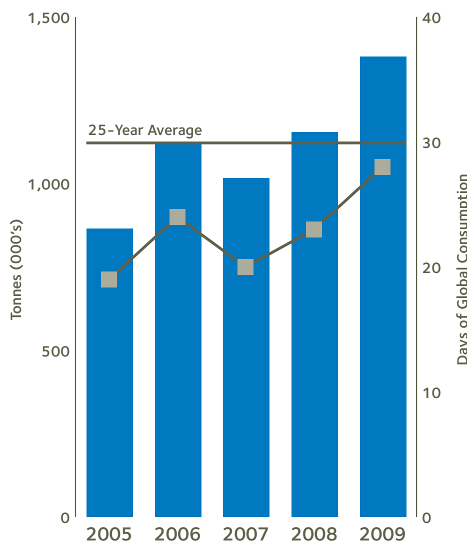
Copper Price and LME Inventory



Global Demand for Copper
(tonnes in millions)



Copper Inventories



Molybdenum
Molybdenum oxide prices averaged US$11 per pound in 2009, 62% lower than the 2008 price of US$30 per pound. Prices started the year at US$9.60 per pound, and fell to their lowest level since 2004 in April to US$7.90 per pound. Prices made a short recovery in September to just over US$18 per pound on speculation of improving demand and tight supply, however this was short-lived and prices retreated to US$11 per pound where they have remained since October 2009.

China's net imports of molybdenum containing materials, increased to 26,000 tonnes of contained molybdenum in 2009. By comparison, net exports in 2008 were 230,000 tonnes, a net change of over 49,000 tonnes or 108 million pounds of molybdenum that were unavailable to the western world.

Due to these price considerations, global mine production in 2009 was cut significantly with several primary and by-product mines curtailing production in the first half of the year. Several of these cutbacks remain in place and will continue into 2010. We are projecting mine production in 2010 will increase between 7% and 9% due to the restart and resumption of full production at a number of by-product mines and primary western mines. However, this will still not bring us back to 2007 production levels. Going forward, major primary projects that had been slated for production in 2011/12 have likely been delayed due to the lower prices and could impact the global balance when market demand returns.

Global steel production has improved from the low levels of the first quarter of 2009, when many US mills were running below 40% of capacity. While capacity utilization outside China did improve in 2009, the industry as a whole is still running below levels seen in 2008. Demand for molybdenum from the steel mills should be better in 2010 than in 2009, but may not reach 2007 levels for several years.

Operations

Highland Valley Copper Mine
We have a 97.5% interest in Highland Valley Copper, located in south central British Columbia. Operating profit before depreciation and amortization was $473 million in 2009 compared with $426 million in 2008 and $776 million in 2007. Highland Valley's 2009 copper production was 118,200 tonnes, which was within 1% of production for 2008. Molybdenum production was higher than 2008 levels at 6.6 million pounds due to higher ore grades.

Highland Valley Copper is executing a two-phase mine life extension that requires push backs of the east and west walls of the Valley pit to facilitate mining until 2020. Stripping of the west wall began in mid-2009 after we successfully obtained the required permits. The work will continue through to 2013.

Redesign of the east and southeast Valley pit walls was required to address slope stability concerns. This included additional waste stripping in the upper soil layers, further dewatering efforts and the placement of stabilization buttresses to ensure long-term stability. These efforts will be ongoing in 2010 and 2011. To handle this activity more mining equipment has been added to the mine's fleet. Costs for both the additional east wall stripping and the west wall push back are being capitalized.

The redesign of the Valley pit will result in continued low-grade feed to the ore processing circuit in 2010 and 2011. Highland Valley's production in 2010 is estimated at 105,000 tonnes of copper and 5.8 million pounds of molybdenum.

Antamina Mine
We have a 22.5% interest in the Antamina mine, a large copper and zinc mine at high elevation in Peru. Our partners are BHP Billiton (33.75%), Xstrata plc (33.75%) and Mitsubishi Corporation (10%). In 2009, our share of operating profit before depreciation and amortization was $450 million compared with $368 million in 2008 and $597 million in 2007.

Production figures at Antamina reflected a different distribution between available copper ores and copper-zinc ore than in previous years. Consequently, copper production was 316,100 tonnes in 2009, 8% lower than in 2008. This was due to the lower ore tonnage and copper grades available from the pit. By contrast, zinc production increased by 31% to 456,300 tonnes in 2009 as a result of higher ore grades and the processing of greater proportions of copper-zinc ores in the year. Molybdenum production totalled 5.5 million pounds, lower than in 2008, due to lower head grades.

Antamina engaged in several major projects during 2009, including further raising of the tailings dam and ore-feed systems allowing direct feed to the ball mills. Antamina completed the study and design of a significant expansion of milling and flotation capacity that was approved in early January 2010. The expansion, with an estimated cost of US$1.3 billion, is expected to increase ore throughput by approximately 38% to 130,000 tonnes per day, and annual production of copper and zinc by approximately 30% on completion in late 2011. Antamina's production in 2010 is expected to be 305,000 tonnes of copper, 344,000 tonnes of zinc and 7.7 million pounds of molybdenum.

Quebrada Blanca Mine
Quebrada Blanca is located in northern Chile, 240 kilometres southeast of the city of Iquique, at 4,400 metres elevation. We own 76.5% of Quebrada Blanca. Our partners are Inversiones Mineras S.A. ("IMSA") 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 SX-EW process. Operating profit before depreciation and amortization was $265 million in 2009 compared with $267 million in 2008 and $71 million in 2007. Operating results for 2007 reflect that we took ownership in late August that year.

Quebrada Blanca's supergene ore body is expected to be mined out by 2014, but copper cathode production is expected to continue until about 2016. Production from Quebrada Blanca in 2009 was 87,400 tonnes, representing a new production record. Production of 85,000 tonnes of copper cathode is anticipated in 2010.

At the start of the third quarter of 2009, scoping study work on the Quebrada Blanca hypogene project was initiated. This phase of the hypogene project encompasses infill drilling to improve the confidence level associated with the resource, enabling us to update our resource model accordingly. Metallurgical test work was also undertaken to confirm the process flow sheet (the process design needed to extract the resource) in a series of trade-off studies to confirm plant location and the estimation of projected capital and operating costs.

By the end of 2009 approximately 19,000 metres of infill drilling had been completed. At present, there are five drill rigs on-site continuing with the infill drilling.

Carmen de Andacollo Mine

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. Operating profit before depreciation and amortization was $47 million in 2009 compared with $72 million in 2008 and $9 million in 2007. Operating results for 2007 reflect that we took ownership in late August that year.

Carmen de Andacollo produced 17,900 tonnes of copper cathode in 2009, lower than in 2008 due to the lower ore grades available in the remaining supergene resource. Carmen de Andacollo's copper cathode production for 2010 is estimated at only 10,000 tonnes as the supergene resource is nearing depletion and is expected to be exhausted in 2011.

Development of the mine's 55,000 tonnes per day copper concentrator project continued throughout 2009, with issues associated with process water supply being resolved in December. Mechanical completion occurred at the end of 2009 with the first ore sent to the crusher on December 6, 2009 and fed to the concentrator grinding circuit on January 19, 2010. Design capacity is expected to be reached during the first half of 2010 and if successful, we expect to produce 55,000 tonnes of copper contained in concentrate in the year. The new plant is expected to produce 80,000 tonnes of copper and 55,000 ounces of gold in concentrate annually over the first 10 years of the operation.

The initial project is on track to be completed for the forecasted cost of US$435 million, of which US$423 million had been spent by December 31, 2009. Two additional projects associated with the hypogene project have been approved. The Elqui River water supply project has an estimated cost of US$40 million and will provide a long-term supply of process water for the concentrator. In addition, a cover to minimize the generation of dust will be constructed for the coarse ore stockpile at a cost of US$8 million.

In January 2010, Andacollo completed the previously announced sale of an interest in future gold production to Royal Gold, Inc. ("Royal Gold"). Proceeds to Andacollo, on a 100% basis, were US$218 million and 1.2 million common shares of Royal Gold, valued at US$56 million. Royal Gold's production entitlement is equivalent to 75% of the payable gold produced until total cumulative production reaches 910,000 ounces of gold, and 50% thereafter.

Duck Pond Mine

The Duck Pond copper-zinc mine is located in central Newfoundland and achieved commercial production in April 2007. Duck Pond's operating profit before depreciation and amortization was $49 million in 2009, compared with $13 million in 2008 and $6 million in 2007. Operating results for 2007 reflect that we took ownership in late August that year.

Copper production was 13,900 tonnes while zinc production was 21,000 tonnes. Development of the lower ore zones was completed in 2009, allowing access to new production areas. Duck Pond's production in 2010 is projected to be 15,000 tonnes of copper and 25,000 tonnes of zinc in concentrate.

Coal

2009 Production: 19 million tonnes

Through October 29, 2008, our coal business included a 52% direct and indirect interest in Teck Coal Partnership (formerly Elk Valley Coal Partnership). We increased our ownership to 100%, effective October 30, 2008, with the purchase of the assets of Fording Canadian Coal Trust.

Teck Coal operates five metallurgical coal mines in British Columbia and one in Alberta. Together, these mines represent the world's second largest exporter of seaborne hard coking coal, substantially all of which is used in the production of steel.

In 2009, our coal operations accounted for 46% of revenue and 49% of operating profit before depreciation and amortization.

($ in millions)	**2009**	2008	2007
Revenues	**$ 3,507**	$ 2,428	$ 951
Operating profit before depreciation and amortization	**$ 1,795**	$ 1,226	$ 249
Production volumes – 100% basis (000's tonnes)	**18,930**	23,009	22,561
Sales volumes – 100% basis (000's tonnes)	**19,767**	22,978	22,677

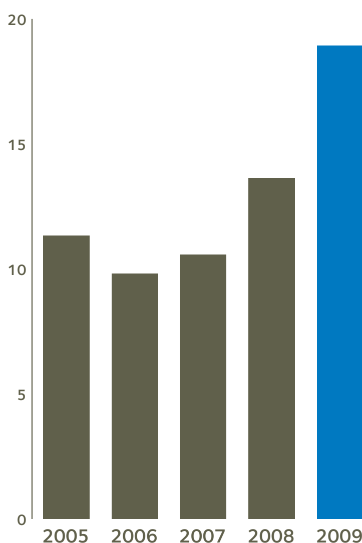
Markets

Coal

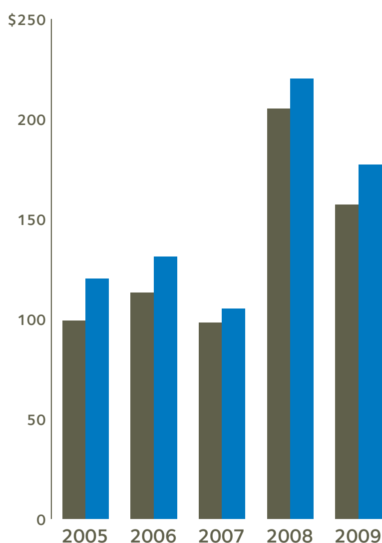
The extraordinary volatility in the global steel and metallurgical coal industries continued in 2009, with the first half of the year marked by sudden and severe reductions in steel production and commensurate falls in the demand for metallurgical coal. This period of decline was followed by a recovery in the second half of the year. Prior to 2009, China had not been a major importer of seaborne coking coal, but the country began to import significant quantities in 2009. Market expectations are that China will import even greater quantities in 2010. These sales to China represent a significant and increasing share of the total seaborne coking coal market. In addition, most steel producers outside China moderately increased their production levels from the early 2009 lows in response to higher steel prices and the global economic recovery. We have taken steps to increase our production levels to meet the additional demand created by this market upturn. We now project our coal production in 2010 to be 23.5 to 25 million tonnes and are actively planning for further production increases in 2011 and 2012.

Coal Production (tonnes in millions)*

*Our direct and indirect interest share

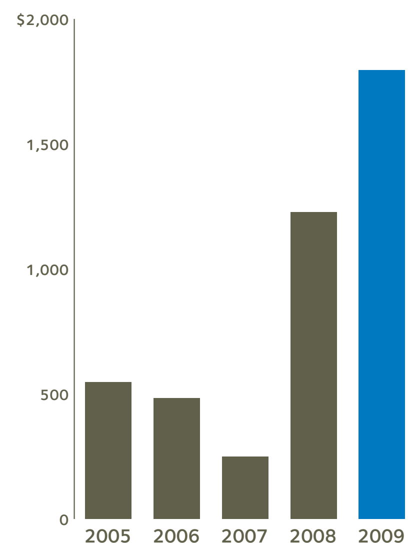


Average Coal Price ($/tonne)



Operating Profit ($ in millions)*

*Before depreciation and amortization



Mine and infrastructure capacity constraints continue to limit the global supply of seaborne coking coal. Relatively few new resources of high quality hard coking coal have been developed in recent years. Increasing demand and constrained supply have resulted in a tight market and upward pressure on prices ahead of the next round of negotiations for the 2010 coal year. Current market sentiment suggests that coal prices will increase when compared to the 2009 coal year. We also expect that a portion of our sales volumes in 2010 will be priced on a shorter pricing cycle as opposed to the traditional coal year. A shorter pricing cycle would create more frequent adjustments to coal prices during the year.

The near-term outlook for seaborne coking coal is positive and has largely been driven by developments in China. Any substantial disruption in China's economic growth or an increased supply of hard coking coal from domestic Chinese suppliers could alter the demand and supply dynamics. On the supply side, developments of new resources of high quality hard coking coal and infrastructure improvements in Australia and Mozambique appear to have accelerated in response to the current market.

Operations

Coal sales volumes of 19.8 million tonnes were down 14% from 2008 due to very weak demand and production cutbacks in early 2009. The markets recovered later in the year, but our sales were then constrained by our clean coal production levels and severe weather. Significant reductions in deliveries to our traditional contract customers were partially mitigated by increased sales to new markets, primarily in China. During the 2009 calendar year, we sold approximately 4 million tonnes of coal to new markets. Customers in Asia accounted for over two-thirds of our 2009 sales volume. Historically, Asia represented about half of our sales volume.

Our realized coal price was C$177 (US$157) per tonne in 2009 compared with C$220 (US$205) per tonne in 2008. The lower average US dollar selling price in 2009 primarily reflects the lower contract price settlements for the 2009 coal year that commenced April 1. During 2009, approximately 5 million tonnes were delivered at higher 2008 contract prices. In addition, we agreed to settle the unfulfilled 2008 carryover obligations of several customers in exchange for lump sum cash payments totalling $55 million, recording this as other non-operating income. At year's end, we had approximately 0.8 million tonnes of carryover remaining from the 2008 coal year. For the 2009 coal year, we reduced annual contract tonnages in response to lower intake by our traditional customers. This allowed us to develop new markets and should result in lower levels of carryover tonnage from the 2009 coal year into the next contract period.

Operating profit before depreciation and amortization reflects our 100% interest in Teck Coal for all of 2009 compared with only two months at the 100% level in 2008. Operating profit before depreciation and amortization was $1.8 billion in 2009 compared with $1.2 billion in 2008, as our increased ownership interest was partially offset by the lower coal price and reduced sales volumes in 2009.

Operating profit also reflects higher unit production costs and lower unit transportation costs. Strip ratios were higher in 2009 and the lower production levels increased our fixed costs per tonne of coal produced. These cost increases were partially mitigated by lower diesel fuel prices.

Unit transportation costs decreased due primarily to lower rail rates with Canadian Pacific Railway for the westbound transportation of coal from our five British Columbia minesites as well as lower port loading costs at Westshore Terminals, which were variable in part with average Canadian dollar selling prices. The current westbound arrangements with Canadian Pacific Railway expire in April. Negotiations regarding a replacement contract are underway.

In February 2010, we agreed with Westshore Terminals on terms for the shipment of 3 million tonnes of coal per year from our Elkview, Cardinal River and Line Creek mines over the next two years at fixed rates. Under the prior Elkview agreement, which expires on March 31, 2010, port rates varied with the price of coal. The agreement under which Westshore Terminals handles coal for our Fording River, Greenhills and Coal Mountain mines was also amended. Commencing April 1, 2011 to the end of the term of the new contract on February 29, 2012, none of our port charges will be linked to the price of coal. In addition to our ongoing use of the Westshore Terminals facility, we expect to ship additional coal through Neptune Terminals, in which we hold a 46% interest.

Zinc

2009 Production: 711,000 tonnes of zinc in concentrate
240,000 tonnes of refined zinc

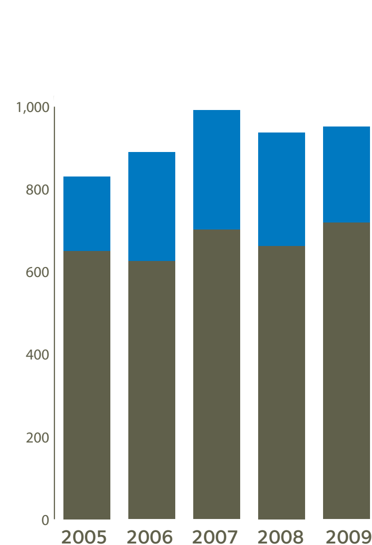
Our zinc business unit includes our Trail refining and smelting complex and the Red Dog mine. Our Lennard Shelf mine in Western Australia was permanently closed in August 2008, and Pend Oreille was placed on care and maintenance in February 2009.

In 2009, our zinc operations accounted for 26% of revenue and 16% of operating profit before depreciation and amortization.

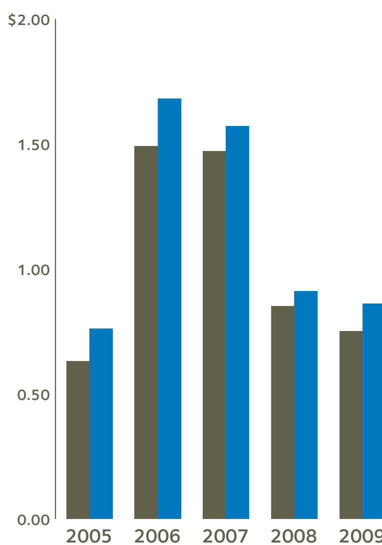
	Revenues			Operating Profit (Loss) Before Depreciation and Amortization		
($ in millions)	**2009**	2008	2007	**2009**	2008	2007
Trail	**$ 1,190**	$ 1,442	$ 1,839	**$ 122**	$ 208	$ 396
Red Dog	**986**	703	1,434	**473**	240	885
Other	**50**	117	166	**7**	(26)	31
Inter-Division Sales	**(220)**	(191)	(387)	**(19)**	17	16
Total	**$ 2,006**	$ 2,071	$ 3,052	**$ 583**	$ 439	$ 1,328

	Production			Sales		
(000's tonnes)	**2009**	2008	2007	**2009**	2008	2007
Refined zinc						
Trail	**240**	270	292	**243**	266	292
Contained in concentrate						
Red Dog	**583**	515	575	**556**	529	576
Pend Oreille and Lennard Shelf	**5**	51	50	**5**	53	47
Other business units	**123**	97	74	**120**	96	73
Total	**711**	663	699	**681**	678	696

Zinc Production (000's tonnes)

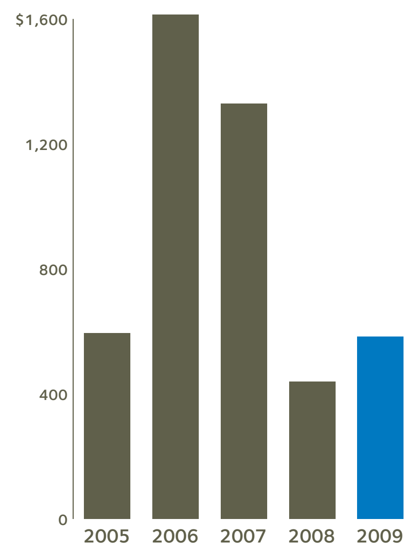


Average Zinc Price ($/lb)



Operating Profit ($ in millions)*

*Before depreciation and amortization



Markets

Zinc

Global zinc consumption is estimated to have declined by more than 5% in 2009. In late 2008 as the economic crisis took hold, most consumers stopped purchasing metal and instead started to destock their own inventories. Faced with reduced demand, refined metal producers curtailed production and closed their operations rather than build up inventories. By the end of 2009 global demand started to pick up as the global economic crisis faded, destocking came to an end and in some countries government stimulus packages started to buoy demand from low levels. Refined production cutbacks already in place came to an end and producers started producing at normal levels again.

In 2009, London Metal Exchange stocks rose by 235,000 tonnes or 92% to 488,000 tonnes. We estimate that total reported refined inventories (LME, SHFE, Producer, Consumer and Merchant) at the end of 2009 were 1,115,000 tonnes or 38 days of global consumption, just below the 25-year average of 39 days of global consumption.

Prices started the year at US$0.55 per pound and rose throughout the year to finish the year at US$1.17 per pound. In 2009, the average price was US$0.75 per pound, down from the 2008 average of US$0.85 per pound.

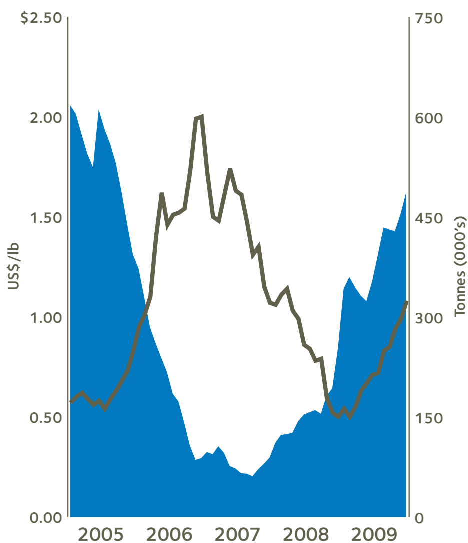
In 2009 China imported 61% more zinc concentrates than in 2008. This was a result of continuing growth in refined production and capacity, while domestic mine production was reported to have declined from 2008 levels. China was a net importer of 640,000 tonnes of refined zinc in 2009, compared to 112,000 tonnes in 2008.

The zinc concentrate market in 2009 was a balanced market. As the price of zinc rose steadily throughout 2009, some mines restarted production. According to the International Lead and Zinc Study Group (ILZSG), global mine production fell over 300,000 tonnes of contained zinc in 2009 versus 2008.

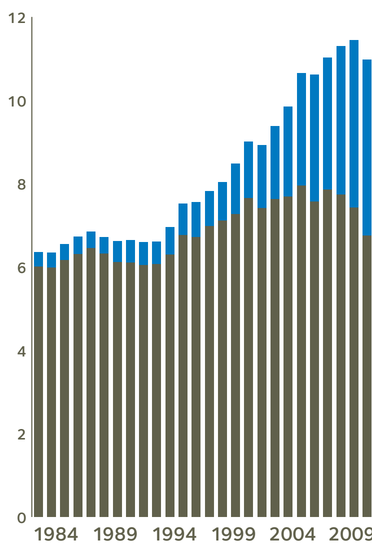
In 2010, we believe that global zinc metal demand will grow at above trend growth as a restocking of inventories will occur. This restocking will add to growth from positive industrial production forecasts. We also believe the global zinc concentrate market will move into a structural deficit as smelters return to full production rates and smelting capacity grows at a greater rate than mine production. In spite of the cuts in metal production from planned levels, mine production and ultimately refined production should increase at a greater rate than refined demand so we believe the global refined market will be well supplied in 2010.

Historically, surpluses in metal have resulted in high exchange stocks and have put downward pressure on prices. However, since March 2009 the price of zinc more than doubled by the end of the year at a time when LME stocks increased by 42%. Prices have been moving up buoyed by the renewed interest of investment funds in commodities as an asset class and weakness in the US dollar.

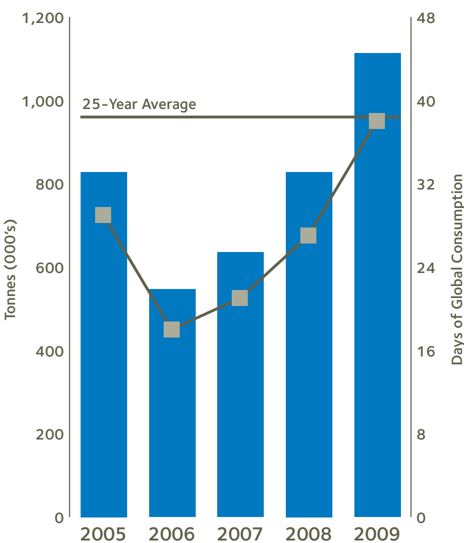
Zinc Price and LME Inventory



Global Demand for Zinc
(tonnes in millions)



Zinc Inventories



Lead
The global market for refined lead was in surplus in 2009 after four consecutive years of deficit and one balanced year.

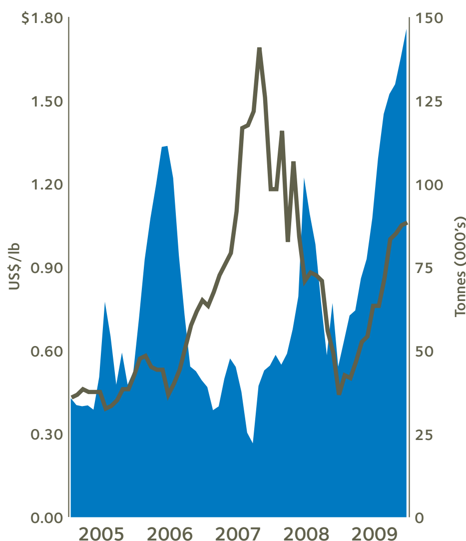
The LME cash price started 2009 at US$0.47 per pound and finished the year at US$1.09 per pound. The price averaged US$0.78 per pound in 2009, down from the 2008 average of US$0.95 per pound. LME stocks rose 101,000 tonnes in 2009 and finished the year at 146,500 tonnes.

As a result of the global economic crisis, global refined lead consumption fell for the first year since 2001, down by 1% from the 2008 level. The recession prompted the largest contraction in lead demand since a 5.4% year-on-year fall in 1980 as a result of the US-led recession that started that year. In 2009, lead demand contracted in all the major regions and economies, with the notable exception being China.

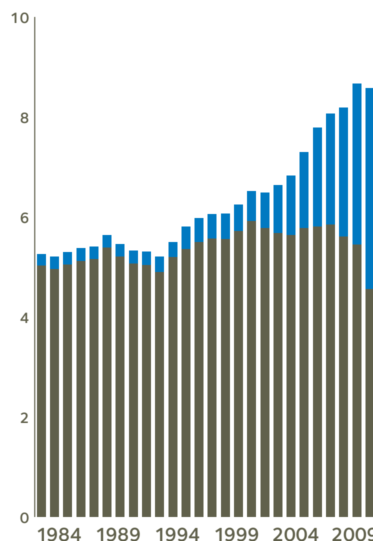
We believe growth in refined lead consumption will rebound in 2010. Supply will grow at a greater rate due to increased secondary production of batteries, which is lead's number one end use. We expect a modest surplus of refined lead in 2010.

Reported refined lead stocks (LME, Producer, Consumer & Merchant) at the end of 2009 stood at 375,000 tonnes which represented 16 days of global consumption, well below the 25-year average of 26 days. These low stocks do not provide a significant cushion for higher than expected demand growth.

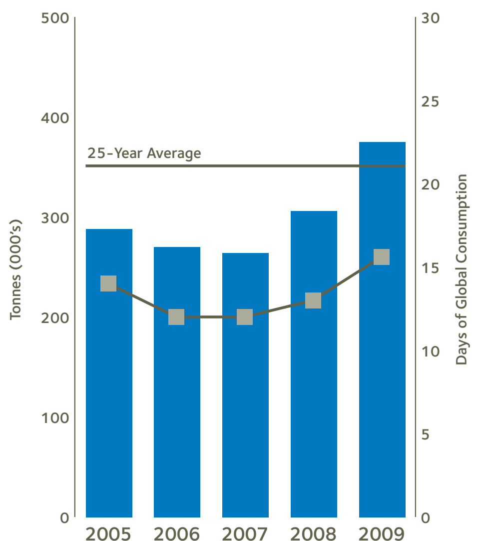
Lead Price and LME Inventory



Global Demand for Lead
(tonnes in millions)



Lead Inventories



Operations

Trail Metallurgical Operations

Our Trail Operations, located in British Columbia, include one of the world's largest fully integrated zinc and lead smelting and refining complexes and the Waneta hydroelectric dam and transmission system. The metallurgical operations produce refined zinc and lead and a variety of precious and specialty metals, chemicals and fertilizer products. The Waneta Dam provides power to the metallurgical operations. Historically, power that was surplus to our requirements has been sold through the transmission system to customers in British Columbia and the United States. In 2009 we entered into an agreement to sell a one-third interest in the Waneta Dam, representing substantially all of our previous surplus power generation, to BC Hydro for $825 million.

Trail metal operations contributed $82 million to operating profits before depreciation and amortization in 2009 compared with $146 million in 2008, with the reduction due primarily to lower prices for zinc, lead, specialty metals and sulphur products and lower sales volumes that reflected the downturn in the economy.

Refined zinc production totalled 240,000 tonnes in 2009 compared with 270,000 tonnes the previous year. Trail Operations curtailed zinc production from a monthly capacity of 25,000 tonnes to approximately 20,000 tonnes during the first eight months of the year in response to decreased customer demand. As demand for product increased in the third and fourth quarters, we returned to full zinc production capacity, but were constrained by some operational issues in the zinc electrolytic plant. These issues are being resolved at the time of writing.

Refined lead production of 72,600 tonnes was 12,400 tonnes less than that of 2008. Operational issues in the drossing plant, where the lead is purified, continued into 2009 and culminated in maintenance work being moved into the fourth quarter of 2009. This necessitated a 20-day shutdown of the lead smelter to complete repairs. By the end of 2009, the lead smelter had returned to full production.

In 2010, we expect to produce 290,000 tonnes of zinc, 80,000 tonnes of lead and 21 million ounces of silver.

The Waneta Dam is one of several hydroelectric generating plants in the region operated through contractual arrangements under which we currently receive approximately 2,800 gigawatt hours of energy entitlement per year, regardless of the water flow available for power generation.

Lower average power sales prices and an increasing Canadian/US dollar exchange rate reduced operating profit from surplus power sales before depreciation and amortization to $40 million in 2009, down $22 million from the previous year. Surplus power sales volumes were slightly higher than the previous year as a result of the zinc production curtailment.

In June 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 on March 5, 2010.

Capital expenditures for the year totalled $25 million, related to projects required to sustain operations, with each totalling less than $3 million.

Our electronic waste recycling program reached a milestone in October, having processed 25,000 tonnes of material since the program began in 2006. Our goal is to treat 11,500 tonnes in 2010 as a result of an expansion in the types of electronic waste that will be accepted at collection sites effective this July. In conjunction with the British Columbia Ministry of Environment, we are also conducting tests related to the recycling of zinc alkaline batteries and fluorescent bulbs.

Red Dog Mine

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 ocean 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 2009, both zinc and lead production were higher than in 2008 due to increased mill operating rates and online time resulting from a number of site-driven performance improvement initiatives. A new annual production record was set for metal in concentrate in 2009, breaking the prior record set in 2007.

Red Dog's 2009 shipping season began on June 30 and was completed on October 18. Final tonnages shipped for 2009 were 1,020,000 tonnes of zinc concentrate and 220,000 tonnes of lead concentrate. Metal available for sale from January 1, 2010 to the beginning of next year's shipping season is 227,000 tonnes of contained zinc in concentrate and 3,000 tonnes of contained lead in concentrate.

In accordance with the operating agreement governing the Red Dog mine, the royalty to NANA Regional Corporation Inc. ("NANA"), our Regional Alaskan Native Corporation partner, is at 25% of net proceeds of production. The NANA royalty charge in 2009 was US$128 million compared with US$92 million in 2008. The net proceeds royalty 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. NANA has advised us that it ultimately shares approximately 62% of the royalty with other Regional Alaskan Native Corporations pursuant to section 7(i) of the *Alaskan Native Claims Settlement Act*.

Red Dog's operating profit before depreciation and amortization was $473 million compared with $240 million in 2008. The higher 2009 operating profit was mainly due to higher metal prices, lower fuel costs and higher production levels achieved as a result of a number of site-wide performance improvement initiatives.

Major capital projects in 2009 included US$15 million for tailings dams and US$14 million on other sustaining capital projects.

The dewatering of our five-hole shallow shale-gas exploration wells was completed at year end. Additional drilling and capital expenditure decisions are pending completion of the reservoir calculations by a third-party engineering firm. The results of this analysis are anticipated in the second quarter of 2010.

We expect 2010 production to be approximately 550,000 tonnes of zinc in concentrate and 95,000 tonnes of lead contained in concentrate. 2010 production is forecast to be lower than 2009 due to the lower ore grades expected in the bottom of the main pit.

Aqqaluk Permitting

On receipt of Supplemental Environmental Impact Statement ("SEIS") and new National Pollutant Discharge Elimination System (NPDES) and other required permits, we expect to start pre-stripping of the Aqqaluk deposit in 2010. It is anticipated that the Aqqaluk deposit will be the main ore supply for the next 20 years, from 2011 onwards.

On December 15, 2009, the State of Alaska issued a certification of the NPDES Permit to be issued by the US Environmental Protection Agency ("EPA") under Section 401 of the US *Clean Water Act*. On January 15, 2010, local tribal and environmental groups filed an appeal of the certification asserting that certain provisions do not comply with the *Clean Water Act*. If successful, the appeal could result in revisions to the NPDES Permit. The certification will remain in effect pending resolution of the appeal and will not affect the development of the Aqqaluk deposit.

On January 8, 2010, the EPA approved the Aqqaluk SEIS and, simultaneously, issued the new NPDES Permit. On February 16, 2010, the same groups that appealed the 401 Certification filed a petition for review of the NPDES Permit. On February 26, 2010, the EPA notified us that, as a result of the appeal, the conditions of the new permit governing effluent limitations for lead, selenium, zinc, cyanide and total dissolved solids (TDS) are stayed pending a resolution of the appeal by the Environmental Appeal Board. Until then, 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. We will be discussing that issue with EPA and awaiting the issuance of a wetlands permit before proceeding with a decision on the development of Aqqaluk.

Other State and local permits required for the development of Aqqaluk were received in December. The appeal period for those permits has expired. The wetlands permit from the Army Corps of Engineers is the only outstanding agency authorization and is undergoing final agency review. There is no specific period established for an appeal of this permit.

An appeal of the SEIS or wetlands permit could also delay access to the Aqqaluk deposit. Our current operating plan is to continue to mine the main pit until mid-2011, but to maintain efficient production rates, this ore will eventually need to be supplemented with ore from Aqqaluk. Permit appeals that delay access to Aqqaluk could affect our transition plan and production at Red Dog could be curtailed in October, 2010.

We and our partner, NANA, have been working with the public agencies involved and have held discussions with some of the appellants. While we believe that the regulatory process has been appropriate and robust and will be sustained on appeal, there can be no assurance that appeals will not delay the development of Aqqaluk. We are developing contingency plans to minimize the potential disruption to the operation from an appeal.

Other Zinc Operations

Our Pend Oreille mine, located in northeastern Washington State, produced zinc and lead concentrates that were delivered to our Trail smelter 80 kilometres to the northwest, in British Columbia. The mine was shut down and placed on care and maintenance in February 2009 due to reduced metal demand and weak zinc prices. A core group of employees are working to keep the site ready in anticipation of a restart in the future. All regulatory and environmental requirements are being met. The mine produced 4,800 tonnes of zinc and 900 tonnes of lead in 2009 before it was placed on care and maintenance compared with 35,000 tonnes of zinc and 5,700 tonnes of lead in 2008.

Energy

Our energy business unit has recoverable contingent bitumen resources of approximately 1.6 billion barrels, which includes our 20% interest in the Fort Hills oil sands project and our 50% interest in the Frontier and Equinox oil sands projects that we jointly own with UTS Energy Corporation ("UTS"). We also have a 50% interest in various other oil sands leases, including the Lease 421 Area, which are in the exploration phase. All of these properties are located in the Athabasca region of northeastern Alberta, Canada. The disclosure below includes references to contingent bitumen resource estimates. Further information on these estimates, and the risks and uncertainties relating thereto, is set out in our most recent Annual Information Form filed on SEDAR and under cover of Form 40F on EDGAR. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Our oil sands projects are expected to be long-life assets, located in a politically stable jurisdiction with limited exploration risk, employing conventional technologies that build upon our core skills of developing large-scale truck and shovel mining operations.

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% being held by UTS and the remaining 60% held by the operator of the project, Suncor Energy Inc. ("Suncor"), which became operator and a partner by way of a merger with Petro-Canada in August 2009. At December 31, 2009, our best estimate of our 20% share of the recoverable bitumen at Fort Hills is 678 million barrels.

To the end of 2009, approximately $2.9 billion has been spent on the Fort Hills project. Our share was $901 million, of which $271 million was spent in 2009. In connection with our ownership interest, our future commitment is to fund 27.5% of the next $4.6 billion of project spending and our 20% pro rata share thereafter.

During 2009 the Fort Hills project:

- reached an agreement with the Government of Alberta to extend the term of its oil sand leases until July 31, 2019, in exchange for a commitment to upgrade the bitumen produced from the second phase of the Fort Hills oil sands project in Alberta. If the project is not producing bitumen by 2019, it is possible that the Fort Hills leases could be forfeited to the government, and

- received conditional approval from the Energy Resources Conservation Board ("ERCB") for most aspects of proposed amendments to the mine, which include revisions to its footprint to enable construction to proceed for the first phase of the mine and extraction portion of the project. The ERCB requested a revised assessment of the cumulative effects and mine plan by December 31, 2010 to facilitate the request to increase the total recoverable resource.

The timing of a final investment decision on the Fort Hills oil sands project depends both on improvements in commodity prices and financial markets and on the results of a project review currently being undertaken by Suncor. Spending on the project has been significantly reduced and the workforce downsized to allow the project review to be completed. Suncor has provided a forecast project spending estimate of $33 million for 2010, of which our share would be $9 million, including our earn-in commitments, compared with our $271 million share in 2009, assuming the planned regulatory work is completed during 2010.

Recent economic conditions and the project review being undertaken by Suncor have increased the uncertainty around the probability of realizing future benefits from certain costs incurred to advance the mine and bitumen production facilities and the engineering of the upgrading portions of the project. Accordingly, asset impairment charges have been recorded against various project related costs, materials and contracts, including related contract cancellation charges. In 2009, we recorded an equity loss of $119 million from our Fort Hills oil sands investment as a result of the deferral of the upgrader portion and the delay of the mine and bitumen production portion of the project.

Teck/UTS Joint Venture

We have jointly acquired, with UTS, oil sands leases located near the Fort Hills project totalling approximately 124,000 hectares. To date, we have spent $348 million for our 50% share of the acquisition, exploration and engineering costs of these leases of which $59 million was spent in 2009. We expect to spend approximately $25 million for our share of studies and exploration drilling planned for 2010.

Frontier and Equinox Projects

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

The Equinox oil sands project consists of approximately 2,890 hectares of oil sands lease and our best estimate is that our 50% interest represents 166 million barrels of recoverable bitumen. The Frontier oil sands project consists of approximately 26,112 hectares of oil sands leases and our best estimate is that our 50% interest in the Frontier project represents approximately 725 million barrels of recoverable bitumen.

In February 2009, we received the final terms of reference for the Environmental Impact Assessment for both the Frontier and Equinox projects. This establishes the terms to complete the Environmental Impact Assessment for submission to Alberta Environment.

Pilot plant testing on ore recovered from Frontier and Equinox leases was conducted during 2009. The operational phase of the pilot plant test work, to support the design assumptions used for both projects, was completed during the third quarter and data analysis is expected to be finalized in 2010.

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 either an additional 30,000 to 50,000 barrels of bitumen per day from Equinox or using Equinox bitumen to extend the life of the Frontier project will be considered. The results of this work are expected in by early 2011 and will be compared to the draft Design Basis Memorandum study for Equinox as a stand-alone project.

The joint venture continues to advance the projects through the regulatory permitting process and has ongoing consultations with stakeholders including project update meetings with key stakeholder groups.

A field exploration program on the Frontier project consisting of approximately 80 core holes is planned for the winter of 2010. We expect to spend approximately $22 million for our share of the exploration, engineering, regulatory and stakeholder activities for Frontier and Equinox projects during 2010.

Exploration – Lease 421 Area

During the 2009 winter exploration season we drilled 54 core holes in the Lease 421 Area (oil sands leases 421, 022 and 023, in which we have a 50% interest), bringing the total core holes completed to 59. Analytical testing was completed during the fourth quarter. The results indicate 49 of the core holes contain prospective oil sands that range in thickness from 10 to 40 metres (averaging 19 metres) with oil sands grades ranging from 9 to 18% by weight and overburden thicknesses ranging from 10 to 68 metres (averaging 39 metres). These results indicate the potential for a mineable resource, however further core hole drilling will be required to establish the quantity and quality of any potential resources. We currently have no exploration work planned during 2010 on these leases.

Regulatory Developments

In January of 2008, the Government of Alberta announced a plan to reduce carbon emissions intensity to 50% below 1990 levels by 2020. Major emitters (those over 100,000 tonnes per year) are required to reduce their emissions intensity by 12% as compared to their established baseline. For new construction projects, the plan is applicable three years after start-up.

In early 2010, the Canadian Federal Government announced new national targets for greenhouse gas emission reductions as part of the Copenhagen Accord. However, details of how these new targets would be achieved and how they might apply to individual facilities, companies, and industries has not yet been announced. Previously, in June 2009, details of the proposed federal offset system for greenhouse gas emissions were published. We will continue to review the effect of these regulatory developments on our oil sands projects.

Gold

During 2009, we sold our 50% interest in the Hemlo mines, our 40% interest in the Pogo mine, our 60% interest in the Lobo-Marte project in Chile, and our 78.8% interest in the Morelos project in Mexico. In January 2010 we closed the sale of the Agi Dagi and Kirazli projects in Turkey and a royalty on the future gold production from our Andacollo copper mine in Chile. We received consideration totalling $940 million in cash and equity securities in the various purchasers valued at $103 million on closing of the transactions. These sales resulted in gains totalling $479 million ($382 million after-tax) of which $429 million (pre-tax) was recorded in 2009. The cash proceeds, net of taxes and costs were used to repay the debt we incurred to finance our acquisition of the coal assets from Fording in late 2008. The gains on these sales and the results of operations from the Hemlo and Pogo mines prior to the closings of the sales are included in our earnings from discontinued operations.

We remain committed to the gold business, but are not necessarily committed to being a producer. Our strategy will be to find and identify gold resources and then add value through further definition drilling and engineering studies. We will then sell those resources at a point in the development cycle where we believe we can maximize the return on our investment, which may be well before a production decision.

Corporate

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

Development Projects

Galore Creek
In August 2007, we formed a 50/50 partnership with NovaGold Resources Inc. to develop the Galore Creek copper-gold deposit in northwest British Columbia. After suspending construction activities in November 2007 due to escalating cost estimates and reduced operating margins, studies were initiated in 2008 aimed at re-evaluating and optimizing the project by defining a more realistic and lower risk development alternative, including alternative plant site and tailings locations. Further engineering and evaluation work is expected in 2010.

In February 2009, we amended certain provisions of the partnership agreement relating to the Galore Creek project. Under the amended agreement, our remaining committed funding on Galore Creek has been reduced to approximately $36 million, which must be contributed by December 31, 2012. To December 31, 2009, we have spent $11 million of the $36 million commitment. While we are making these committed contributions, which will represent 100% of project funding, we will have a casting vote on the Galore Creek management committee with respect to the timing and nature of expenses to be funded.

The Galore Creek project remained on care and maintenance during 2009. While the project site will remain on care and maintenance for 2010, we plan to begin the preparation of a pre-feasibility study so that updated capital and operating cost estimates can be prepared for the project.

Relincho Project
The Relincho copper project, located in central Chile, was acquired from Global Copper Corp. in August 2008. A total of 49,000 metres of infill drilling was completed on the property in 2008.

There was no drilling and only minimal site activity on the Relincho project in 2009. Further mine engineering optimization studies were started in late 2009 based on a revised block model that included 2008 drilling. This work is being done to analyze various cut-off grades, throughput rates and stockpiling strategies. The next phase of work will be a pre-feasibility study that is currently planned to commence in the second quarter of 2010.

Mesaba Project
A variety of work was carried out on the Mesaba copper-nickel project in northern Minnesota in 2008. A total of 13,900 metres of resource definition drilling was completed in 2008. Drilling was also carried out to provide material for a bulk sample. In 2009, this sample was treated at a research facility in Minnesota to produce nine tonnes of copper-nickel concentrate, which was delivered to our CESL test facility in Richmond, British Columbia. This sample is being processed through the hydrometallurgical pilot plant at CESL to assess the feasibility of treatment for the production of copper and nickel.

Carrapateena Project
A preliminary scoping study was carried out to assess the potential development of an underground copper-gold mine at the Carrapateena property in South Australia in 2008. No exploration work was undertaken on the project in 2009.

We have the right to acquire 100% of the project by making a payment to the vendor equal to 66% of its fair market value with credit for our expenditures on the project to date. We are reviewing with the vendor strategic alternatives in connection with the project.

Exploration

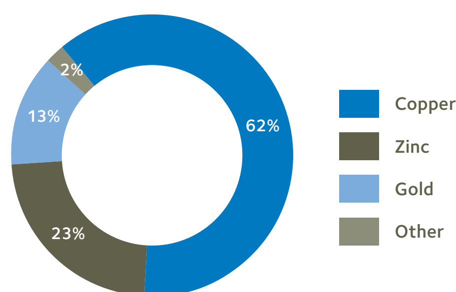
Exploration expenditures were $33 million in 2009 compared with $133 million in 2008. We closed seven exploration offices in early 2009 and reduced our exploration staff by approximately 250 positions. Copper, zinc and gold were our main commodities of interest. We decided not to continue with exploration for diamonds, nickel, and seafloor massive sulphides in 2009.

Copper
Copper exploration was focused in Chile, Peru, Mexico, Turkey and Canada. Several new porphyry copper targets were defined in the Pelambres North project in central Chile. Outcropping copper mineralization and extensive geophysical and geochemical targets will be drilled in 2010. Encouraging drill results were returned from the 60% owned Halilaga copper/gold project in Turkey. Drilling programs are planned for 2010 on copper projects in Chile, Mexico, Turkey, and Namibia. During the year we optioned out several 100% owned copper projects located in Chile, Peru, Brazil, Namibia, and Mexico. All are expected to be drilled by other parties in 2010 and we retain back-in rights to majority interests in all of the projects.

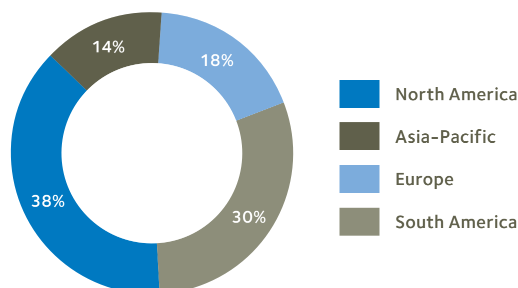
Zinc
Zinc exploration was primarily focused in Alaska, Ireland, and Australia. Additional surface surveys were undertaken on the 100% owned Noatak project in the Red Dog district in Alaska where drilling is planned for 2010. Drilling was undertaken on zinc projects in Ireland and Australia, both of which returned multiple drill holes with sulphide mineralization warranting additional drilling in 2010. We entered into an agreement with Nonfemet, a Chinese mining and smelting entity, which will solely fund the next phases of drilling to earn a 40% interest in our 100% owned Ballinalack project in Ireland. The partners are planning a 30,000 metre drill program in 2010.

Gold
Gold exploration was primarily focused in western Turkey. We undertook drilling on our 100% owned Demir property in the fourth quarter and test results from this work are currently pending. We elected to farm out several of our gold projects in Australia, Mexico, Canada and South America. We expect to be significantly more active in the gold sector in 2010.

Exploration by Commodity



Exploration by Location



Technology

Our Technology Group works closely with our business units to create value through the development and application of innovative technologies. Three separate centres provide expertise in process development for internal and external growth opportunities, technical improvement and environmental treatment for operations, and product development to support metal sales.

CESL Limited ("CESL") oversees the development of our proprietary hydrometallurgical technology, which offers an environmentally superior method for treating copper, copper-gold, nickel-copper, and nickel concentrates, especially those with complex challenges related to mineralogy and deleterious elements that inhibit conventional production and sale of concentrates.

Our Applied Research and Technology ("ART") group works with our business units to characterize ore bodies, develop and test processing options, evaluate and implement technologies to improve performance and decrease unit costs, and to design and test innovative solutions to potential environmental impacts.

Our Product Technology Centre ("PTC") supports metal sales for the Zinc Business Unit by working with zinc customers to develop new alloys and bath management technologies for continuous and general galvanizing. PTC's battery technology group develops and sells new technologies to improve the use and efficiency of lead acid batteries. PTC also works with the Trail operation to understand emerging technical uses and markets for specialty metals produced at Trail.

The Technology Group also works with all of our business units to evaluate and implement technologies, and with external companies, contractors and researchers to develop and assess new technologies. We support external research and development through industry associations, companies and universities. In many cases, our funds are levered through collaboration with other companies and government programs. We are active participants in university-based educational programs, research groups, industry-government initiatives, and industry-university advisory committees. We use contacts with these groups to identify prospective employees and to develop training programs for our technical employees. In addition to seeking growth and continuous improvement, we work to foster sustainability through more efficient processes, better control of waste products, and the long-term stewardship of metals.

Financial Overview

Financial Summary

($ in millions, except per share data)	2009	2008	2007
Revenue and earnings			
Revenues	**$ 7,674**	$ 6,655	$ 6,189
Operating profit before depreciation and amortization	**$ 3,662**	$ 2,811	$ 3,036
EBITDA	**$ 4,109**	$ 1,961	$ 2,799
Net earnings from continuing operations	**$ 1,750**	$ 668	$ 1,681
Net earnings	**$ 1,831**	$ 659	$ 1,615
Cash flow			
Cash flow from operations	**$ 2,983**	$ 2,109	$ 1,742
Capital expenditures	**$ 590**	$ 928	$ 555
Investments	**$ 372**	$ 12,298	$ 3,911
Balance sheet			
Cash balances, including restricted cash	**$ 1,420**	$ 850	$ 1,408
Total assets	**$ 29,873**	$ 31,533	$ 13,573
Debt, including current portion	**$ 8,004**	$ 12,874	$ 1,523
Per share amounts			
Net earnings from continuing operations			
Basic	**$ 3.28**	$ 1.48	$ 3.89
Diluted	**$ 3.27**	$ 1.47	$ 3.87
Net earnings			
Basic	**$ 3.43**	$ 1.46	$ 3.74
Diluted	**$ 3.42**	$ 1.45	$ 3.72
Dividends declared per share	**$ –**	$ 0.50	$ 1.00

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 raw materials, which are influenced by global economic growth. We normally sell the products that we produce at prevailing market prices or at prices negotiated on annual contracts, particularly metallurgical coal. 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. Exchange rate movements, particularly as they affect the US dollar, 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 debt and revenues are denominated in US dollars.

Our net earnings for 2009 were $1.831 billion, which included $881 million of after-tax foreign exchange gains and gains on the sale of assets, or $3.43 per share compared with $659 million or $1.46 per share in 2008, which included $856 million of after-tax asset impairment losses. Net earnings were $1.6 billion or $3.74 per share in 2007.

Our earnings were higher in 2009 due to increased operating profits from each of our business units, significant foreign exchange gains on our debt and asset sale gains. Our coal business unit benefitted from our acquisition of Fording's 60% interest in Teck Coal in October, 2008. This was partially offset by significantly lower coal prices in 2009 and significantly higher interest expense on the debt incurred to acquire Fording's coal assets. Our copper and zinc business units contributed higher earnings in the year due mainly to significant positive pricing adjustments, which offset the lower average base metal prices. In 2009, we had positive after-tax final price adjustments of $207 million as a result of the improved global economy and rising metal prices. In 2008, we incurred negative after-tax final price adjustments of $329 million as a result of the rapid deterioration of the global markets and subsequent sharp decline in metal prices that occurred in the latter part of the year.

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) our Petaquilla copper project in Panama, 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.

Our earnings in 2007 were affected by a $33 million equity loss ($50 million pre-tax) related to our investment in the Galore Creek project where mine construction was suspended due to escalating capital costs and by a number of asset write-downs totalling $51 million after taxes. The equity loss represented our after-tax share of the Galore Creek partnership's estimated demobilization costs. The asset write-downs related to our investment in Tahera Diamond Corporation, which was due to the severe financial difficulties it faced. Due to difficult mining conditions and low ore grades that impacted their ongoing profitability, we also wrote down the property, plant and equipment at our Pend Oreille and Lennard Shelf zinc mines. We also had a $59 million cumulative foreign exchange loss related to the repatriation of US dollars to Canada to provide funds for our acquisition of Aur. We also had a $46 million loss on our contingent receivable related to the sale of our Cajamarquilla refinery compared with a $36 million gain in 2006.

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

	2009	2008	2007
Net earnings as reported	**$ 1,831**	$ 659	$ 1,615
Add (deduct) the after-tax effect of:			
(Earnings) loss from discontinued operations	**(81)**	9	66
Derivative (gains) losses	**36**	(202)	32
Asset impairment and equity losses	**119**	266	84
Impairment of goodwill and marketable securities	**20**	590	–
Asset sales and other	**(320)**	73	(36)
Foreign exchange gains on net debt	**(561)**	–	–
Realization of cumulative translation adjustment loss	**–**	–	59
Financing items	**117**	–	–
Tax items	**(30)**	(50)	(80)
	(700)	686	125
Adjusted net earnings*	**1,131**	1,345	1,740
Negative (positive) pricing adjustments	**(207)**	329	66
Comparative net earnings*	**$ 924**	$ 1,674	$ 1,806

*Adjusted net earnings and comparative net 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 2009, before changes in non-cash working capital items, was $2.3 billion compared with $3.6 billion in 2008 and $2.0 billion in 2007. 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 a provision against our marketable securities.

Cash flow from operations, after changes in non-cash working capital items, less scheduled debt repayments, dividends and sustaining capital expenditures, was $2.6 billion in 2009 compared with $1.3 billion in 2008 and $1.1 billion in 2007. At December 31, 2009, our cash balance, including restricted cash, was $1.4 billion. Total debt was $8.0 billion and our net debt to net debt-plus-equity ratio was 31% compared with 52% at December 31, 2008.

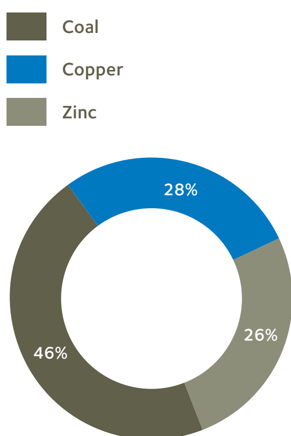
Operating Profit

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.

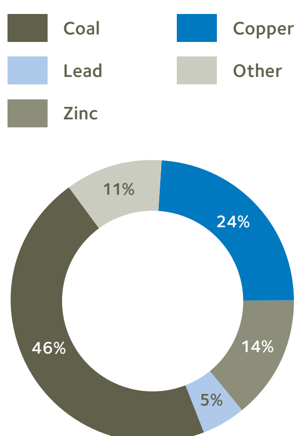
Our principal commodities are copper, metallurgical coal and zinc, which accounted for 24%, 46% and 14% of revenues respectively in 2009. Molybdenum is a significant product of our copper operations, and lead is a significant product of our zinc operations, respectively accounting for 1% and 5% of our 2009 revenues. In addition, our Antamina copper mine produces a significant volume of zinc concentrate. Other products produced at various operations include silver, various specialty metals, chemicals and fertilizers, and electricity, and in total accounted for 10% of our revenue in 2009.

Our acquisitions of the Fording coal assets in October 2008 and Aur in August 2007 has had a significant impact on our revenues, operating expenses and operating profits. Our results for 2008 included a full year of results from the three mines we acquired from Aur compared with just over four months in 2007. In addition, our 2008 operating profit includes our 40% share of the results of Teck Coal until the end of October 2008 and 100% thereafter compared with only our 40% direct interest for all of 2007. Accordingly, these two acquisitions accounted for a portion of the increase in revenues, operating expenses, and depreciation and amortization in 2008 and the acquisition of the Teck Coal assets accounted for a significant portion of the increase in revenues, operating expenses, and depreciation and amortization when comparing 2009 with 2008.

2009 Revenue by Business Unit

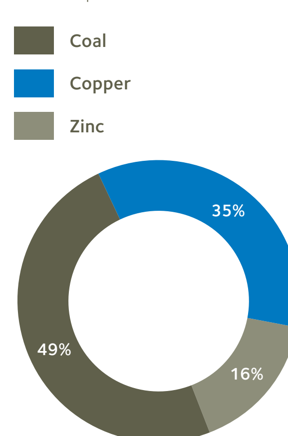


2009 Revenue by Commodity



2009 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 consolidated revenues were a record $7.7 billion in 2009 compared with $6.7 billion in 2008 and $6.2 billion in 2007. The increase in 2009 over 2008 was mainly due to our acquisition of Teck Coal in October 2008. Our 2009 revenue from coal was $3.5 billion compared with $2.4 billion in 2008 when we recorded our 40% share of Teck Coal's revenue until October 2008 and 100% thereafter. Average prices for all of our main commodities were lower in 2009 than 2008. However, the significant volatility in base metal prices had a significant impact on our revenues 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. In 2008 our revenues increased over 2007 levels by $466 million as a result of having a full year of revenue from the three mines acquired through our acquisition of Aur, the effect of significantly higher coal prices and the acquisition of Teck Coal referred to above. This was partially offset by lower zinc sales volumes and the decline in average base metal prices in the fourth quarter of 2008 resulting in the significant negative pricing adjustments.

At December 31, 2008, outstanding receivables included 164 million pounds of copper provisionally valued at an average of US$1.40 per pound, 195 million pounds of zinc valued at an average of US$0.54 per pound and 45 million pounds of lead provisionally valued at an average of US$0.42 per pound. During 2009, the copper receivables were settled at an average final price of US$1.53 per pound, zinc receivables were settled at an average final price of US$0.53 per pound and lead at US$0.51 per pound, resulting in positive after-tax final pricing adjustments of $14 million in the year. We also recorded positive after-tax pricing adjustments of $193 million for sales recorded during 2009. At December 31, 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.

Our operating costs include all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased at 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 $4.0 billion in 2009, compared with $3.8 billion in 2008 and $3.2 billion in 2007. In addition to general cost increases, significant increases in our 2009 operating expense include $510 million from having a full year of expenses from the coal mines acquired from Fording compared with 40% for ten months and 100% for two months in 2008.

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. In 2009 our depreciation expense was $928 million compared with $468 million in 2008 and $293 million in 2007. The main reasons for the increase were our acquisitions of Aur in August 2007 and the Fording assets in October 2008. The acquisition of the Fording assets resulted in an additional $450 million of depreciation and amortization compared with 2008.

Other Expenses

($ in millions)	**2009**	2008	2007
General and administrative	**$ 188**	$ 91	$ 110
Interest and financing	**655**	182	85
Exploration	**33**	133	104
Research and development	**15**	23	32
Asset impairment	**27**	589	69
Other expense (income)	**(824)**	(55)	(196)
Provision for income and resource taxes	**695**	652	806
Non-controlling interests, net of tax	**69**	82	47
Equity loss (earnings), net of tax	**126**	(22)	5
Loss (earnings) from discontinued operations, net of tax	**(81)**	9	66
	$ 903	$ 1,684	$ 1,128

General and administrative expenses were $188 million in 2009 compared with $91 million in 2008 and $110 million in 2007. The increase is mainly due to the improvement in our share price, which resulted in an $86 million charge to our stock-based compensation expense. The decrease in 2008 from 2007 was mainly due to a decline in our share price, which resulted in a $6 million recovery related to our stock-based compensation program.

Our interest and financing expense increased significantly to $655 million in 2009 compared with $182 million a year ago. This increase was a result of the debt incurred to finance the acquisition of the Fording coal assets in October, 2008. This debt was initially short-term and bore relatively low rates of interest. However, our higher credit spread and the longer maturities of the US$4.225 billion of senior secured notes that we issued in May of 2009 have resulted in higher interest rates.

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 and gas 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 $33 million in 2009 compared with $133 million in 2008 and $104 million in 2007. The main reason for the decrease in our exploration expense was due to a reduction in spending as part of the debt reduction plan announced in the fourth quarter of 2008. The 2008 expenditures included approximately $44 million on development projects such as Quebrada Blanca, Relincho, Mesaba and Carrapateena and $16 million on seafloor exploration.

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 2009, our research and development expenditures were $15 million compared with $23 million in 2008 and $32 million in 2007 with the reductions due mainly to reduced work in light of difficult economic conditions.

Asset impairment charges were $27 million in 2009 and were mainly related to certain oil sands assets we hold. Asset impairment charges in 2008 totalling $589 million before taxes included the following:

- $345 million of goodwill arising out of the acquisition of Aur Resources,
- $179 million in respect of our Duck Pond, Lennard Shelf and Pend Oreille mines. The Lennard Shelf mine ceased operations in August 2008 and Pend Oreille was put on care and maintenance in February 2009, and
- $22 million to write off our investment in the Petaquilla copper project in Panama, $35 million on the Santa Fe nickel project in Brazil, and $8 million for other exploration properties.

Other income, net of other expenses was $824 million in 2009 compared with $55 million in 2008 and $196 million in 2007. Other income and expense included $640 million of non-cash foreign exchange translation gains (2008 – $69 million) primarily related to our US dollar debt, $383 million of gains on the sale of investments and other assets (2008 – $14 million), $168 million of debt financing costs related to the repayment and refinancing of the Fording acquisition debt (2008 – nil), $50 million of losses on our derivative contracts (2008 – $311 million of gains). 2008 also included 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 $695 million in 2009, or 26% of pre-tax earnings. This is substantially lower than the Canadian statutory tax rate of 31%. This is the result of the significant foreign exchange gains and gains on the sale of assets, which are subject to the lower capital gains tax rate. This was partially offset by the effect of resource taxes in Canada. 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.

Our non-controlling interest expense relates to the ownership interests in our Highland Valley Copper, Quebrada Blanca, Carmen de Andacollo and Elkview mines that are held by third parties. The decrease in 2009 compared with 2008 was due mainly to the lower earnings from the copper mines.

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. 2008 included our share of Fording's earnings until we acquired their coal assets on October 30, 2008. The $126 million equity loss in 2009 was due mainly to our share of asset impairment charges at the Fort Hills project due to the deferral of the upgrader portion of the project. Our 2008 equity earnings from the Galore Creek Partnership was $18 million compared with a $33 million equity loss in 2007 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 and was the main component of the equity earnings in 2008. The equity earnings from Fording and Galore were offset by an $85 million equity loss from our investment in Fort Hills. The equity loss from Fort Hills related to asset impairment charges as a result of the deferral of the upgrader portion of the project and contract termination charges.

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; 2007 – $20 million loss), the $55 million of gains on those sales and to the price participation provision in a 2004 agreement to sell our Cajamarquilla zinc refinery, which expired at the end of 2009 ($7 million; 2008 – $18 million loss; 2007 – $46 million loss).

Financial Position and Liquidity

Our financial position and liquidity improved significantly in 2009. Our cash position, including $91 million of restricted cash that can only be used for principal and interest payments on our term loan, increased during the year by $570 million to $1.4 billion at December 31, 2009.

Our debt totalled $8.0 billion at December 31, 2009. We retired the bridge loan during 2009 and repayments of US$1.7 billion on our term loan reduced its balance to US$2.3 billion at the end of the year. As a result of US$442 million of payments made subsequent to year end, the term loan balance has been reduced to US$1.9 billion at February 23, 2010 and a further payment of approximately US$1.1 billion will be made on March 10, 2010, with the proceeds from the sale of the Waneta Dam and cash on hand. As a result of these payments, our total debt will be reduced by C$7.1 billion since we acquired the Fording assets in October 2008. A summary of our debt positions and credit ratios are summarized in the following table.

	December 31, 2008	December 31, 2009	March 10, 2010 Pro Forma After Sale of Waneta Dam
Term loan	$ 3,937	$ 2,325	$ 810
Bridge loan	5,284	–	–
Fixed rate term notes	1,181	5,086	5,086
Other	167	205	205
Total debt (US$ in millions)	$ 10,569	$ 7,616	$ 6,101
Total debt (C$ in millions)	$ 12,874	$ 8,004	$ 6,299
Cash balances (C$ in millions)	$ 850	$ 1,420	$ 900
Net debt (C$ in millions)	$ 12,024	$ 6,584	$ 5,399
Debt to debt-plus-equity	54%	36%	29%
Net debt to net-debt-plus-equity	52%	31%	26%

In addition, various provisions of the bridge and term loans were amended during the year, with the most significant amendments extending the maturity dates and allowing us to apply the non-scheduled payments against the existing payment schedule on a modified pro rata basis, rather than against the latest scheduled payments first.

Our primary sources of liquidity and capital resources are our cash and temporary investments, cash flow provided from operations and the proceeds of potential asset sales, a portion of which must be used to pay down our term facility.

We also have committed bank credit facilities aggregating $1.1 billion, the majority of which mature in 2012 and beyond. Our current unused credit lines under these facilities after drawn letters of credit amount to $1.0 billion. Our senior debt is currently rated Ba1 and is under review for possible further upgrade by Moody's Investor Services, BB+ on credit watch with positive implications by Standard & Poor's, and BB (high) with a stable outlook by Dominion Bond Rating Service.

Operating Cash Flow

Cash flow from operations was $3.0 billion in 2009 compared with $2.1 billion in 2008 and $1.7 billion in 2007. The increase is due to higher operating profits before depreciation, partially offset by higher interest charges. We also received approximately $940 million of tax refunds in 2009 related to our acquisition of Fording's coal assets in 2008.

The acquisition of Fording's assets added directly to our cash flows in 2009. 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 $590 million in 2009 and included $191 million on sustaining capital, $333 million on development projects and $59 million on our non-Fort Hills oil sands properties and $7 million on our mineral exploration properties. The largest components of sustaining expenditures were $69 million at Teck Coal, $28 million at Antamina, and $32 million at Red Dog. Development expenditures included $122 million for preparatory stripping and capital equipment for Highland Valley Copper's mine life extension project and $197 million on the development of the hypogene deposit at Carmen de Andacollo.

Investments in 2009 totalled $372 million, of which $303 million was our share of costs for our equity accounted investment in the Fort Hills project, the majority of which was spent in the first half of the year before spending on the project was substantially reduced by Suncor, the new operator, pending a project review.

Financing Activities

Significant financing activities during the year included various amendments to the bridge and term loans related to the Fording acquisition, the issuance of US$4.225 billion of senior secured notes and a US$1.5 billion private placement of Class B subordinate voting shares to a wholly owned subsidiary of China Investment Corporation ("CIC"), each of which are described below and contributed to the retirement of the bridge loan and a substantial reduction in the outstanding balance of the term loan. At December 31, 2009, the term loan balance was US$2.365 billion, but subsequent to year end had been reduced to US$1.923 billion, with US$721 million due in 2010, US$696 million in 2011 and US$506 million in 2012. The balance is expected to be further reduced by US$1.1 billion with cash on hand and the proceeds from the sale of a one-third interest in the Waneta Dam, which closed on March 5, 2010.

The significant amendments to the provisions of the term and bridge loans were to:

- defer US$4.4 billion of payments previously scheduled for the balance of 2009,
- extend the maturity date of US$3.5 billion of the bridge loan from October 29, 2009 to October 30, 2011,
- reschedule approximately US$3.3 billion of amortization payments under the term loan, and
- allow us to apply the non-scheduled payments against the existing payment schedule on a modified pro rata basis, rather than against the latest scheduled payments first.

We repaid the bridge loan in full with proceeds from asset sales, tax refunds related to the Fording acquisition, the issuance of the senior secured notes and a portion of the US$1.5 billion in proceeds received from the sale of Class B subordinate voting shares to CIC. The remaining proceeds from the private placement to CIC were used to repay approximately US$1.2 billion of the term loan.

The amended term loan contains covenants including restrictions on new indebtedness, new liens, acquisitions and dispositions, capital expenditures and distributions. In addition, there are two financial covenants, a maximum leverage ratio and a minimum interest coverage ratio. Both tests are calculated on a rolling basis at the end of each calendar quarter based on EBITDA and interest expense for the previous twelve months. At December 31, 2009 the minimum interest coverage ratio covenant was 2.0 to 1.0 and the maximum leverage ratio covenant was 5.25 to 1.0 and we were in compliance with both. The term loan requires certain mandatory prepayments from net proceeds of asset sales and new debt or equity issuances and a quarterly cash sweep.

In May 2009, we issued US$4.225 billion in aggregate principal amounts of senior secured notes, consisting of US$1.315 billion of 5-year notes due in May 2014, US$1.06 billion of 7-year notes due in May 2016 and US$1.85 billion of 10-year notes due in May 2019. The five-year notes bear interest at 9.75% per annum, were issued at 95.27% of face value and are non-callable. The seven-year notes bear interest at 10.25% per annum, were issued at 94.654% of face value and are callable on or after May 15, 2013. The 10-year notes bear interest at 10.75% per annum, were issued at 94.893% of face value and are callable on or after May 15, 2014. The net proceeds from these notes of US$3.875 billion were used to repay a portion of the bridge loan.

In July 2009, we issued approximately 101.3 million Class B subordinate voting shares to 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.

Our obligations under our amended lending agreements and the senior secured notes are guaranteed by Teck Metals Ltd., Teck Coal Partnership, and all other material subsidiaries of Teck, subject to certain exceptions, and are secured by a first priority security interest in all of the material properties of Teck and each guarantor, with provision for the release of the security interest in connection with permitted asset sales. The security interest in favour of the banks and noteholders will fall away upon Teck receiving an investment grade credit rating with a stable outlook from each of Moody's and S&P. Teck's US$1.2 billion of senior notes due in 2012, 2015 and 2035 have the benefit of the same security interest.

Quarterly Earnings and Cash Flow

(in millions except for per share data)	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**$ 2,167**	**$ 2,131**	**$ 1,707**	**$ 1,669**	$ 1,600	$ 1,740	$ 1,805	$ 1,510
Operating profit	**777**	**694**	**636**	**627**	190	679	869	605
EBITDA	**1,042**	**1,236**	**1,122**	**709**	(402)	791	934	638
Net earnings (loss)	**411**	**609**	**570**	**241**	(607)	424	497	345
Earnings (loss) per share	**$ 0.70**	**$ 1.07**	**$ 1.17**	**$ 0.50**	$ (1.28)	$ 0.95	$ 1.12	$ 0.78
Cash flow from operations	**697**	**772**	**386**	**1,128**	589	858	507	155

Revenues from operations were $2.2 billion in the fourth quarter compared with $1.6 billion in 2008. Revenues from our copper and zinc business units increased by a total of $820 million, primarily due to significantly higher prices and positive pricing adjustments of $101 million (before $11 million of royalty expenses) in the fourth quarter compared with significant negative price adjustments of $474 million (before $38 million of royalty expense recoveries) in the fourth quarter last year. The higher revenues were partly offset by the effect of the weaker US dollar. Coal revenues declined by $253 million compared with a year ago due to significantly lower realized coal prices partially offset by higher coal sales volumes and our increased ownership in Teck Coal.

Fourth quarter operating profit from our copper business unit, before depreciation and pricing adjustments, was $368 million in 2009 compared with $205 million last year as a result of significantly higher copper prices. After depreciation and pricing adjustments, the operating profit from our copper business unit was $363 million compared with an operating loss of $214 million last year. Copper prices had declined sharply in the fourth quarter of 2008 resulting in negative pricing adjustments of $335 million compared with positive pricing adjustments of $62 million in the fourth quarter this year.

Operating profit from our coal business unit, before depreciation and pricing adjustments, was $372 million in the fourth quarter of 2009 compared with $516 million last year. The reduction in operating profit was primarily due to significantly lower realized coal prices, which averaged C$151 (US$139) per tonne in the quarter compared with C$285 (US$247) per tonne in the same period a year ago. The lower realized coal price reflects the lower contracted US dollar price settlements for the 2009 coal year that commenced April 1, 2009 and the effect of a stronger Canadian dollar. Coal sales of 5.4 million tonnes in the fourth quarter, which were constrained by clean coal production levels and delayed ship loading due to severe weather, reflect strong demand in China for seaborne coking coal and increased deliveries to our traditional contract customers. This compares with sales of 4.7 million tonnes (on a 100% basis) in the fourth quarter of 2008 when our customers deferred coal deliveries in response to lower steel demand.

Operating profit from our zinc business unit, before depreciation and pricing adjustments, was $205 million in the fourth quarter compared with $62 million in 2008 due to significantly higher zinc and lead prices and higher concentrate sales volumes. After depreciation and pricing adjustments, the operating profit from our zinc business unit was $195 million compared with an operating loss of $82 million last year. Zinc prices had declined sharply in the fourth quarter of 2008 resulting in negative pricing adjustments of $101 million compared with positive pricing adjustments of $28 million in the fourth quarter this year.

Cash flow from operations was $697 million in the fourth quarter of 2009 compared with $589 million in 2008, with the increase due mainly to higher contributions from our copper and zinc operations as a result of higher base metal prices and increased sales volumes of zinc and coal. This was partly offset by a decline in coal revenues due to lower coal prices and by interest payments of approximately $260 million in the quarter. Cash flow from operations in the fourth quarter of 2008 included strong cash flows from our coal operations, but also included negative copper and zinc pricing adjustments of $255 million in the quarter.

Outlook

The information below is in addition to the disclosure concerning specific operations included above in the Operations and Corporate Development sections of this document.

General Economic Conditions

General economic conditions have improved from a year ago. Our earnings are heavily dependent on exchange traded commodity prices, including base metal prices, and volatility in these markets has also been unusually high over the past year. Accordingly, it is difficult in these conditions to forecast commodity prices or customer demand for our products.

Assuming no significant changes to the current global economic conditions, we expect the second half of 2010 to be stronger for us than the first half of the year for a number of reasons as follows:

- Due to sea ice conditions, the Red Dog mine has a shipping window that normally starts in early July and ends in late October. If ice or other weather conditions are such that the shipping season is delayed, our quarterly sales patterns can vary substantially. 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,
- The winter months typically present challenging production and shipping conditions for Teck Coal as either the impacts of snow in January and February or rain in February and March can disrupt production and rail haulage on a temporary basis, which can affect our sales volumes. In addition, even though current spot pricing is very strong and market sentiment is indicating that 2010 contract year coal prices may rise, most of our coal sales in the first quarter will be at lower 2009 contract year prices as the price increases are not expected to begin until April of 2010. Our coal sales volumes are currently estimated at 24 million tonnes in 2010, but final volumes and price guidance for 2010 will be confirmed after contracts for the 2010 coal year have been settled. Coal prices in the first quarter of 2010 are expected to be lower than the fourth quarter of 2009 due to a lower percentage of the sales being priced at the higher 2008 contract year pricing.
- Copper concentrate production will be lower at Highland Valley in the first quarter of 2010 compared with the first quarter of 2009 as we continue to deal with the additional stripping requirements arising from geotechnical issues. Copper cathode production is expected to be lower at Andacollo in the first half of 2010 as the mine transitions from cathode production to concentrate production. This transition is also expected to increase unit production costs. In the second half of 2010, the concentrate project at Andacollo is expected to be producing at design capacity, making a significant contribution to copper concentrate production and operating profit.
- At December 31, 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. At the date of this report, base metal prices are lower than the prices on which the receivables are based. If current prices stay at similar levels, we would expect to incur negative pricing adjustments on these receivables, which will be recorded in the first quarter of 2010.

Commodity Prices and 2010 Production

Commodity prices are a key driver of our earnings and despite the sharp decline in metal and commodity prices that occurred in the second half of 2008, current prices are still above historic averages. On the supply side, the depleting nature of ore reserves, difficulties in finding new ore bodies, progressing through the permitting process, finding skilled resources 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 expected 2010 production and prices prevailing at December 31, 2009, 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:

	2010 Production Plan	Change	Effect of Change on Annual After-Tax Earnings	Effect on EBITDA
Coal (000's tonnes)	24,000	US$5/tonne	$ 75 million	$ 120 million
Copper (tonnes)	340,000	US$0.10/lb	$ 40 million	$ 65 million
Zinc (tonnes)	940,000	US$0.05/lb	$ 35 million	$ 50 million
US$ exchange		Cdn$0.01	$ 40 million	$ 70 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 290,000 tonnes of refined zinc and 650,000 tonnes of zinc contained in concentrates.
(3) Asset sales and financing transactions may affect our 2010 production plans and earnings.
(4) All production estimates are subject to change based on market conditions.

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 2010 earnings after the first quarter, as our reduced debt levels are expected to be almost fully hedged by our investments in US dollar denominated foreign operations and working capital items.

Copper and zinc prices are currently trading approximately 42% and 18% higher than 2009 average prices, respectively. Partly offsetting the higher commodity prices is a stronger Canadian dollar, which to date in 2010 is averaging approximately $1.05 against the US dollar compared with US$1 averaging C$1.14 in 2009.

Our copper production for 2010 is expected to increase by 10% from 2009 levels to 340,000 tonnes. Copper concentrate production is expected to increase by approximately 40,000 tonnes from 2009, due mainly to the start-up of the Andacollo concentrator project, which is expected to achieve design capacity in the first half of 2010.

We expect coal production in 2010 to increase by approximately 25% to 23.5 to 25 million tonnes and we are actively planning for further production increases in 2011 and 2012. We are focused on near-term expansion opportunities in light of the tight market that we expect for high quality hard coking coal.

Our zinc in concentrate production in 2010 is expected to be approximately 650,000 tonnes. Assuming no interruption of production relating to permitting issues, Red Dog's production is expected to decrease by 30,000 tonnes as it transitions to the Aqqaluk deposit and our share of zinc production from Antamina will decrease by 25,000 tonnes due to ore body sequencing. Assuming no interruption of production at Red Dog, refined zinc production from our Trail metallurgical complex is expected to increase in 2010 to approximately 290,000 tonnes, as we curtailed production in 2009 in response to reduced demand from our customers.

Capital Expenditures

Our planned capital expenditures for 2010 are summarized in the following table.

($ in millions)	Development	Sustaining	Total
Copper	$ 395	$ 130	$ 525
Coal	230	125	355
Zinc	–	105	105
Other	50	15	65
	$ 675	$ 375	$ 1,050

Our planned capital expenditures for 2010 are initially set at approximately $1.05 billion. This amount has been revised upwards from our previous estimates as we now expect to capitalize rather than expense stripping costs related to the geotechnical issues at Highland Valley Copper and development costs for the Quebrada Blanca concentrate project. We may authorize further capital expenditures during the year depending on commodity markets, our financial position and other factors. We also expect to spend approximately $9 million on our share of costs for the Fort Hills oil sands project.

Asset Sales

The sale of the Waneta Dam closed on March 5, 2010 resulting in a pre-tax gain of approximately $645 million that will be recorded in the first quarter of 2010. The $825 million of proceeds will be used to repay a portion of the term loan that will reduce our interest expense for the year by approximately $25 million.

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 government 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, 2009, is based on $15 per tonne of CO_2-emission equivalent, increasing by $5 per tonne each year until it reaches $30 per tonne in 2012. For 2009, our seven BC-based operations paid $16 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, prepayment rights on our 2016 and 2019 senior secured notes and price participation payments on the sale of the Cajamarquilla zinc refinery. The Cajamarquilla price participation payments, which expired at the end of 2009, are economically similar to a fixed price forward purchase of zinc. 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)	**2009**	2008	2007
Price adjustments			
On prior year's sales	**$ 14**	$ 57	$ (56)
On current year's sales	**193**	(386)	(10)
	207	(329)	(66)
Derivatives gains (losses)	**(36)**	202	32
	171	(127)	(34)
Amounts included in discontinued operations			
Derivative losses	**(13)**	(16)	(18)
Cajamarquilla sale price participation	**7**	(18)	(46)
	(6)	(34)	(64)
Total	**$ 165**	$ (161)	$ (98)

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 for 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 ore body 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. In management's view, based on assumptions that management believes to be reasonable, we recorded an impairment charge for the year ended December 31, 2009 of $25 million for capitalized acquisition and exploration costs relating to our oil sands leases as these costs were no longer expected to be recoverable.

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 2009. 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.

Adoption of New Accounting Standards and Accounting Developments

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee ("EIC") Abstract 27, "Revenues and Expenditures in the Pre-operating Period," was withdrawn.

This standard is effective for our fiscal year beginning January 1, 2009. Adoption of this standard did not have a significant effect on our financial statements.

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

This standard is effective for our fiscal year beginning January 1, 2009. Adoption of this EIC did not have a significant effect on our financial statements.

Mining Exploration Costs

In March 2009, the CICA issued EIC 174, "Mining Exploration Costs." This EIC provides guidance on the accounting for and the impairment review of capitalized exploration costs.

This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have a significant effect on our financial statements.

Financial Instruments – Disclosures

In 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures," to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements.

These amendments are effective for our annual financial statements for the year ended December 31, 2009. Additional disclosures have been included in our 2009 consolidated financial statements to incorporate these new requirements.

Business Combinations and Related Sections

In January 2009, the 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. On adoption of these Sections, non-controlling interests will be presented within shareholders' equity on the balance sheet. The non-controlling interests in income will no longer be deducted in arriving at consolidated net earnings. There is no effect from adoption on previous business combinations.

International Financial Reporting Standards (IFRS) Changeover Plan

Effective January 1, 2011 Canadian publicly listed entities will be required to prepare their financial statements in accordance with IFRS, instead of current Canadian GAAP. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010.

In 2008, we established an IFRS conversion team to lead the significant undertaking of transition from Canadian GAAP to IFRS. We have prepared a detailed IFRS conversion plan, which will continue to evolve to accommodate the expected changes in IFRS accounting standards past 2011. We developed a conversion plan to ensure timely and accurate reporting, and a smooth transition to adopting IFRS including any required changes to accounting processes and controls. We are developing and maintaining our IFRS competencies by addressing ongoing training requirements at various levels of the organization.

We have identified four phases to our conversion: scoping and planning, detailed assessment, implementation and post-implementation. The scoping and planning phase and detailed assessment phase are substantially complete and we are now in the implementation phase.

Implementation

During the implementation phase thus far, we have identified implementation requirements to effect management's preliminary accounting choices, developed sample financial statements including note disclosures and assessed key accounting policy decisions. We are now in the process of finalizing key accounting policy decisions, calculating the opening balance sheet as at January 1, 2010, implementing business and internal control requirements and preparing other transitional reconciliations and disclosure requirements. The effects of the IFRS transition are being quantified as each work stream is completed.

Through our detailed assessment and implementation work performed to date we have identified below the areas that are expected to have an impact on our financial statements on transition to IFRS and in future periods. We have not yet determined the full impact of IFRS adoption as transition adjustments are still being quantified and accounting policy recommendations still require review and approval in certain areas. The majority of key accounting policy decisions and IFRS 1, "First-Time Adoption of International Financial Reporting Standards," optional exemptions are currently under review by senior management and the Audit Committee of the Board of Directors. The policy decisions are expected to be approved in the first six months of 2010. We plan to disclose our significant accounting policy choices once all policies and IFRS 1 option exemptions are approved.

The identified IFRS accounting impacts below should not be regarded as complete or final as we have not completed our process of quantifying changes and finalizing the policy choices. Significant ongoing projects could impact the differences.

Impairment of Long-Lived Assets

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, which is based on discounted cash flows. This may result in impairments under IFRS where they do not exist under Canadian GAAP.

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.

Employee Future Benefits

IFRS 1 allows for an optional exemption on first-time adoption of IFRS to recognize all unamortized actuarial gains and losses immediately to retained earnings on transition date. Under IAS 19, the full amount of actuarial gains and losses are permitted to be adjusted directly to Other Comprehensive Income, as part of the shareholders' equity, rather than recognized through the income statement over time. IAS 19 also 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. 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.

Accounting for Joint Arrangements

Currently under Canadian GAAP, joint ventures are accounted for using the proportionate consolidation method. Although proportionate consolidation is currently permitted under IFRS, there is an expected change to IFRS that would only allow the equity method of accounting for jointly controlled entities. As a result, this would impact our current accounting treatment of proportionately consolidating Antamina.

Foreign Exchange

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 plan to take this IFRS 1 election.

Asset Retirement Obligations

IFRS differs from Canadian GAAP both in the recognition and measurement of asset retirement obligations. 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.

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 IFRS in relation to consolidation, joint ventures, financial instruments, hedge accounting, discontinued operations, leases and employee benefits. 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. The IFRIC has added the topic of accounting for production stripping costs to its agenda for review, which may lead to the development of an IFRIC Interpretation that could impact our financial statements. We have processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRS and IFRIC Interpretations will be evaluated as they are drafted and published.

Other Information

Outstanding Share Data

As at March 5, 2010, there were 579,936,150 Class B subordinate voting shares and 9,353,470 Class A common shares outstanding. In addition, there were 6,663,640 director and employee stock options outstanding with exercise prices ranging between $4.15 and $49.17 per share. More information on these instruments and the terms of their conversion are set out in the Shareholders' Equity note to our 2009 consolidated financial statements.

Contractual and Other Obligations

($ in millions)	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	**Total**
Debt (Note 1)	$ 1,694	$ 2,814	$ 2,342	$ 6,095	**$ 12,945**
Operating leases	48	42	16	29	**135**
Capital leases	46	66	11	–	**123**
Road and port lease at Red Dog (Note 2)	19	38	38	387	**482**
Minimum purchase obligations (Note 3)					
Concentrate, supply and other purchases	187	188	102	44	**521**
Shipping and distribution	24	16	8	2	**50**
Pension funding (Note 4)	54	–	–	–	**54**
Other non-pension post-retirement benefits (Note 5)	11	23	26	251	**311**
Asset retirement obligations (Note 6)	23	30	8	494	**555**
Other long-term liabilities (Note 7)	28	30	12	54	**124**
Contributions to the Fort Hills oil sands project (Note 8)	9	1,317	–	–	**1,326**
Contributions to Galore Creek (Note 9)	14	11	–	–	**25**
	$ 2,157	$ 4,575	$ 2,563	$ 7,356	**$ 16,651**

Notes:

(1) Subsequent to December 31, 2009, our estimated debt and interest repayments have been reduced by payments made with proceeds received from the sale of Waneta Dam, the Andacollo gold stream and other dispositions in early 2010 and other debt payments. As a result, revised debt and interest payments now total $11,062 million, comprised of $836 million for less than 1 year; $1,937 million for 2-3 years; $2,301 million for 4-5 years; and $5,988 million for more than 5 years.

(2) 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.

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

(4) As at December 31, 2009, the company had a net pension deficit of $125 million based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2010 in respect of defined benefit pension plans is $54 million. The timing and amount of additional funding after 2010 is dependent upon future returns on plan assets, discount rates, and other actuarial assumptions.

(5) We had a discounted, actuarially determined liability of $311 million in respect of other non-pension post-retirement benefits as at December 31, 2009. Amounts shown are estimated expenditures in the indicated years.

(6) 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 a weighted average credit-adjusted risk-free discount rate of 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 $872 million. In addition, for ongoing treatment and monitoring of sites, the estimated undiscounted payments before inflation are $2.1 million per annum for 2018 to 2029 and $13.9 million per annum for 2030 to 2109.

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

(8) 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 the project is currently on hold pending cost re-evaluation, 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 their respective equity ratios after having fulfilled all funding obligations to an aggregate of $7.5 billion.

(9) 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 has been reduced to $36 million at December 31, 2008. Our net remaining committed funding is $25 million, which we expect to pay in 2010 and 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, 2009. 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, 2009, 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, 2009 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 statements are prepared in accordance with accounting principles generally accepted (GAAP) in Canada. 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 net earnings as reported to remove the effect of certain kinds of transactions included in these measures. EBITDA is net income 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 under the heading "Average Commodity Prices and Exchange Rates". 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 shareholders.

Management's Responsibility for Financial Reporting

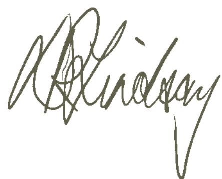
Management is responsible for the integrity and fair presentation of the financial information contained in this annual report. Where appropriate, the financial information, including financial statements, reflects amounts based on the best estimates and judgments of management. The financial statements 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 23, 2010
(Except for Note 3(b)(ii) which is as of March 5, 2010)

Independent Auditors' Report

To the Shareholders of Teck Resources Limited

We have completed integrated audits of Teck Resources Limited's 2009, 2008 and 2007 consolidated financial statements and of its internal control over financial reporting as at December 31, 2009. Our opinions, based on our audits, are presented below.

Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Teck Resources Limited as at December 31, 2009 and December 31, 2008, and the related consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's financial statements as at December 31, 2009 and for each of the years in the three-year period then ended 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 financial statements are free of material misstatement. An audit of financial statements includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and December 31, 2008 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Internal Control Over Financial Reporting

We have also audited Teck Resources Limited's internal control over financial reporting as at December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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. 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.

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 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 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2009 based on criteria established in *Internal Control – Integrated Framework* issued by the COSO.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Vancouver, British Columbia

February 23, 2010
(Except for Note 3(b)(ii) which is as of March 5, 2010)

Consolidated Statements of Earnings Years ended December 31

(Cdn$ in millions, except per share data)	**2009**	2008	2007
Revenues	**$ 7,674**	$ 6,655	$ 6,189
Operating expenses	**(4,012)**	(3,844)	(3,153)
	3,662	2,811	3,036
Depreciation and amortization	**(928)**	(468)	(293)
Operating profit	**2,734**	2,343	2,743
Other expenses			
General and administration	**(188)**	(91)	(110)
Interest and financing (Note 10(g))	**(655)**	(182)	(85)
Exploration	**(33)**	(133)	(104)
Research and development	**(15)**	(23)	(32)
Asset impairment (Note 15)	**(27)**	(589)	(69)
Other income (expense) (Note 16)	**824**	55	196
Earnings before the undernoted items	**2,640**	1,380	2,539
Provision for income and resource taxes (Note 12)	**(695)**	(652)	(806)
Non-controlling interests	**(69)**	(82)	(47)
Equity earnings (loss) (Note 5(c))	**(126)**	22	(5)
Net earnings from continuing operations	**1,750**	668	1,681
Net earnings (loss) from discontinued operations (Note 17)	**81**	(9)	(66)
Net earnings	**$ 1,831**	$ 659	$ 1,615
Earnings per share (Note 14(g))			
Basic	**$ 3.43**	$ 1.46	$ 3.74
Basic from continuing operations	**$ 3.28**	$ 1.48	$ 3.89
Diluted	**$ 3.42**	$ 1.45	$ 3.72
Diluted from continuing operations	**$ 3.27**	$ 1.47	$ 3.87
Weighted average shares outstanding (millions)	**534.1**	452.1	432.2
Shares outstanding at end of year (millions)	**589.1**	486.9	442.7

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

Consolidated Statements of Cash Flows Years ended December 31

(Cdn$ in millions)	2009	2008	2007
Operating activities			
Net earnings from continuing operations	**$ 1,750**	$ 668	$ 1,681
Items not affecting cash			
Depreciation and amortization	**928**	468	293
Provision (recovery) for future income and resource taxes	**185**	1,482	(83)
Non-controlling interests	**69**	82	47
Equity loss in excess of distributions received from equity accounted investments	**126**	43	30
Asset impairment and provision for marketable securities	**27**	881	69
Gain on sale of investments and assets	**(383)**	(14)	(53)
Unrealized foreign exchange (gains) losses	**(686)**	(31)	7
Amortization and write-off of debt financing fees	**241**	20	–
Other	**17**	39	47
Net change in non-cash working capital items (Note 19)	**709**	(1,529)	(296)
	2,983	2,109	1,742
Investing activities			
Property, plant and equipment	**(590)**	(928)	(555)
Investments and other assets	**(372)**	(659)	(724)
Business acquisitions	**–**	(11,639)	(3,187)
Proceeds from sale of investments and other assets	**392**	214	192
Decrease (increase) in temporary investments	**–**	(11)	194
Decrease (increase) in restricted cash	**(94)**	–	105
	(664)	(13,023)	(3,975)
Financing activities			
Issuance of debt	**4,462**	11,842	14
Repayment of debt (Note 10(h))	**(8,141)**	(1,241)	–
Issuance of Class B subordinate voting shares	**1,670**	6	13
Purchase and cancellation of Class B subordinate voting shares	**–**	–	(577)
Dividends paid	**–**	(442)	(426)
Redemption of exchangeable debentures	**–**	–	(105)
Distributions to non-controlling interests	**(69)**	(102)	(42)
	(2,078)	10,063	(1,123)
Effect of exchange rate changes on cash and cash equivalents held in US dollars	**(71)**	234	(333)
Increase (decrease) in cash and cash equivalents from continuing operations	**170**	(617)	(3,689)
Cash received from discontinued operations (Note 17)	**309**	59	43
Increase (decrease) in cash and cash equivalents	**479**	(558)	(3,646)
Cash and cash equivalents at beginning of year	**850**	1,408	5,054
Cash and cash equivalents at end of year	**$ 1,329**	$ 850	$ 1,408

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)	2009	2008
Assets		
Current assets		
Cash and cash equivalents	$ 1,329	$ 850
Restricted cash (Note 10(a))	91	–
Income taxes receivable	38	1,130
Accounts and settlements receivable and other	843	780
Inventories (Note 4)	1,375	1,339
	3,676	4,099
Investments (Note 5)	1,252	948
Property, plant and equipment (Note 6)	22,426	23,909
Other assets (Note 7)	857	853
Goodwill (Note 8)	1,662	1,724
	$ 29,873	$ 31,533
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 1,252	$ 1,506
Current portion of long-term debt (Note 10)	1,121	1,336
Short-term debt (Note 10)	–	6,436
	2,373	9,278
Long-term debt (Note 10)	6,883	5,102
Other liabilities (Note 11)	1,029	1,184
Future income and resource taxes (Note 12(c))	5,007	4,965
Non-controlling interests (Note 13)	91	104
Shareholders' equity (Note 14)	14,490	10,900
	$ 29,873	$ 31,533

Commitments and contingencies (Note 20)
Subsequent events (Note 3(b))

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 Shareholders' Equity Years ended December 31

(Cdn$ in millions)	2009	2008	2007
Class A common shares	**$ 7**	$ 7	$ 7
Class B subordinate voting shares			
Balance – beginning of year	**5,072**	3,274	2,398
Issued on exercise of options	**16**	7	16
Issued on private placement	**1,662**	–	–
Issued on business acquisitions	**–**	1,504	952
Issued on asset acquisition	**–**	287	–
Class B subordinate voting shares repurchased	**–**	–	(92)
Balance – end of year	**6,750**	5,072	3,274
Retained earnings			
Balance – beginning of year	**5,476**	5,038	4,337
Net earnings	**1,831**	659	1,615
Dividends declared	**–**	(221)	(431)
Class B subordinate voting shares repurchased	**–**	–	(483)
Balance – end of year	**7,307**	5,476	5,038
Contributed surplus			
Balance – beginning of year	**82**	71	64
Stock-based compensation expense (Note 14(d))	**8**	13	11
Transfer to Class B subordinate voting shares on exercise of options	**(5)**	(2)	(2)
Class B subordinate voting shares repurchased	**–**	–	(2)
Balance – end of year	**85**	82	71
Accumulated other comprehensive income (loss) (Note 14(f))	**341**	263	(671)
Total shareholders' equity	**$ 14,490**	$ 10,900	$ 7,719

Consolidated Statements of Comprehensive Income Years ended December 31

(Cdn$ in millions)	2009	2008	2007
Net earnings	**$ 1,831**	$ 659	$ 1,615
Other comprehensive income (loss) in the year			
Changes in foreign currency translation adjustments	**(83)**	1,003	(550)
Changes in unrealized gains and losses on available-for-sale instruments	**107**	(48)	(36)
Changes in unrealized gains and losses on cash flow hedges	**54**	(21)	10
Total other comprehensive income (loss) (Note 14(f))	**78**	934	(576)
Comprehensive income	**$ 1,909**	$ 1,593	$ 1,039

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

Notes to Consolidated Financial Statements

Years ended December 31, 2009, 2008 and 2007

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 metallurgical coal, copper and zinc. We also produce precious metals, lead, molybdenum, electrical power, fertilizers and various specialty metals. Metal products are sold as refined metals or concentrates. We also own an interest in certain oil sands leases and have a partnership interest in an oil sands development 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 where we share joint control including Compañia Minera Antamina ("Antamina"). These entities 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 period. All dollar amounts are presented in Canadian dollars unless otherwise specified.

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, "Goodwill and Intangible Assets," which replaced Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27, "Revenues and Expenditures in the Pre-operating Period," ("EIC-27") was withdrawn.

The standard is effective for our fiscal year beginning January 1, 2009. Adoption of this standard did not have a significant effect on our financial statements.

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

This standard is effective for our fiscal year beginning January 1, 2009. Adoption of this EIC did not have a significant effect on our financial statements.

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." This EIC provides guidance on the accounting for and the impairment review of capitalized exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have an effect on our financial statements.

Financial Instruments – Disclosures

The CICA amended Section 3862, "Financial Instruments – Disclosures," in 2009 to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. These amendments are effective for our annual financial statements for the year ended December 31, 2009. Additional disclosures are included in these financial statements in Notes 21 and 22.

b) Significant Accounting Policies

Use of Estimates

The preparation of our financial statements in conformity with 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 estimation, finished and in-process inventory quantities, plant and equipment lives, goodwill, contingent liabilities including matters in litigation, variable interest entities, tax provisions, future tax balances and the timing of their reversal, 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. 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 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.

The accounts 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 the 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.

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 net earnings for the period.

Short-Term Debt and Long-Term Debt
Short-term debt and long-term debt are 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 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 net earnings. Fair values for derivative instruments held for trading 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 investments 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 net earnings, which offsets the fair value changes 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 net 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 net 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.

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

Plant and Equipment
Plant and equipment are recorded at cost. The cost of buildings, plant and processing equipment at our mining operations is amortized on a units-of-production basis over the lesser of the estimated useful life of the asset and the estimated proven and probable ore reserves. Amortization of plant and equipment at our smelting operations is calculated on a straight-line basis over the estimated useful life of the asset. Mobile equipment is depreciated over the estimated equipment operating hours. Buildings are amortized on a straight-line basis over their estimated useful life, not exceeding the estimated life of the mine.

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.

2. Significant Accounting Policies (continued)

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. Development costs associated with each distinct section of the mine are amortized over the reserves to which they relate.

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 deferred.

Development Costs of Oil Sands Properties
The costs of acquiring, exploring, evaluating and developing oil sands properties are deferred when it is expected that these costs will be recovered through future exploitation or sale of the property.

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 prices, mineral reserves and resources, 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.

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.

Circumstances which result in 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. In these circumstances, revenues are recorded at the time of sale based on forward prices for the expected date of the final settlement. As a result, the value of our cathode and concentrate receivables change as the underlying commodity market prices vary and accordingly, is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenues.

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.

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.

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 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.

c) New Canadian Accounting Pronouncements

Business Combinations and Related Sections
In January 2009, the 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. On adoption, non-controlling interests will be presented within shareholders' equity on the balance sheet. The non-controlling interests in income will no longer be deducted in arriving at consolidated net earnings. There is no effect from adoption on previous business combinations.

3. Acquisitions and Dispositions

a) Completed Dispositions During 2009

Property	Date of Sale	Buyer	Proceeds	Pre-tax Gain (Cdn$ 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[(i)]	April 2009	Barrick Gold Corporation	US$65 million in cash	46
40% interest in the Pogo mine[(i)]	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 C$18 million at the date of sale	155
			Total	**$ 474**

(i) The Hemlo and Pogo operations have been classified as discontinued operations and comparative period statements of earnings and cash flows have been restated on this basis (Note 17).

b) Subsequent and Pending Dispositions

i. Andacollo Gold Stream

On January 29, 2010, Andacollo sold an interest in the future gold production from the Andacollo mine to Royal Gold, Inc. ("Royal Gold"). Proceeds to Andacollo were US$218 million in cash and 1.2 million common shares of Royal Gold. Teck owns a 90% interest in Andacollo.

Under the agreement, Royal Gold will be entitled to payment based on 75% of the payable gold produced until total cumulative production reaches 910,000 ounces of gold, and 50% thereafter.

ii. Interest in Waneta Dam

In September 2009, we entered into an agreement regarding the sale of a one-third interest in the Waneta Dam to BC Hydro for $825 million, which closed on March 5, 2010.

iii. Agi Dagi and Kirazli gold projects

In January 2010, we sold our 60% interest in the Agi Dagi and Kirazli gold projects in Turkey to Alamos Gold Incorporated ("Alamos") in exchange for US$24 million and 2.4 million shares of Alamos.

c) Acquisition of Fording Canadian Coal Trust

In October 2008, we acquired all of the 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 metallurgical coal mines located in south eastern 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.

As part of the plan of arrangement to acquire the assets of Fording, we sold our Fording units. The net proceeds of approximately $2.9 billion were used to partially fund the acquisition of Fording's assets. The net proceeds from the disposition of the units have been offset against the purchase price of Fording's assets. These transactions resulted in the acquisition of all of the assets and liabilities of Fording.

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.

The purchase cost of $13,644 million was funded with a combination of cash and Class B subordinate voting shares as follows:

(Cdn$ in millions)	
Cash	$ 14,635
Issuance of 36,828,787 Class B subordinate voting shares	1,504
Proceeds on disposal of Fording units	(2,870)
Transaction costs, including taxes	375
Total purchase price	$ 13,644

Each Class B subordinate voting share was valued at $42.98, being the average closing price on the Toronto Stock Exchange for two trading days before and one trading day after the announcement of our offer for Fording, less deemed issuance costs.

In 2009, we completed the process of determining fair values for the assets and liabilities acquired on this acquisition. No significant changes were made from the preliminary allocation at December 31, 2008.

Our final allocation of the purchase price to the estimated fair value of the assets and liabilities of Fording from the various steps is as follows:

(Cdn$ in millions)	2003 and 2007	2008	**Total**
Cash	$ 25	$ 101	**$ 126**
Accounts receivable	45	187	**232**
Inventory	33	327	**360**
Property, plant and equipment	849	13,438	**14,287**
Goodwill	308	895	**1,203**
Future income and resource tax assets	–	1,400	**1,400**
Other	5	15	**20**
Total assets acquired	1,265	16,363	**17,628**
Current liabilities	(50)	(292)	**(342)**
Derivative instrument liability	(58)	(239)	**(297)**
Long-term debt	(8)	(281)	**(289)**
Long-term liabilities	(36)	(147)	**(183)**
Future income and resource tax liabilities	(273)	(1,747)	**(2,020)**
Non-controlling interests	(1)	(13)	**(14)**
Total liabilities assumed	(426)	(2,719)	**(3,145)**
Net assets acquired	$ 839	$ 13,644	**$ 14,483**

The goodwill balances arising from the Fording acquisitions are in part due to the accounting requirement to recognize a future tax liability at an undiscounted value but also reflect, for the 2008 purchase, changes in expected future coal prices and US/Canadian dollar exchange rates between the date of the acquisition announcement in July 2008 and the closing of the acquisition on October 30, 2008.

4. Inventories

(Cdn$ in millions)	**2009**	2008
Raw materials	**$ 159**	$ 91
Supplies	**315**	343
Work in process	**418**	371
Finished product	**483**	534
	$ 1,375	$ 1,339

Operating expenses of $4.0 billion (2008 - $3.8 billion, 2007 - $3.2 billion) include $3.8 billion (2008 - $3.6 billion, 2007 - $2.8 billion) of inventories recognized as expense during the period. This includes an inventory write-down reversal of $24 million due to improved commodity prices.

5. Investments

(Cdn$ in millions)	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale investments				
Marketable securities	**$ 245**	**$ 245**	$ 104	$ 104
Held for trading investments				
Warrants	**2**	**2**	–	–
	$ 247	**$ 247**	$ 104	$ 104
Investments accounted for under the equity method				
Fort Hills Energy Limited Partnership (20% interest) (a)	**704**		545	
Galore Creek Partnership (50% interest) (b)	**301**		299	
	$ 1,252		$ 948	

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 were required to contribute 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 totaled $2.7 billion as of December 31, 2009, of which our share was $899 million. In the equity loss for 2009 was our share of the asset impairment charges recorded by FHELP as a result of the deferral of the upgrader portion of the project.

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 funding 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, 2009, we have funded $13 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 earnings (loss) is as follows:

(Cdn$ in millions)	2009	2008	2007
Fort Hills Energy Limited Partnership (a)	**$ (119)**	$ (85)	$ –
Galore Creek Partnership (b)	**(7)**	18	(33)
Fording Canadian Coal Trust (Note 3(c))	**–**	89	28
	$ (126)	$ 22	$ (5)

6. Property, Plant and Equipment

(Cdn$ in millions)	2009	2008
Operating		
Mines and mining facilities	**$ 23,465**	$ 25,241
Accumulated depreciation and amortization	**(3,165)**	(3,502)
	20,300	21,739
Mineral processing facilities	**1,836**	1,818
Accumulated depreciation and amortization	**(809)**	(764)
	1,027	1,054
Other Resource Properties		
Mineral properties	**751**	768
Oil sands leases	**348**	348
	$ 22,426	$ 23,909

During 2009, mines and mining facilities include $46 million (2008 - $90 million) of capitalized waste rock stripping costs associated with the mine expansion at Highland Valley Copper. As at December 31, 2009, we have cumulative capitalized waste rock stripping costs of $177 million (2008 - $158 million), all of which relates to the capitalized expansion costs at Highland Valley Copper.

7. Other Assets

(Cdn$ in millions)	2009	2008
Future income and resource tax assets (Note 12(c))	**$ 259**	$ 357
Pension assets (Note 11(b))	**245**	241
Long-term receivables and deposits	**189**	145
Derivative assets (net of current portion of $41 million (2008 – $174 million)) (Note 21(c))	**95**	21
Other	**69**	89
	$ 857	$ 853

8. Goodwill

(Cdn$ in millions)	2009	2008
Balance at beginning of year	**$ 1,724**	$ 663
Finalization of purchase price allocations	**12**	44
Foreign exchange translation	**(74)**	171
Acquisition of Fording in 2008 (Note 3(c))	**–**	1,191
Impairment (Note 15)	**–**	(345)
Balance at end of year	**$ 1,662**	$ 1,724

(Cdn$ in millions)	2009	2008
Teck Coal	**$ 1,203**	$ 1,191
Quebrada Blanca	**322**	375
Carmen de Andacollo	**137**	158
	$ 1,662	$ 1,724

9. Accounts Payable and Accrued Liabilities

(Cdn$ in millions)	2009	2008
Trade payables	**$ 542**	$ 670
Payroll related liabilities	**162**	176
Commercial and government royalties	**157**	78
Resource taxes payable	**121**	69
Accrued interest	**89**	68
Current derivative liabilities	**33**	252
Current portion of asset retirement obligations (Note 11(a))	**23**	16
Capital project accruals	**10**	82
Other	**115**	95
	$ 1,252	$ 1,506

10. Debt

(Cdn$ in millions)	**2009**		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term facility (US$2,365 million) (a)	**$ 2,443**	**$ 2,486**	$ 4,794	$ 4,714
Bridge facility (a)	**–**	**–**	6,436	6,378
7.0% notes due September 2012 (US$200 million) (c)	**209**	**223**	242	164
9.75% notes due May 2014 (US$1,315 million) (b)	**1,280**	**1,574**	–	–
5.375% notes due October 2015 (US$300 million) (c)	**313**	**308**	363	194
10.25% notes due May 2016 (US$1,060 million) (b)	**1,025**	**1,270**	–	–
10.75% notes due May 2019 (US$1,850 million) (b)	**1,799**	**2,276**	–	–
6.125% notes due October 2035 (US$700 million) (c)	**719**	**635**	835	408
Antamina senior revolving credit facility due August 2012 (d)	**97**	**97**	113	113
Other	**119**	**119**	91	91
	8,004	**8,988**	12,874	12,062
Less short-term debt and current portion of long-term debt	**(1,121)**	**(1,132)**	(7,772)	(7,700)
	$ 6,883	**$ 7,856**	$ 5,102	$ 4,362

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.

a) In 2009 certain provisions of the bridge and term facilities were amended, including an extension of the maturity dates of the principal amounts of the bridge facility and a portion of the term facility, and the requirement that certain prepayments be applied to the outstanding balance of the term facility on a modified pro-rata basis. During 2009, the bridge facility was retired and the term facility was reduced to US$2.365 billion at the end of the year.

At December 31, 2009, US$425 million of the term facility bears interest at LIBOR, US Prime Rate or US Base Rate, plus a margin that varies based on our credit rating. This portion of the facility requires mandatory instalment payments of US$53 million each quarter until October 2011. US$1.940 billion bears interest at LIBOR plus 3.5% through 2011 and LIBOR plus 5% thereafter. This portion of the term facility requires instalment payments at the end of April and October of 2010 and 2011, at the end of March 2012 and a final payment at the end of June 2012. Mandatory principal repayments on the term facility are due as follows:

(US$ in millions)	
2010	$ 1,036
2011	823
2012	506
	$ 2,365

The term facility is subject to certain prepayment requirements in respect of proceeds from asset sales and new debt or equity issuances. The facility also contains quarterly cash sweep provisions that require us to apply excess cash balances to reduce the facility. The percentage of proceeds or excess cash subject to prepayment will vary depending on our applicable leverage ratio. The net proceeds from the asset dispositions described in note 3(b) that have closed or are expected to close in the first quarter of 2010 will be used to reduce the balance of the term facility.

Our obligations under the term facility are guaranteed by TML, Teck Coal, and all other subsidiaries of Teck, subject to certain exceptions, and are generally secured through senior secured pledge bonds, by a first priority security interest in all of the material properties of Teck and each guarantor, with provision for the release of the security interest in connection with permitted asset sales. The security will fall away upon Teck receiving investment grade credit ratings with stable outlooks from both Moody's Investor Services and Standard & Poor's.

The term facility contains covenants including restrictions on new indebtedness, new liens, acquisitions and dispositions, capital expenditures and distributions. Financial covenants include a minimum interest coverage covenant and a maximum leverage covenant. As at December 31, 2009, we are in compliance with all debt covenants and default provisions.

As at December 31, 2009 we had placed $91 million in escrow, which is restricted and can only be used to make mandatory principal and interest payments on the term facility.

b) The 9.75%, 10.25% and 10.75% notes are senior secured notes. Our obligations under the notes are guaranteed by the same subsidiaries that guarantee our obligations under the term credit facility. 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(b)). The senior secured 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. Covenants in these notes include restrictions on our ability to incur additional indebtedness, pay dividends and dispose of certain assets. Most of the restrictive covenants in the notes will be suspended during any period that we have investment grade credit ratings from both Moody's Investor Services and Standard & Poor's, and there is no default or event of default under the notes.

The security for the notes, comprised of certain senior secured pledge bonds, will fall away upon the receipt of investment grade credit ratings with stable outlooks from both Moody's Investor Services and Standard & Poor's.

c) The 6.125%, 5.375% and 7.0% notes rank *pari passu* with the term facility and the senior secured notes. They 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.

d) The Antamina senior revolving credit facility is our proportionate share of Antamina's syndicated five-year revolving term bank facility with full repayment due at maturity and is the obligation of Antamina. The facility is 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 amount under the facility bears interest at LIBOR plus a margin.

e) At December 31, 2009, we had revolving credit facilities aggregating $1.15 billion, of which $1.04 billion is available until 2013. Net of $172 million of letters of credit, the unused portion of the credit facilities is $975 million as at December 31, 2009. In addition, we have issued stand-alone letters of credit for $223 million in respect of environmental bonding requirements.

f) Including the mandatory payments on our term facility described in Note 10(a) above, scheduled principal payments on our debt as at December 31, 2009 are as follows:

($ in millions)	US$	Cdn$
2010	$ 1,083	$ 1,138
2011	862	906
2012	829	871
2013	8	8
2014	1,317	1,384
Thereafter	3,910	4,109
Total	$ 8,009	$ 8,416

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

(Cdn$ in millions)	**2009**	2008	2007
Interest expense on long-term debt	**$ 540**	$ 118	$ 95
Interest expense on bridge facility	**72**	58	–
	612	176	95
Amortization of financing fees	**73**	20	–
Less amounts capitalized	**(30)**	(14)	(10)
Total interest expense	**$ 655**	$ 182	$ 85

h) Debt payments made during the year:

(Cdn$ in millions)	**2009**	2008	2007
Bridge facility	**$ 6,282**	$ 573	$ –
Term facility	**1,824**	–	–
Fording revolving bank credit facility	**–**	307	–
Revolving credit facility	**–**	183	–
6.75% debentures	**–**	98	–
Teck Coal facility	**–**	67	–
Other	**35**	13	–
	$ 8,141	$ 1,241	$ –

11. Other Liabilities

(Cdn$ in millions)	2009	2008
Asset retirement obligations (a)	$ 532	$ 653
Other environmental and post-closure costs	87	108
Pension and other employee future benefits (b)		
Defined benefit pension plans	54	51
Non-pension post-retirement benefits	266	254
Long-term contractual obligations	33	76
Derivative liabilities (net of current portion of $33 million (2008 - $252 million)) (Note 21(c))	37	–
Other	20	42
	$ 1,029	$ 1,184

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, 2009 and 2008:

(Cdn$ in millions)	2009	2008
At January 1	$ 669	$ 520
Changes in cash flow estimates		
Operating mines	(83)	(1)
Closed properties	7	17
Expenditures and settlements	(16)	(25)
Accretion expense	42	34
Obligations assumed on acquisition	–	76
Obligations transferred on disposition	(26)	–
Foreign currency translation adjustments	(38)	48
At December 31	555	669
Less current portion	(23)	(16)
	$ 532	$ 653

Asset retirement obligations are initially recorded as a liability at fair value, assuming a weighted average credit adjusted risk-free discount rate of 6.33% (2008 - 5.86%) and inflation factors of 2.00%. The liability for retirement and remediation on an undiscounted basis before inflation is estimated to be approximately $872 million. In addition, for ongoing treatment and monitoring of sites, the estimated undiscounted payments before inflation are $2.1 million per annum for 2018 to 2029 and $13.9 million per annum for 2030 to 2109.

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 36% of our accrued benefit obligation at December 31, 2009, 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, 2009. 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)	2009		2008	
	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	**$ 1,224**	**$ 248**	$ 1,260	$ 272
Current service cost	**23**	**5**	26	8
Benefits paid	**(92)**	**(10)**	(85)	(10)
Interest cost	**85**	**17**	69	15
Actuarial revaluation	**(3)**	**13**	20	3
Past service costs arising from plan improvements	**1**	**–**	33	–
Foreign currency exchange rate changes	**(14)**	**(6)**	18	8
Assumed on acquisition	**–**	**–**	140	17
Effect of new discount rate at year end	**205**	**44**	(257)	(65)
Balance at end of year	**1,429**	**311**	1,224	248
Plan assets				
Fair value at beginning of year	**1,213**	**–**	1,257	–
Actual return on plan assets	**137**	**–**	(153)	–
Benefits paid	**(92)**	**(10)**	(85)	(10)
Foreign currency exchange rate changes	**(9)**	**–**	15	–
Contributions	**55**	**10**	48	10
Assumed on acquisition	**–**	**–**	131	–
Fair value at end of year	**1,304**	**–**	1,213	–
Funding surplus (deficit)	**(125)**	**(311)**	(11)	(248)
Unamortized actuarial costs	**244**	**41**	108	(16)
Unamortized past service costs	**72**	**4**	93	10
Net accrued benefit asset (liability)	**$ 191**	**$ (266)**	$ 190	$ (254)
Represented by				
Pension assets (Note 7)	**$ 245**	**$ –**	$ 241	$ –
Accrued benefit liability	**(54)**	**(266)**	(51)	(254)
Net accrued benefit asset (liability)	**$ 191**	**$ (266)**	$ 190	$ (254)

ii. Funded Status

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

(Cdn$ in millions)	2009			2008		
	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	**$ 757**	**$ 546**	**$ 1,303**	$ 746	$ 467	$ 1,213
Benefit obligations	**(725)**	**(703)**	**(1,428)**	(658)	(566)	(1,224)
Excess (deficit) of plan assets over benefit obligations	**$ 32**	**$ (157)**	**$ (125)**	$ 88	$ (99)	$ (11)

Our total cash payments for pension and other employee future benefits for 2009, including cash contributed to defined benefit and defined contribution pension plans and cash payments made directly to beneficiaries, were $79 million (2008 – $71 million). We expect to contribute $69 million to our defined contribution and defined benefit pension plans in 2010 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)	
2010	$ 101
2011	105
2012	111
2013	117
2014	123
2015 – 2019	685

11. Other Liabilities (continued)

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:

	2009		2008		2007	
	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	**5.90%**	**5.90%**	7.22%	7.09%	5.27%	5.36%
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%	–	9%
Ultimate medical trend rate	**–**	**5%**	–	5%	–	5%
Years to reach ultimate medical trend rate	**–**	**7**	–	7	–	4
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)	**2009**		2008		2007	
	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	**$ 23**	**$ 5**	$ 26	$ 8	$ 25	$ 6
Interest cost	**85**	**17**	69	15	63	16
Expected gain on assets	**(83)**	**–**	(87)	–	(86)	–
Actuarial loss (gain) recognized	**7**	**(1)**	7	3	3	7
Past service cost recognized	**21**	**6**	17	6	14	6
Other	**–**	**–**	–	–	7	–
	$ 53	**$ 27**	$ 32	$ 32	$ 26	$ 35

The defined contribution expense for 2009 was $17 million (2008 - $12 million; 2007 - $11 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 10 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)	**2009**		2008		2007	
	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	**$ 53**	**$ 27**	$ 32	$ 32	$ 26	$ 35
Difference between expected and actual return on plan assets	**(54)**	**–**	240	–	66	–
Difference between actuarial losses (gains) amortized and actuarial losses (gains) arising	**195**	**62**	(264)	(59)	(36)	(59)
Difference between past service costs amortized and past service costs arising	**(20)**	**(6)**	16	(6)	(7)	(6)
Other	**–**	**–**	–	–	(4)	–
Expense incurred	**$ 174**	**$ 83**	$ 24	$ (33)	$ 45	$ (30)

v. Health Care Sensitivity

A one percent 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	$ 3	$ 31
Effect of 1% decrease in medical trend rate	(3)	(26)

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, 2009 and 2008, and the weighted average target composition for 2010 are as follows:

	2010 Target	2009 Actual	2008 Actual
Equity securities	55%	52%	43%
Debt securities	35%	37%	44%
Real estate and other	10%	11%	13%
	100%	100%	100%

12. Income and Resource Taxes

a) Provision for Income and Resource Taxes

(Cdn$ in millions)	2009	2008	2007
Current			
Canadian income tax	$ (31)	$ (1,234)	$ 385
Foreign income and resource tax	267	218	398
Canadian resource tax	274	186	106
	510	(830)	889
Future			
Canadian income tax	208	1,485	(87)
Foreign income and resource tax	8	(33)	(12)
Canadian resource tax	(31)	30	16
	185	1,482	(83)
	$ 695	$ 652	$ 806

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

(Cdn$ in millions)	2009	2008	2007
Tax expense at the statutory income tax rate of 30.1% (2008 – 31.2%; 2007 – 34.1%)	$ 795	$ 430	$ 868
Tax effect of			
Resource taxes, net of resource and depletion allowances	88	131	(18)
Non-temporary differences including one-half of capital gains and losses and goodwill impairment	(161)	185	(19)
Tax losses not recognized (recognition of previously unrecognized losses)	11	(2)	21
Benefit of tax rate reduction	(80)	(38)	(81)
Difference in tax rates in foreign jurisdictions	16	(6)	(13)
Other	26	(48)	48
	$ 695	$ 652	$ 806

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

(Cdn$ in millions)	2009	2008
Future income and resource tax assets		
Net operating loss carry forwards	$ 428	$ 310
Property, plant and equipment	266	459
Asset retirement obligations	35	49
Amounts relating to partnership year ends	(170)	(347)
Unrealized foreign exchange	(145)	(24)
Other	(15)	38
Valuation allowance	(140)	(128)
	$ 259	$ 357
Future income and resource tax liabilities		
Net operating loss carry forwards	$ (581)	$ –
Property, plant and equipment	5,415	5,051
Asset retirement obligations	(161)	(170)
Amounts relating to partnership year ends	319	94
Other	15	(10)
	$ 5,007	$ 4,965

d) Earnings by Jurisdiction

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

(Cdn$ in millions)	2009	2008	2007
Canada	$ 1,340	$ 1,202	$ 1,213
Foreign	1,300	178	1,326
	$ 2,640	$ 1,380	$ 2,539

e) Non-Resident Subsidiaries
We have non-resident subsidiaries that have undistributed earnings. For certain non-resident subsidiaries, undistributed earnings are not expected to be repatriated in the foreseeable future and therefore, taxes have not been provided.

f) Loss Carry Forwards and Canadian Development Expenses
At December 31, 2009, we had $3,402 million of Canadian federal net operating loss carry forwards (2008 – $579 million). These loss carry forwards expire at various dates between 2010 and 2029. At December 31, 2009, we had no United States federal net operating loss carry forwards (2008 – $95 million), as they were utilized with the sale of Pogo. Incorporated in our future income tax assets and liabilities, we also had $7,701 million of Canadian Development Expenses at December 31, 2009, 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 $140 million (2008 – $128 million) relating to tax assets in jurisdictions 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 primary entities, audits by various taxation authorities have not been completed as follows:

Canada	2004 – present
United States	1991 – present
Peru	2007 – present
Chile	2006 – present

13. Non-Controlling Interests

(Cdn$ in millions)	**2009**	2008
Highland Valley Copper (2.5%)	**$ 20**	$ 10
Andacollo (10%)	**31**	34
Quebrada Blanca (23.5%)	**24**	41
Elkview Mine Limited Partnership (5%)	**16**	19
	$ 91	$ 104

14. Shareholders' 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 "take-over 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.

14. Shareholders' Equity (continued)

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, 2006	4,674	211,523
Share split	4,674	211,523
Issued for business acquisition	–	21,972
Options exercised (d)	–	1,373
Share repurchase program	–	(13,100)
Other	5	7
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

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. If we subsequently issue additional Class B shares prior to July 15, 2010 at a price less than $17.21 per share (or securities convertible into Class B shares with a conversion price less than $17.21), the investor would be entitled to a partial make-whole payment, capped at approximately $147 million, payable at our option in cash or, subject to regulatory approval, in Class B shares.

d) Share Options
Under our share option plan, 4 million Class B shares have been set aside for the grant of share options to full-time employees and directors. 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, 2009, we granted 2,350,000 Class B share options at market price to employees. These share options have a weighted average exercise price of $4.19, 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 $2 per option (2008 - $10; 2007 - $16) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2009	2008	2007
Dividend yield	**2.00%**	2.94%	0.95%
Risk free interest rate	**2.09%**	6.35%	5.15%
Expected life	**4.3 years**	4.2 years	4.2 years
Expected volatility(i)	**74%**	31%	35%

(i) Expected volatility was estimated based on historical volatility.

Outstanding share options:

	2009		2008	
	Shares (in 000's)	Weighted Average Exercise Price	Shares (in 000's)	Weighted Average Exercise Price
Outstanding at beginning of year	**4,532**	**$ 28.28**	3,670	$ 22.86
Granted	**2,350**	**4.19**	1,655	34.43
Exercised	**(964)**	**12.84**	(578)	9.39
Forfeited	**(104)**	**27.68**	(215)	33.86
Expired	**(280)**	**11.89**	–	–
Outstanding at end of year	**5,534**	**$ 21.58**	4,532	$ 28.28
Vested and exercisable at end of year	**1,981**	**$ 32.76**	2,265	$ 20.09

Information relating to share options outstanding at December 31, 2009:

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)
2,418	103	$ 4.15 - $ 9.35	$ 4.18	$ 4.97	106
47	44	$ 9.36 - $14.04	12.53	12.55	10
4	–	$14.05 - $21.08	20.15	–	113
265	265	$21.09 - $31.64	22.64	22.64	14
2,750	1,553	$31.65 - $47.47	36.43	36.71	65
50	16	$47.48 - $49.17	49.17	49.17	77
5,534	1,981		$ 21.58	$ 32.76	80

The weighted average remaining life of vested options at December 31, 2009 was 51 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, 2009, the aggregate intrinsic value of vested and unvested options, based on the December 31, 2009 closing price of $36.82 for the Class B subordinate voting shares, was $90 million for all outstanding options and $8 million for vested options.

Further information about our share options:

(Cdn$ in millions)	**2009**	2008	2007
Total compensation cost recognized	**$ 8**	$ 13	$ 11
Total fair value of share options vested	**11**	9	8
Total intrinsic value of share options exercised	**14**	19	46

The unrecognized compensation cost for non-vested share options at December 31, 2009 was $5 million (2008 – $9 million). The weighted average period over which it is expected to be recognized is 1.3 years.

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 twelve 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, 2009, there were 3,590,010 DSUs and RSUs outstanding (2008 – 1,101,200).

Non-vested DSU and RSU activity:

	2009		2008	
	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 at beginning of year	**653**	**$ 38.24**	692	$ 39.06
Granted	**2,778**	**4.40**	495	35.66
Forfeited	**(41)**	**20.18**	(244)	38.33
Vested	**(884)**	**14.40**	(290)	35.28
Non-vested at end of year	**2,506**	**$ 9.43**	653	$ 38.24

14. Shareholders' Equity (continued)

Further information about our DSUs and RSUs:

(Cdn$ in millions, except weighted average)	**2009**	2008	2007
Weighted average grant date fair value of the units granted	**$ 4.40**	$ 35.74	$ 44.02
Total fair value of units vested	**11**	4	13
Total compensation cost recognized	**78**	(19)	10
Tax benefits realized	**3**	–	4
Cash used to settle DSUs and RSUs	**9**	1	12

The unrecognized compensation cost for non-vested DSUs and RSUs at December 31, 2009 was $11 million (2008 - $14 million). The weighted average period over which it is expected to be recognized is 1.6 years.

f) Accumulated Comprehensive Income:

(Cdn$ in millions)	**2009**	2008	2007
Accumulated other comprehensive income (loss) – beginning of year	**$ 263**	$ (671)	$ (95)
Other comprehensive income (loss) in the year			
Currency translation adjustment			
Unrealized gains (losses) on translation of self-sustaining foreign subsidiaries	**(833)**	1,260	(665)
Foreign exchange differences on debt designated as a hedge of self-sustaining foreign subsidiaries (net of tax of $(105) for 2009, $35 for 2008 and nil for 2007)	**724**	(257)	56
Losses reclassified to net earnings on realization	**26**	–	59
	(83)	1,003	(550)
Available-for-sale instruments			
Unrealized gains (losses) (net of tax of $(14) for 2009, $48 for 2008 and $9 for 2007)	**118**	(298)	(47)
Losses (gains) reclassified to net earnings (net of tax of $2 for 2009, $(40) for 2008 and $(2) for 2007)	**(11)**	250	11
	107	(48)	(36)
Derivatives designated as cash flow hedges			
Unrealized gains (losses) (net of taxes of $(13) for 2009, $47 for 2008 and nil for 2007)	**19**	(72)	–
Losses reclassified to net earnings on realization (net of tax of $(21) for 2009, $(33) for 2008 and $(7) for 2007)	**35**	51	10
	54	(21)	10
Total other comprehensive income (loss)	**78**	934	(576)
Accumulated other comprehensive income (loss) – end of year	**341**	263	(671)
Retained earnings – end of year	**7,307**	5,476	5,038
Accumulated comprehensive income	**$ 7,648**	$ 5,739	$ 4,367

The components of accumulated other comprehensive income (loss) are:

(Cdn$ in millions)	**2009**	2008
Currency translation adjustment	**$ 225**	$ 308
Unrealized gains (losses) on investments (net of tax of $(13) in 2009 and $(1) in 2008)	**101**	(6)
Unrealized gains (losses) on cash flow hedges (net of tax of $(6) in 2009 and $28 in 2008)	**15**	(39)
Accumulated other comprehensive income (loss)	**$ 341**	$ 263

g) Earnings Per Share
The following table reconciles our basic and diluted earnings per share:

(Cdn$ in millions, except per share data)	**2009**	2008	2007
Basic and diluted earnings			
Earnings from continuing operations	**$ 1,750**	$ 668	$ 1,681
Earnings (loss) from discontinued operations	**81**	(9)	(66)
Net basic and diluted earnings available to common shareholders	**$ 1,831**	$ 659	$ 1,615
Weighted average shares outstanding (000's)	**534,084**	452,124	432,236
Dilutive effect of share options	**1,557**	1,119	2,229
Weighted average diluted shares outstanding	**535,641**	453,243	434,465
Basic earnings per share	**$ 3.43**	$ 1.46	$ 3.74
Basic earnings per share from continuing operations	**$ 3.28**	$ 1.48	$ 3.89
Diluted earnings per share	**$ 3.42**	$ 1.45	$ 3.72
Diluted earnings per share from continuing operations	**$ 3.27**	$ 1.47	$ 3.87

At December 31, 2009 there were 3,065,264 (2008 - 2,295,933; 2007 - 828,000) 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 $0.50 per share in 2008 and $1.00 per share in 2007.

15. Asset Impairment Charges

(Cdn$ in millions)	**2009**	2008	2007
Property, plant and equipment[(a)]	**$ –**	$ 179	$ 43
Goodwill[(b)] (Note 8)	**–**	345	–
Exploration and development properties and other[(c)]	**27**	65	26
	$ 27	$ 589	$ 69

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. The goodwill balance for Duck Pond was written off primarily as a result of lower commodity prices and the short remaining life of the mine. The goodwill impairment charges for Quebrada Blanca and Andacollo were due to declines in near term commodity prices and unfavorable capital market conditions that reduced the fair value of these operations at the end of 2008. Also contributing to this was an increase in the estimated future capital costs for development of the hypogene resource for Quebrada Blanca. The extent of these write-downs was mitigated by the program of mine expansion at Andacollo and the establishment of significant additional reserves at Quebrada Blanca.

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)	2009	2008	2007
Interest income	$ 8	$ 56	$ 177
Derivative gains (loss) (Note 21(c))	(50)	311	56
Debt financing fees	(168)	–	–
Foreign exchange gains	640	69	6
Gain on sale of investments and assets, net of losses	383	14	53
Realization of cumulative translation losses	–	–	(59)
Reclamation for closed properties	(13)	(22)	(26)
Provision for marketable securities	–	(292)	–
Other	24	(81)	(11)
	$ 824	$ 55	$ 196

17. Discontinued Operations

Selected financial information of discontinued operations (Note 3(a)), in these consolidated financial statements include:

(Cdn$ in millions)	2009	2008	2007
Earnings (loss) from discontinued operations			
Revenue	$ 140	$ 249	$ 182
Cost of sales	(95)	(210)	(187)
Other income (expense)	94	(46)	(80)
Provision for income and resource taxes	(58)	(2)	19
Net earnings (loss)	81	(9)	(66)
Cash flows of discontinued operations			
Operating activities	(16)	68	57
Investing activities	325	(9)	(14)
	$ 309	$ 59	$ 43

18. Joint Ventures

Our Antamina mine, in which we have a 22.5% interest, is the primary operation accounted for using the proportionate consolidation method. Prior to the acquisition of Fording's assets on October 30, 2008 (Note 3(c)), we had proportionately consolidated our 40% interest in Teck Coal. Our share of the assets and liabilities, revenues and expenses and cash flows of these operations is as follows:

(Cdn$ in millions)	2009	2008
Assets		
Cash and cash equivalents	$ 105	$ 47
Other current assets	200	110
Mineral properties, plant and equipment	405	466
	$ 710	$ 623
Liabilities and equity		
Current liabilities	$ 85	$ 81
Long-term debt	97	113
Other long-term liabilities	99	94
Equity	429	335
	$ 710	$ 623

(Cdn$ in millions)	**2009**	2008	2007
Earnings			
Revenues	**$ 634**	$ 2,161	$ 1,773
Operating and other expenses	**(181)**	(1,056)	(1,027)
Provision for income and resource taxes	**(151)**	(119)	(205)
Net earnings	**$ 302**	$ 986	$ 541
Cash flow			
Operating activities	**$ 235**	$ 1,059	$ 615
Financing activities	**–**	40	11
Investing activities	**(25)**	(173)	(57)
Distributions	**(146)**	(979)	(559)
Effect of exchange rates on cash	**(6)**	13	(11)
Increase (decrease) in cash	**$ 58**	$ (40)	$ (1)

We had previously proportionately consolidated our 40% interest in Pogo and our 50% interest in the Hemlo gold operations prior to their disposals in 2009. Results and comparative results for Pogo and Hemlo have been classified as discontinued operations (Note 17).

19. Supplemental Cash Flow Information

(Cdn$ in millions)	**2009**	2008	2007
Cash and cash equivalents			
Cash	**$ 564**	$ 294	$ 695
Money market investments with maturities from the date of acquisition of 3 months or less	**765**	556	713
	$ 1,329	$ 850	$ 1,408
Net change in non-cash working capital items			
Accounts and settlements receivable	**$ (104)**	$ 116	$ 187
Inventories	**(112)**	114	(92)
Accounts payable and accrued liabilities	**(159)**	(243)	76
Current income and resource taxes receivable	**1,084**	(1,516)	(467)
	$ 709	$ (1,529)	$ (296)
Interest and taxes paid			
Interest paid	**$ 585**	$ 135	$ 90
Income and resource taxes paid (recovered)	**$ (594)**	$ 645	$ 1,283
Non-cash financing and investing transactions			
Shares issued for acquisitions	**$ –**	$ 1,791	$ 952
Shares received from dispositions	**$ 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, 2009, 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.

20. Commitments and Contingencies (continued)

The RI/FS is scheduled for completion in 2011 and 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. The liability decision 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$128 million was recorded in 2009 (2008 – US$92 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.

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$8 million in 2010, 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 $11 million was recorded in 2009 (2008 – $20 million) in respect of this royalty.

d) Operating Leases

Amounts payable under operating leases are $135 million, with annual payments of $48 million in 2010, $26 million in 2011, $16 million in 2012, $9 million in 2013, $7 million in 2014 and $29 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 power 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.

f) Red Dog Mine Permits

Several native and environmental groups have appealed the renewal of Red Dog's water discharge permit. The new permit was issued in January in conjunction with the release of a supplemental environmental impact statement covering Aqqaluk, the next pit to be mined. The EPA has notified us that, as a result of the appeal, the conditions of the new permit governing effluent limitations for lead, selenium, zinc, cyanide and the total dissolved solids ("TDS") are stayed pending resolution of the appeal. In the interm, 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. We will be discussing that issue with the EPA and awaiting the issuance of a wetlands permit from the Army Corps of Engineers before proceeding with a decision on the development of Aqqaluk. If these permitting issues cannot be resolved by May 2010, access to Aqqaluk will be delayed and the mine is expected to run out of ore in the main pit and could be forced to suspend operations in October.

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(e) details our available credit facilities as at December 31, 2009.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2009 are as follows:

(Cdn$ in millions)	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Long-term debt (Note 10(f))	1,138	1,777	1,392	4,109	8,416
Estimated interest payments on debt	605	1,106	960	1,986	4,657
Derivative liabilities	33	37	–	–	70

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 operations are exposed to foreign exchange risk as commodity sales are denominated in US dollars, and the majority of operating expenses are denominated in Canadian dollars.

We have hedged a portion of our future cash flows from US dollar sales 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, 2009, $5.2 billion of debt was designated in this manner. Foreign exchange fluctuations on the remaining balance of US dollar denominated debt will affect the statement of earnings in the period of change. Changes in the US dollar exchange rate may result in significant fluctuations in our net earnings. This exposure is expected to be reduced as we pay down the debt, generate US dollar cash balances or generate and retain profits in US dollar self-sustaining operations.

US dollar financial instruments subject to foreign exchange risk:

(US$ in millions)	**2009**	2008
Net working capital	**$ 761**	$ 293
US dollar forward sales contracts, net of forward purchase contracts	**(272)**	(906)
Short-term debt	**–**	(5,350)
Long-term debt	**(7,701)**	(5,293)
Net investment in self-sustaining foreign operations	**5,252**	5,273
Net exposure	**$ (1,960)**	$ (5,983)

As at December 31, 2009, with other variables unchanged, a $0.01 strengthening (weakening) of the Canadian dollar against the US dollar would have a $18 million effect (2008 - $48 million) on pre-tax earnings resulting from our financial instruments. There would also be a $3 million (2008 - $11 million) decrease (increase) in other comprehensive income from our US dollar forward sales contracts designated as cash flow hedges. As most of our investments in US dollar self-sustaining operations are hedged by our US dollar debt, there would be no significant change in other comprehensive income resulting from translating these operations.

Interest Rate Risk

Our interest rate risk mainly arises from our cash and cash equivalents, floating rate debt and interest rate swaps. Our interest rate management policy is generally to borrow at fixed rates to match the duration of our long lived assets. However, floating rate funding may be used, as in the case of our acquisition of Fording. 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. 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.

21. Accounting for Financial Instruments **(continued)**

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, 2009, with other variables unchanged, a 1% change in the LIBOR rate would have a $36 million effect (2008 - $75 million) on net 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 net earnings from a 10% increase to commodity prices, based on the December 31, 2009 prices. There is no effect on other comprehensive income.

	Price on December 31,		Increase (Decrease) on After-Tax Net Earnings	
(Cdn$ in millions)	**2009**	2008	**2009**	2008
Copper	**US$3.33/lb**	US$1.40/lb	**$ 21**	$ 15
Zinc	**US$1.17/lb**	US$0.51/lb	**14**	1
Lead	**US$1.09/lb**	US$0.43/lb	**–**	1

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 consider any material risk of this to be unlikely.

b) 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, taxes and non-controlling interests.

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, 2009 these prepayment rights are recorded as other assets on the balance sheet at a fair value of $66 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).

Cash Flow Hedges
US Dollar Forward Sales Contracts
At December 31, 2009, US dollar forward sales contracts with a notional amount of $284 million remained outstanding. The contracts mature at varying dates from 2010 to 2013, with the majority of contracts maturing in the first quarter of 2010. 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, 2009.

Unrealized gains and losses on 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, 2009, the 114 million pounds of zinc forward purchase contracts were offsetting positions to the 114 million pounds of zinc forward sales contracts acquired through the Aur acquisition in 2007.

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

Zinc Forward Purchase Contracts

Certain customers purchase refined zinc 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.

c) The fair value of our fixed 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 as at December 31, 2009 is as follows:

	2010	2011	2012	2013	Total	Fair Value Asset (Liability) (Cdn$ in millions)
Derivatives not designated as hedging instruments						
Zinc (millions of lbs)						
Fixed forward sales contracts	75	57	–	–	132	
Average price (US$/lb)	0.76	0.63	–	–	0.70	$ (67)
Zinc (millions of lbs)						
Fixed forward purchase contracts	60	57	–	–	117	
Average price (US$/lb)	0.88	0.89	–	–	0.88	38
Lead (millions of lbs)						
Fixed forward sales contracts	8	–	–	–	8	
Average price (US$/lb)	1.06	–	–	–	1.06	–
Interest rate swap (millions of US$)						
7% fixed rate swapped to LIBOR plus 2.14%	–	–	100	–	100	9
LIBOR plus 0.21% swapped to 5.42% fixed rate	–	–	17	–	17	(1)
US dollars (millions of US$)						
Forward sales contracts	–	–	5	7	12	
Average rate (CLP/US$)	–	–	551	644	605	3
						(18)
Derivatives designated as cash flow hedges						
US dollars (millions of US$)						
Forward sales contracts	272	–	–	–	272	
Average rate (C$/US$)	1.13	–	–	–	1.13	21
						$ 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 $20 million, other assets of $30 million, accounts payable and accrued liabilities of $33 million and other liabilities of $35 million on the consolidated balance sheet.

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

(Cdn$ in millions)	US$ Forward Sales Contracts	Gold Forward Sales Contracts	**Total**
Cash flow hedges			
Gains recognized in other comprehensive income ("OCI") (effective portion)	32	–	**32**
Losses reclassified from accumulated OCI into discontinued operations (effective portion)	–	(16)	**(16)**
Losses recognized in other income (unhedged portion)	–	(3)	**(3)**
Losses reclassified from accumulated OCI into income (effective portion)	(40)	–	**(40)**
Location of losses reclassified from accumulated OCI into income	Revenue	Discontinued Operations	

21. Accounting for Financial Instruments (continued)

(Cdn$ in millions)	US$ Debt	Total
Net investment hedges		
Losses recognized in OCI (effective portion)	(833)	**(833)**
Losses reclassified from accumulated OCI into income (effective portion)	(26)	**(26)**
Location of losses reclassified from accumulated OCI into income	Discontinued Operations	

(Cdn$ in millions)	Zinc Forward Sales	Copper Forward Sales	Debt Prepayment Option	Other	Settlements Receivable and Payable	Total
Derivatives not designated as hedging instruments						
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 equivalents, including demand deposits and 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, 2009 are summarized in the following table:

(Cdn$ in millions)	2009				2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	**$ 1,329**	**$ –**	**$ –**	**$ 1,329**	$ 850	$ –	$ –	$ 850
Marketable equity securities	**247**	**–**	**–**	**247**	104	–	–	104
Marketable debt securities	**–**	**–**	**14**	**14**	–	–	25	25
Settlements receivable	**–**	**449**	**–**	**449**	–	184	–	184
Derivative instruments	**–**	**136**	**–**	**136**	–	195	–	195
	1,576	**585**	**14**	**2,175**	954	379	25	1,358
Financial liabilities								
Derivative instruments	**–**	**70**	**–**	**70**	–	252	–	252
Settlements payable	**–**	**164**	**–**	**164**	–	141	–	141
	$ –	**$ 234**	**$ –**	**$ 234**	$ –	$ 393	$ –	$ 393

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

23. Capital Risk Management

Our objectives when managing capital are to meet external capital requirements on our debt and credit facilities and to provide an adequate return to shareholders. We monitor capital based on the debt to capitalization ratio.

As at December 31, 2009, our total debt to total capitalization ratio was 37% (2008 - 54%). In order to manage our capital risk, we may adjust our capital structure by issuing new shares, issuing new debt with different characteristics to replace existing debt, selling assets to reduce debt and reducing operating and capital expenditure levels. As part of our current capital management plan, we have also suspended dividends and completed certain asset sales.

Our term and credit facilities and certain contracts establish a maximum leverage ratio and a minimum interest coverage ratio. Management also actively monitors these ratios. Both are calculated using prescribed EBITDA as defined in the lending agreements on a rolling 12-month period. The current maximum leverage ratio is 5.25 and decreases to 5.00 for the 12 months ending March 31, 2012, 4.75 for the 12 months ending September 30, 2012 and 4.50 for the 12 months ending December 31, 2012. The minimum interest coverage ratio is 2.00 until the end of the term. Actual leverage and interest coverage ratios were 2.3 and 5.5 respectively for the 12 months ending December 31, 2009.

Long-Term Capital Management

Our long-term strategy is to keep the total debt to total capitalization ratio below 40%. However, the ratio may be higher for periods of time due to certain transactions such as an acquisition. These transactions, while causing the ratio to be out of range for a period of time, are intended to help us meet our capital management objectives in the long run. The ratio was significantly higher in 2009 due to our acquisition of Fording’s assets in 2008.

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). Results for the gold segment, which include our Hemlo and Pogo operations have been reclassified to discontinued operations and are no longer included in the table below. Prior year comparatives have been restated to conform to current year presentation.

(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, non-controlling interests, 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, non-controlling interests, 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

(Cdn$ in millions)			2007			
	Copper	Coal	Zinc	Energy	Corporate	Total
Segment revenues	$ 2,186	$ 951	$ 3,439	$ –	$ –	$ 6,576
Less inter-segment revenues	–	–	(387)	–	–	(387)
Revenues	2,186	951	3,052	–	–	6,189
Operating profit	1,354	209	1,180	–	–	2,743
Interest and financing	(13)	(1)	–	–	(71)	(85)
Exploration	(46)	–	(20)	–	(38)	(104)
Asset impairment	–	–	(43)	–	(26)	(69)
Other corporate income	–	–	–	–	54	54
Earnings before taxes, non-controlling interests, equity earnings and discontinued operations	1,295	208	1,117	–	(81)	2,539
Capital expenditures	259	35	150	70	41	555
Goodwill	663	–	–	–	–	663
Total assets	6,524	1,359	2,865	529	2,296	13,573

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:

	Property, Plant and Equipment		Revenues		
(Cdn$ in millions)	**2009**	2008	**2009**	2008	2007
Canada	**$ 16,461**	$ 16,936	**$ 437**	$ 495	$ 526
United States	**765**	1,132	**986**	1,100	1,504
Latin America	**5,175**	5,810	**287**	479	361
Asia	**–**	4	**4,771**	3,204	2,673
Europe	**5**	6	**1,137**	1,317	993
Australia	**20**	21	**35**	45	126
Africa	–	–	**21**	15	6
	$ 22,426	$ 23,909	**$ 7,674**	$ 6,655	$ 6,189

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

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

(Cdn$ in millions, except per share data)	**2009**	2008	2007
Net earnings under Canadian GAAP	**$ 1,831**	$ 659	$ 1,615
Add (deduct)			
Exploration expenses (b)	**(36)**	(37)	(32)
Derivative instruments (c)			
Embedded derivatives	**(49)**	–	–
Non-hedge derivatives	**16**	26	18
Asset retirement obligations (d)	**(3)**	(3)	(3)
Deferred stripping (e)	**(19)**	(84)	(40)
Cumulative translation adjustment on partial redemption of subsidiary (f)	**–**	–	59
Differences in the carrying values of assets disposed (g)	**27**	–	–
Non-controlling interests under Canadian GAAP (h)	**69**	82	47
Capitalized interest (i)	**22**	17	(1)
Other (j)	**5**	(12)	1
Tax effect of adjustments noted above (k)	**36**	3	37
Net earnings under US GAAP	**$ 1,899**	$ 651	1,701
Attributable to the Parent (h)	**$ 1,829**	$ 569	$ 1,654
Attributable to Non-controlling interests (h)	**$ 70**	$ 82	$ 47
Other comprehensive income (loss) under Canadian GAAP	**$ 78**	$ 934	$ (576)
Add (deduct)			
Cash flow hedges reclassified to net income (c)	**(16)**	(26)	(18)
Cumulative translation adjustment (f)	**–**	4	(63)
Additional pension liability (l)	**(170)**	50	42
Tax effect of adjustments (k)	**70**	(15)	(10)
Other comprehensive income (loss) under US GAAP	**(38)**	947	(625)
Comprehensive income under US GAAP	**$ 1,861**	$ 1,598	$ 1,076
Attributable to the Parent (h)	**$ 1,828**	$ 1,463	$ 1,042
Attributable to Non-controlling interests (h)	**$ 33**	$ 135	$ 34
Earnings per share under US GAAP			
Basic	**$ 3.42**	$ 1.26	$ 3.83
Diluted	**$ 3.41**	$ 1.26	$ 3.81
Basic from continuing operations	**$ 3.24**	$ 1.28	$ 3.99
Diluted from continuing operations	**$ 3.23**	$ 1.28	$ 3.97

Balance sheets under Canadian GAAP and US GAAP:

(Cdn$ in millions)	2009		2008	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
Assets				
Current assets				
Cash and cash equivalents	**$ 1,329**	**$ 1,329**	$ 850	$ 850
Restricted cash	**91**	**91**	–	–
Income taxes receivable	**38**	**38**	1,130	1,130
Accounts and settlements receivable and other	**843**	**843**	780	780
Inventories (e)	**1,375**	**1,371**	1,339	1,339
Deferred debt issuance costs (n)	**–**	**11**	–	106
	3,676	**3,683**	4,099	4,205
Investments (j)	**1,252**	**1,230**	948	929
Property, plant and equipment (b)(d)(e)(g)(i)	**22,426**	**22,096**	23,909	23,574
Other assets (c)(j)(l)(n)	**857**	**737**	853	734
Goodwill	**1,662**	**1,662**	1,724	1,724
	$ 29,873	**$ 29,408**	$ 31,533	$ 31,166
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	**$ 1,252**	**$ 1,252**	$ 1,506	$ 1,506
Current portion of long-term debt (n)	**1,121**	**1,132**	1,336	1,362
Short-term debt (n)	**–**	**–**	6,436	6,516
	2,373	**2,384**	9,278	9,384
Long-term debt (c)(n)	**6,883**	**7,048**	5,102	5,164
Other liabilities (d)(l)	**1,029**	**1,058**	1,184	1,098
Future income and resource taxes (k)	**5,007**	**4,672**	4,965	4,733
Non-controlling interests (h)	**91**	**–**	104	–
Shareholders' equity	**14,490**	**14,246**	10,900	10,787
	$ 29,873	**$ 29,408**	$ 31,533	$ 31,166

Shareholders' equity under Canadian GAAP and US GAAP:

(Cdn$ in millions)	2009		2008	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
Capital stock	**$ 6,757**	**$ 6,633**	$ 5,079	$ 4,955
Retained earnings	**7,307**	**7,390**	5,476	5,561
Contributed surplus	**85**	**85**	82	82
Accumulated other comprehensive income	**341**	**43**	263	44
Shareholders' equity before non-controlling interests	**$ 14,490**	**$ 14,151**	$ 10,900	$ 10,642
Non-controlling interests (h)	**–**	**91**	–	105
Accumulated other comprehensive income attributable to non-controlling interests (h)	**–**	**4**	–	40
Shareholders' equity attributable to non-controlling interests	**–**	**95**	–	145
Shareholders' equity	**$ 14,490**	**$ 14,246**	$ 10,900	$ 10,787

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

a) Adoption of New Accounting Standards

i. Codification and Hierarchy of Generally Accepted Accounting Principles
In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-01, "Topic 105 – Generally Accepted Accounting Principles (formerly SFAS 168, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles")." Accounting Standards Codification ("ASC") Topic 105 establishes the FASB Accounting Standards Codification® ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with US GAAP for Securities and Exchange Commission ("SEC") registrants. All guidance contained in the Codification carries an equal level of authority. The Codification supersedes all existing non-SEC accounting and reporting standards. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The FASB will instead issue new standards in the form of ASUs. The FASB will not consider ASUs as authoritative in their own right and ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes in the Codification. These changes and the Codification itself do not change US GAAP. The adoption of these changes has only impacted the manner in which new accounting guidance under US GAAP is referred and did not impact our consolidated financial statements.

ii. Fair Value Measurements
In September 2006, the FASB issued ASC Topic 820, "Fair Value Measurements and Disclosures (formerly SFAS 157, "Fair Value Measurements")." The standard defines fair value, establishes a framework for measuring fair value in US GAAP, and expands disclosure about fair value measurements. This standard does not require any new fair value measurements.

In 2008, we adopted ASC 820 for financial assets and liabilities recognized at fair value on a recurring basis. The adoption did not have a material effect on our financial results. Effective January 1, 2009, we adopted the requirements of ASC 820 for fair value measurements of financial and nonfinancial assets and liabilities not valued on a recurring basis. The adoption did not have a material effect on our financial results.

In August 2009, the FASB issued ASU 2009-05, "Measuring Liabilities at Fair Value," an amendment of ASC Topic 820. This ASU provides additional guidance on measuring liabilities at fair value. The adoption of ASU 2009-05 did not impact our financial results as at December 31, 2009.

Information regarding fair value measurements is included in Note 22.

iii. Business Combinations
In December 2007, the FASB issued ASC Topic 805, "Business Combinations (formerly SFAS 141(R), "Business Combinations")," which is to be applied to business combinations consummated in the fiscal year commencing after the effective date of December 15, 2008. Early adoption is not permitted. Under ASC 805, business acquisitions are accounted for under the "acquisition method," compared to the "purchase method" mandated by previous standards.

The standard provides revised guidance for a number of areas, including the measurement of assets acquired, liabilities assumed, non-controlling interests in an acquisition of less than 100% of the acquiree, the definition of a business for the purpose of acquisitions, the measurement date for equity interests issued by the acquirer, the adjustment of income tax estimates in the acquisition, the treatment of acquisition-related costs of the acquirer, and the disclosure requirements around the nature and financial effects of the business combination. This standard did not impact our financial results as at December 31, 2009.

iv. Non-Controlling Interests in Consolidated Financial Statements
Effective January 1, 2009, we adopted ASC Topic 810, "Consolidation (formerly SFAS 160, "Non-controlling Interests in Consolidated Financial Statements")." Under ASC 810, non-controlling interests are measured at 100% of the fair value of assets acquired and liabilities assumed. Under previous standards, the non-controlling interest was measured at book value. For presentation and disclosure purposes, non-controlling interests are classified as a separate component of shareholders' equity. In addition, consolidated net earnings and comprehensive income are adjusted to include the net earnings and comprehensive income attributed to non-controlling interests.

ASC 810 revises how changes in ownership percentages are accounted for, including when a parent company deconsolidates a subsidiary but retains a non-controlling interest. As well, attribution of losses to the non-controlling interests is no longer limited to the original carrying amount. The provisions of ASC 810 are to be applied prospectively with the exception of the presentation and disclosure provisions, which are to be applied for all prior periods presented in the financial statements.

As a result of the adoption of ASC 810, we have reclassified non-controlling interests to shareholders' equity and have presented net earnings and comprehensive income under US GAAP attributable to the parent and to non-controlling interests as at December 31, 2009 and for all prior periods presented in the financial statements.

In January 2010, the FASB issued ASU 2010-02, "Consolidation (Topic 810), Accounting and Reporting for Decreases in Ownership of a Subsidiary – A Scope Clarification." This ASU is meant to address implementation issues related to changes in ownership provisions in ASC 810 and to clarify the scope of application of the decrease in ownership provisions. This ASU did not impact our financial results or disclosures as at December 31, 2009.

v. Disclosures about Derivative Instruments and Hedging Activities
In March 2008, the FASB issued ASC Topic 815-10-50, "Derivatives and Hedging Disclosures (formerly SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133")," which requires entities to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under ASC 815, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows.

The disclosures required by ASC 815-10-50 for derivatives and hedging are included in Note 21.

vi. Subsequent Events
In June 2009, the FASB issued ASC Topic 855, "Subsequent Events (formerly SFAS 165, "Subsequent Events")," which establishes standards of accounting for, and disclosure of, events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. ASC 855 requires disclosure of the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued.

The adoption of this standard did not impact our consolidated financial statements as at December 31, 2009. Subsequent events in these consolidated financial statements have been evaluated to the date the financial statements were issued.

vii. Equity Method Investment Accounting
In November 2008, the FASB issued ASC Topic 323-10, "Investments – Equity Method and Joint Ventures (formerly EITF Issue No. 08-6 "Equity-Method Investment Accounting")." ASC 323-10 concludes that the cost basis of a new equity-method investment would be determined using a cost-accumulation model, which would continue the practice of including transaction costs in the cost of investment and would exclude the value of contingent consideration. Equity method investments should be subject to other-than-temporary impairment analysis. It also requires that a gain or loss be recognized on the portion of the investor's ownership sold. ASC 323-10 is effective for fiscal years beginning after December 15, 2008. The adoption of ASC 323-10 did not have a material effect on our financial results as at December 31, 2009.

viii. Employers' Disclosures about Postretirement Benefit Plan Assets
In December 2008, the FASB issued updated ASC Topic 715, "Compensation – Retirement Benefits (formerly FSP FAS 132(R)-1, "Employers Disclosures about Postretirement Benefit Plan Assets")," to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. ASC Topic 715-20-50, "Defined Benefit Plans – Disclosure" requires employers to consider certain overall objectives in providing disclosures about plan assets including how investment allocation decisions are made, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and significant concentrations of risk within plan assets. These amended disclosures about plan assets under ASC Topic 715-20-50 are required to be provided for fiscal years ending after December 15, 2009. We have included the required disclosures regarding plan assets in our annual consolidated financial statements for the year ending December 31, 2009 in Notes 11(b) and 25(l).

ix. Investments in Debt and Equity Securities
In April 2009, the FASB issued ASC Topic 320-65, "Debt and Equity Securities (formerly FSP FAS 115-2 and FAS 124-2)." This guidance changes the requirements for other-than-temporary impairment for debt securities by replacing the existing requirement that a holder have the positive intent and ability to hold an impaired security to recovery in order to conclude an impairment was temporary with a requirement that an entity conclude it does not intend to sell an impaired security and it will not be required to sell the security before the recovery of its amortized cost basis. ASC 320-65 is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this standard did not have a material effect on our financial results or disclosures as at December 31, 2009.

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
Under Canadian GAAP, we adopted the financial instruments accounting standards on January 1, 2007. Prior to adoption, derivative instruments, to which hedge accounting was applied, were held off-balance sheet with realized gains and losses recorded in net earnings. Non-hedge derivative instruments were recorded on the balance sheet at fair value with changes in fair value recorded in other income (expense).

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(b)). 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(c)).

ii. With the adoption of the Canadian GAAP financial instruments accounting 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.

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 deferred stripping costs when such costs are considered a betterment of the asset. Under US GAAP, all stripping costs are treated as variable production costs.

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

f) Cumulative Translation Losses
Under Canadian GAAP, when a foreign subsidiary pays a dividend to the parent company and there has been a reduction in the net investment, a gain or loss equivalent to a proportionate amount of cumulative translation adjustment is recognized in net income.

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.

g) Differences in the Carrying Value of Assets Disposed
As a result of the accumulation of differences between US and Canadian GAAP, the carrying value of assets disposed in the period was different under each GAAP. The gain on the sale of these assets is adjusted to reflect these differences.

h) Non-Controlling Interests
As a result of the adoption of ASC Topic 810 during 2009, we have reclassified non-controlling interests to shareholders' equity as at December 31, 2009 and for all prior periods presented in the financial statements. Under Canadian GAAP, non-controlling interests are presented as a liability on the balance sheet. We have also adjusted consolidated net earnings and consolidated comprehensive income under US GAAP for net earnings and comprehensive income attributed to non-controlling interests.

i) Capitalized Interest
Under US GAAP, interest must be capitalized on all assets that are under development. For Canadian GAAP, interest may only be capitalized on project specific debt.

j) Other
Other adjustments include differences in respect of equity earnings and other items.

k) 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. The company operates 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, 2009 and 2008 were $27 million and $11 million, respectively. Our unrecognized tax benefit on December 31, 2009 was $67 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, 2009, 2008 and 2007, 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, 2009 and 2008. The balance of the adjustment to tax expense is the tax effect of adjustments to net earnings under US GAAP.

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).

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)	**2009**		2008	
	Pension Benefits	Other Post-retirement Benefits	Pension Benefits	Other Post-retirement Benefits
Funded status at end of year				
Fair value of plan assets	**$ 1,304**	**$ –**	$ 1,213	$ –
Benefit obligations	**1,429**	**311**	1,224	248
Funded status	**$ (125)**	**$ (311)**	$ (11)	$ (248)
Amounts recognized in the balance sheet				
Non-current asset	**$ 31**	**$ –**	$ 88	$ –
Current liability	**(17)**	**–**	(8)	(10)
Non-current liability	**(139)**	**(311)**	(91)	(238)
	$ (125)	**$ (311)**	$ (11)	$ (248)
Amounts recognized in accumulated other comprehensive income				
Net actuarial loss (gain)	**$ 244**	**$ 41**	$ 108	$ (16)
Prior service cost	**72**	**4**	93	10
	$ 316	**$ 45**	$ 201	$ (6)

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, 2009 and 2008 were as follows:

(Cdn$ in millions)	**2009**	2008
Accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	**$ 703**	$ 297
Accumulated benefit obligation	**660**	285
Fair value of plan assets	**546**	212

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2010 are as follows:

(Cdn$ in millions)	Pension Benefits	Other Post-retirement Benefits
Actuarial loss	$ 19	$ 2
Prior service cost	19	5
Total	$ 38	$ 7

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, 2009 are summarized in the following table:

(Cdn$ in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	**Total**
Equity securities	$ 680	$ –	$ –	**$ 680**
Debt securities	402	77	–	**479**
Real estate and other	32	113	–	**145**
	$ 1,114	$ 190	$ –	**$ 1,304**

Level 1 – Marketable equity securities and marketable debt 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 – 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 and as a result, these assets are included in Level 2.

Level 3 – None of the pension plan assets are included in Level 3 of the hierarchy.

There are no significant concentrations of risk in our pension plan assets as at December 31, 2009.

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, short-term and long-term debt are initially recorded at total proceeds received less direct issuance costs. Under US GAAP, direct issuance costs are recorded separately as an asset.

o) Recent US Accounting Pronouncements

i. Accounting for Transfers 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. We are currently evaluating the potential effect of adopting this standard on our financial statements and disclosures.

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. Early adoption is not permitted. We are currently evaluating the potential effect of adopting this standard on our financial statements.

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. We are currently evaluating the potential effect of adopting this standard on our financial statements and disclosures.

26. Supplemental Guarantor Condensed Consolidating Financial Information

These schedules provide condensed consolidating financial information for the parent company, Teck Resources Limited, which has issued 9.75% senior secured notes due 2014, 10.25% senior secured notes due 2016 and 10.75% senior secured notes due 2019, for the wholly owned subsidiaries which have provided guarantees of these notes and for other subsidiaries which have not provided guarantees for these notes. These schedules are prepared pursuant to Rule 3-10 of Regulation S-X under the United States Securities and Exchange Act of 1933. All the guarantees are full and unconditional and joint and several. The investments in subsidiaries held by the parent, guarantors and non-guarantors have been accounted for using the equity method of accounting. The respective parent company's basis has been pushed down to the respective subsidiaries. Antamina is not considered a subsidiary under the US exchange rules and our share of Antamina's results and balances are included in consolidation adjustments in the following tables.

Year Ended December 31, 2009

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	621	465	177	66	**1,329**
Restricted cash	91	–	–	–	**91**
Income taxes receivable	–	38	–	–	**38**
Accounts and settlements receivable and other	6,997	501	347	(7,002)	**843**
Inventories	22	952	357	44	**1,375**
Current assets	7,731	1,956	881	(6,892)	**3,676**
Investments	21,554	7,360	–	(27,662)	**1,252**
Property, plant and equipment	489	13,844	7,667	426	**22,426**
Other assets	1,473	3,651	963	(5,230)	**857**
Goodwill	–	944	718	–	**1,662**
	31,247	27,755	10,229	(39,358)	**29,873**
Accounts payable and accrued liabilities	4,684	4,997	184	(8,613)	**1,252**
Current portion of long-term debt	1,078	12	21	10	**1,121**
Current liabilities	5,762	5,009	205	(8,603)	**2,373**
Long-term debt	9,676	1,607	360	(4,760)	**6,883**
Other liabilities	52	468	278	231	**1,029**
Future income and resource taxes	1,267	3,694	1,272	(1,226)	**5,007**
Non-controlling interests	–	–	91	–	**91**
Shareholder's equity	14,490	16,977	8,023	(25,000)	**14,490**
	31,247	27,755	10,229	(39,358)	**29,873**
Condensed Consolidating Statement of Earnings Information					
Revenues	104	4,737	2,186	647	**7,674**
Operating expenses	55	2,703	1,062	192	**4,012**
Depreciation and amortization	22	566	314	26	**928**
Operating profit	27	1,468	810	429	**2,734**
Interest and financing	820	66	3	(234)	**655**
Exploration	6	10	18	(1)	**33**
Asset impairment	25	–	2	–	**27**
General, administration and other expense (income)	(1,423)	(326)	(173)	1,301	**(621)**
Earnings (loss) before the understated items	599	1,718	960	(637)	**2,640**
Provision for income and resource taxes	(87)	(297)	(49)	(262)	**(695)**
Non-controlling interests	–	–	(69)	–	**(69)**
Equity earnings (loss)	1,291	758	–	(2,175)	**(126)**
Net earnings (loss) from continuing operations	1,803	2,179	842	(3,074)	**1,750**
Net earnings from discontinued operations	28	49	4	–	**81**
Net earnings (loss)	1,831	2,228	846	(3,074)	**1,831**

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2009

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	2,810	3,473	569	(3,869)	**2,983**
Investing activities					
Property, plant and equipment	(79)	(103)	(380)	(28)	**(590)**
Investments and other assets	(302)	(53)	(17)	–	**(372)**
Investment in subsidiaries	(203)	–	–	203	**–**
Proceeds from sale of investments and other assets	179	209	4	–	**392**
Increase in restricted cash	(94)	–	–	–	**(94)**
	(499)	53	(393)	175	**(664)**
Financing activities					
Issuance of debt	4,462	–	–	–	**4,462**
Repayment of debt	(8,103)	(19)	(19)	–	**(8,141)**
Issuance of Class B subordinate voting shares	1,670	–	–	–	**1,670**
Distributions to non-controlling interests	–	–	(69)	–	**(69)**
Interdivision distributions	–	(3,684)	(79)	3,763	**–**
	(1,971)	(3,703)	(167)	3,763	**(2,078)**
Effect of exchange rate changes on cash and cash equivalents in US dollars	–	(48)	(17)	(6)	**(71)**
Cash received from discontinued operations	(1)	307	3	–	**309**
Increase (decrease) in cash	339	82	(5)	63	**479**
Cash and cash equivalents at beginning of year	282	383	182	3	**850**
Cash and cash equivalents at end of year	621	465	177	66	**1,329**

Year Ended December 31, 2008

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	282	383	182	3	850
Income taxes receivable	47	1,023	–	60	1,130
Accounts and settlements receivable and other	7,999	1,701	340	(9,260)	780
Inventories	27	959	307	46	1,339
Current assets	8,355	4,066	829	(9,151)	4,099
Investments	19,390	6,628	–	(25,070)	948
Property, plant and equipment	539	14,546	8,333	491	23,909
Other assets	2,313	3,296	1,056	(5,812)	853
Goodwill	–	933	791	–	1,724
	30,597	29,469	11,009	(39,542)	31,533
Accounts payable and accrued liabilities	3,435	8,807	967	(11,703)	1,506
Short-term debt	6,436	–	–	–	6,436
Current portion of long-term debt	1,304	5	17	10	1,336
Current liabilities	11,175	8,812	984	(11,693)	9,278
Long-term debt	8,392	1,225	299	(4,814)	5,102
Other liabilities	53	549	316	266	1,184
Future income and resource taxes	77	2,272	2,533	83	4,965
Non-controlling interests	–	–	104	–	104
Shareholders' equity	10,900	16,611	6,773	(23,384)	10,900
	30,597	29,469	11,009	(39,542)	31,533

Year Ended December 31, 2008

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Earnings Information					
Revenues	82	3,869	2,107	597	6,655
Operating expenses	83	2,444	1,127	190	3,844
Depreciation and amortization	29	168	219	52	468
Operating profit (loss)	(30)	1,257	761	355	2,343
Interest and financing	341	47	3	(209)	182
Exploration	18	32	83	–	133
Asset impairment	148	9	432	–	589
General, administration and other expense (income)	(561)	(760)	(8)	1,388	59
Earnings (loss) before the understated items	24	1,929	251	(824)	1,380
Provision for income and resource taxes	31	145	(136)	(692)	(652)
Non-controlling interests	–	–	(82)	–	(82)
Equity earnings (loss)	614	128	–	(720)	22
Net earnings (loss) from continuing operations	669	2,202	33	(2,236)	668
Net earnings (loss) from discontinued operations	(10)	(3)	4	–	(9)
Net earnings (loss)	659	2,199	37	(2,236)	659
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	2,111	1,229	916	(2,147)	2,109
Investing activities					
Property, plant and equipment	(248)	(172)	(458)	(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	204	–	–	214
Increase in temporary investments	–	–	(11)	–	(11)
	(12,548)	(39)	(499)	63	(13,023)
Financing Activities					
Issuance of debt	11,842	–	–	–	11,842
Repayment of debt	(854)	(374)	–	–	(1,228)
Issuance of Class B subordinate voting shares	6	–	–	–	6
Dividends paid	(442)	–	–	–	(442)
Distributions to non-controlling interests	–	–	(102)	–	(102)
Other	(7)	(7)	–	1	(13)
Interdivision distributions	–	(1,510)	(509)	2,019	–
	10,545	(1,891)	(611)	2,020	10,063
Effect of exchange rate changes on cash and cash equivalents held in US dollars	–	213	9	12	234
Cash received from discontinued operations	(24)	70	13	–	59
Increase (decrease) in cash	84	(418)	(172)	(52)	(558)
Cash and cash equivalents at beginning of year	198	801	354	55	1,408
Cash and cash equivalents at end of year	282	383	182	3	850

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2007

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	198	801	354	55	1,408
Income taxes receivable	–	6	–	27	33
Accounts and settlements receivable and other	149	1,886	417	(1,892)	560
Inventories	27	703	244	30	1,004
Current assets	374	3,396	1,015	(1,780)	3,005
Investments	13,320	3,906	–	(15,720)	1,506
Property, plant and equipment	722	2,438	4,250	397	7,807
Other assets	1,502	3,705	(145)	(4,470)	592
Goodwill	82	–	581	–	663
	16,000	13,445	5,701	(21,573)	13,573
Accounts payable and accrued liabilities	3,791	484	661	(3,698)	1,238
Current portion of long-term debt	31	–	–	–	31
Current liabilities	3,822	484	661	(3,698)	1,269
Long-term debt	3,831	1,299	242	(3,880)	1,492
Other liabilities	216	513	(55)	320	994
Future income and resource taxes	412	444	1,044	107	2,007
Non-controlling interests	–	–	92	–	92
Shareholder's equity	7,719	10,705	3,717	(14,422)	7,719
	16,000	13,445	5,701	(21,573)	13,573
Condensed Consolidating Statement of Earnings Information					
Revenues	34	3,649	1,703	803	6,189
Operating expenses	29	2,153	786	185	3,153
Depreciation and amortization	9	151	99	34	293
Operating profit (loss)	(4)	1,345	818	584	2,743
Interest and financing	197	89	1	(202)	85
Exploration	21	14	67	2	104
Asset impairment	26	–	43	–	69
General, administration and other expense (income)	(426)	(222)	166	428	(54)
Earnings (loss) before the understated items	178	1,464	541	356	2,539
Provision for income and resource taxes	(19)	(181)	(61)	(545)	(806)
Non-controlling interests	–	–	(47)	–	(47)
Equity earnings (loss)	1,475	545	–	(2,025)	(5)
Net earnings (loss) from continuing operations	1,634	1,828	433	(2,214)	1,681
Net earnings (loss) from discontinued operations	(19)	(45)	(2)	–	(66)
Net earnings (loss)	1,615	1,783	431	(2,214)	1,615

Year Ended December 31, 2007

As Reported in Canadian GAAP (Cdn$ in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating Activities	4,386	(2,536)	1,264	(1,372)	1,742
Investing Activities					
Property, plant and equipment	(86)	(157)	(294)	(18)	(555)
Investments and other assets	(458)	(266)	–	–	(724)
Investment in subsidiaries	(69)	–	–	69	–
Acquisition of Fording Canadian Coal Trust	–	(599)	–	–	(599)
Acquisition of Aur Resources Inc.	(2,588)	–	–	–	(2,588)
Proceeds from sale of investments and other assets	166	25	–	1	192
Increase in temporary investments	4	190	–	–	194
Decrease in cash held in trust	105	–	–	–	105
	(2,926)	(807)	(294)	52	(3,975)
Financing Activities					
Issuance of debt	–	11	3	–	14
Issuance of Class B subordinate voting shares	13	–	–	–	13
Purchase and cancellation of class B subordinate voting shares	(577)	–	–	–	(577)
Dividends paid	(426)	–	–	–	(426)
Distributions to non-controlling interests	–	–	(42)	–	(42)
Redemption of exchangeable debentures	(105)	–	–	–	(105)
Interdivision distributions	–	(578)	(749)	1,327	–
	(1,095)	(567)	(788)	1,327	(1,123)
Effect of exchange rate changes on cash and cash equivalents held in US dollars	(130)	(191)	–	(12)	(333)
Cash received from discontinued operations	(19)	59	3	–	43
Increase (decrease) in cash	216	(4,042)	185	(5)	(3,646)
Cash and cash equivalents at beginning of year	(18)	4,843	169	60	5,054
Cash and cash equivalents at end of year	198	801	354	55	1,408

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2009

Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Parent Company			Guarantor Subsidiaries		
	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	465	–	465
Restricted cash	91	–	91	–	–	–
Income taxes receivable	–	–	–	38	–	38
Accounts and settlements receivable and other	6,997	–	6,997	501	–	501
Inventories	22	–	22	952	–	952
Deferred debt issuance costs	–	11	11	–	–	–
Current assets	7,731	11	7,742	1,956	–	1,956
Investments	21,554	(241)	21,313	7,360	(107)	7,253
Property, plant and equipment	489	(88)	401	13,844	(65)	13,779
Other assets	1,473	107	1,580	3,651	(185)	3,466
Goodwill	–	–	–	944	–	944
	31,247	(211)	31,036	27,755	(357)	27,398
Accounts payable and accrued liabilities	4,684	–	4,684	4,997	–	4,997
Current portion of long-term debt	1,078	11	1,089	12	–	12
Current liabilities	5,762	11	5,773	5,009	–	5,009
Long-term debt	9,676	165	9,841	1,607	–	1,607
Other liabilities	52	(1)	51	468	33	501
Future income and resource taxes	1,267	(56)	1,211	3,694	(166)	3,528
Non-controlling interests	–	–	–	–	–	–
Shareholders' equity	14,490	(330)	14,160	16,977	(224)	16,753
	31,247	(211)	31,036	27,755	(357)	27,398
Condensed Consolidating Statement of Earnings Information						
Revenues	104	–	104	4,737	–	4,737
Operating expenses	55	–	55	2,703	–	2,703
Depreciation and amortization	22	–	22	566	(2)	564
Operating profit (loss)	27	–	27	1,468	2	1,470
Interest and financing	820	–	820	66	–	66
Exploration	6	21	27	10	–	10
Asset impairment	25	–	25	–	–	–
General, administration and other expense (income)	(1,423)	45	(1,378)	(326)	–	(326)
Earnings before the under noted items	599	(66)	533	1,718	2	1,720
Provision for income and resource taxes	(87)	28	(59)	(297)	5	(292)
Non-controlling interests	–	–	–	–	–	–
Equity earnings (loss)	1,291	101	1,392	758	(6)	752
Net earnings (loss) from continuing operations	1,803	63	1,866	2,179	1	2,180
Net earnings (loss) from discontinued operations	28	7	35	49	8	57
Net earnings (loss)	1,831	70	1,901	2,228	9	2,237
Attributable to the Parent			1,901			2,237
Attributable to 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
177	–	177	66	–	66	**1,329**	**–**	**1,329**
–	–	–	–	–	–	**91**	**–**	**91**
–	–	–	–	–	–	**38**	**–**	**38**
347	–	347	(7,002)	–	(7,002)	**843**	**–**	**843**
357	(4)	353	44	–	44	**1,375**	**(4)**	**1,371**
–	–	–	–	–	–	**–**	**11**	**11**
881	(4)	877	(6,892)	–	(6,892)	**3,676**	**7**	**3,683**
–	–	–	(27,662)	326	(27,336)	**1,252**	**(22)**	**1,230**
7,667	(200)	7,467	426	23	449	**22,426**	**(330)**	**22,096**
963	(42)	921	(5,230)	–	(5,230)	**857**	**(120)**	**737**
718	–	718	–	–	–	**1,662**	**–**	**1,662**
10,229	(246)	9,983	(39,358)	349	(39,009)	**29,873**	**(465)**	**29,408**
184	–	184	(8,613)	–	(8,613)	**1,252**	**–**	**1,252**
21	–	21	10	–	10	**1,121**	**11**	**1,132**
205	–	205	(8,603)	–	(8,603)	**2,373**	**11**	**2,384**
360	–	360	(4,760)	–	(4,760)	**6,883**	**165**	**7,048**
278	(2)	276	231	(1)	230	**1,029**	**29**	**1,058**
1,272	(117)	1,155	(1,226)	4	(1,222)	**5,007**	**(335)**	**4,672**
91	(92)	(1)	–	1	1	**91**	**(91)**	**–**
8,023	(35)	7,988	(25,000)	345	(24,655)	**14,490**	**(244)**	**14,246**
10,229	(246)	9,983	(39,358)	349	(39,009)	**29,873**	**(465)**	**29,408**

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
2,186	–	2,186	647	–	647	**7,674**	**–**	**7,674**
1,062	46	1,108	192	–	192	**4,012**	**46**	**4,058**
314	(23)	291	26	–	26	**928**	**(25)**	**903**
810	(23)	787	429	–	429	**2,734**	**(21)**	**2,713**
3	–	3	(234)	(22)	(256)	**655**	**(22)**	**633**
18	15	33	(1)	–	(1)	**33**	**36**	**69**
2	–	2	–	–	–	**27**	**–**	**27**
(173)	(17)	(190)	1,301	–	1,301	**(621)**	**28**	**(593)**
960	(21)	939	(637)	22	(615)	**2,640**	**(63)**	**2,577**
(49)	20	(29)	(262)	(5)	(267)	**(695)**	**48**	**(647)**
(69)	69	–	–	–	–	**(69)**	**69**	**–**
–	–	–	(2,175)	(98)	(2,273)	**(126)**	**(3)**	**(129)**
842	68	910	(3,074)	(81)	(3,155)	**1,750**	**51**	**1,801**
4	2	6	–	–	–	**81**	**17**	**98**
846	70	916	(3,074)	(81)	(3,155)	**1,831**	**68**	**1,899**
		846			(3,155)			**1,829**
		70			–			**70**

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2008

Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Parent Company			Guarantor Subsidiaries		
	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	383	–	383
Income taxes receivable	47	–	47	1,023	–	1,023
Accounts and settlements receivable and other	7,999	–	7,999	1,701	–	1,701
Inventories	27	–	27	959	–	959
Deferred debt issuance costs	–	106	106	–	–	–
Current assets	8,355	106	8,461	4,066	–	4,066
Investments	19,390	(173)	19,217	6,628	(73)	6,555
Property, plant and equipment	539	(72)	467	14,546	(100)	14,446
Other assets	2,313	65	2,378	3,296	(165)	3,131
Goodwill	–	–	–	933	–	933
	30,597	(74)	30,523	29,469	(338)	29,131
Accounts payable and accrued liabilities	3,435	–	3,435	8,807	–	8,807
Short-term debt	6,436	80	6,516	–	–	–
Current portion of long-term debt	1,304	26	1,330	5	–	5
Current liabilities	11,175	106	11,281	8,812	–	8,812
Long-term debt	8,392	62	8,454	1,225	–	1,225
Other liabilities	53	5	58	549	(88)	461
Future income and resource taxes	77	(32)	45	2,272	(114)	2,158
Non-controlling interests	–	–	–	–	–	–
Shareholders' equity	10,900	(215)	10,685	16,611	(136)	16,475
	30,597	(74)	30,523	29,469	(338)	29,131
Condensed Consolidating Statement of Earnings Information						
Revenues	82	–	82	3,869	–	3,869
Operating expenses	83	–	83	2,444	–	2,444
Depreciation and amortization	29	(1)	28	168	(3)	165
Operating profit (loss)	(30)	1	(29)	1,257	3	1,260
Interest and financing	341	–	341	47	–	47
Exploration	18	53	71	32	–	32
Asset impairment	148	–	148	9	–	9
General, administration and other expense (income)	(561)	(9)	(570)	(760)	–	(760)
Earnings before the under noted items	24	(43)	(19)	1,929	3	1,932
Provision for income and resource taxes	31	(32)	(1)	145	–	145
Non-controlling interests	–	–	–	–	–	–
Equity earnings (loss)	614	(25)	589	128	(35)	93
Net earnings (loss) from continuing operations	669	(100)	569	2,202	(32)	2,170
Net earnings (loss) from discontinued operations	(10)	10	–	(3)	1	(2)
Net earnings (loss)	659	(90)	569	2,199	(31)	2,168
Attributable to the Parent			569			2,168
Attributable to 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
182	–	182	3	–	3	850	–	850
–	–	–	60	–	60	1,130	–	1,130
340	–	340	(9,260)	–	(9,260)	780	–	780
307	–	307	46	–	46	1,339	–	1,339
–	–	–	–	–	–	–	106	106
829	–	829	(9,151)	–	(9,151)	4,099	106	4,205
–	–	–	(25,070)	227	(24,843)	948	(19)	929
8,333	(184)	8,149	491	21	512	23,909	(335)	23,574
1,056	(19)	1,037	(5,812)	–	(5,812)	853	(119)	734
791	–	791	–	–	–	1,724	–	1,724
11,009	(203)	10,806	(39,542)	248	(39,294)	31,533	(367)	31,166
967	–	967	(11,703)	–	(11,703)	1,506	–	1,506
–	–	–	–	–	–	6,436	80	6,516
17	–	17	10	–	10	1,336	26	1,362
984	–	984	(11,693)	–	(11,693)	9,278	106	9,384
299	–	299	(4,814)	–	(4,814)	5,102	62	5,164
316	(3)	313	266	–	266	1,184	(86)	1,098
2,533	(87)	2,446	83	1	84	4,965	(232)	4,733
104	(104)	–	–	–	–	104	(104)	–
6,773	(9)	6,764	(23,384)	247	(23,137)	10,900	(113)	10,787
11,009	(203)	10,806	(39,542)	248	(39,294)	31,533	(367)	31,166
2,107	–	2,107	597	–	597	6,655	–	6,655
1,127	90	1,217	190	–	190	3,844	90	3,934
219	(2)	217	52	–	52	468	(6)	462
761	(88)	673	355	–	355	2,343	(84)	2,259
3	–	3	(209)	(17)	(226)	182	(17)	165
83	(16)	67	–	–	–	133	37	170
432	–	432	–	–	–	589	–	589
(8)	–	(8)	1,388	(1)	1,387	59	(10)	49
251	(72)	179	(824)	18	(806)	1,380	(94)	1,286
(136)	44	(92)	(692)	(7)	(699)	(652)	5	(647)
(82)	82	–	–	–	–	(82)	82	–
–	–	–	(720)	48	(672)	22	(12)	10
33	54	87	(2,236)	59	(2,177)	668	(19)	649
4	–	4	–	–	–	(9)	11	2
37	54	91	(2,236)	59	(2,177)	659	(8)	651
		9			(2,177)			569
		82			–			82

26. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2007

Reconciliation from Canadian GAAP to US GAAP (Cdn$ in millions)

	Parent Company			Guarantor Subsidiaries		
	Canadian GAAP	US GAAP Adjustments	US GAAP	Canadian GAAP	US GAAP Adjustments	US GAAP
Condensed Consolidating Balance Sheet Information						
Cash and cash equivalents	198	–	198	801	–	801
Income taxes receivable	–	–	–	6	–	6
Accounts and settlements receivable and other	149	–	149	1,886	–	1,886
Inventories	27	–	27	703	–	703
Current assets	374	–	374	3,396	–	3,396
Investments	13,320	(182)	13,138	3,906	(55)	3,851
Property, plant and equipment	722	(15)	707	2,438	(110)	2,328
Other assets	1,502	–	1,502	3,705	(124)	3,581
Goodwill	82	–	82	–	–	–
	16,000	(197)	15,803	13,445	(289)	13,156
Current liabilities	3,822	–	3,822	484	–	484
Long-term debt	3,831	–	3,831	1,299	–	1,299
Other liabilities	216	11	227	513	(45)	468
Future income and resource taxes	412	(68)	344	444	(113)	331
Non-controlling interests	–	–	–	–	–	–
Shareholders' equity	7,719	(140)	7,579	10,705	(131)	10,574
	16,000	(197)	15,803	13,445	(289)	13,156
Condensed Consolidating Statement of Earnings Information						
Revenues	34	–	34	3,649	–	3,649
Operating expenses	29	–	29	2,153	–	2,153
Depreciation and amortization	9	(1)	8	151	–	151
Operating profit (loss)	(4)	1	(3)	1,345	–	1,345
Interest and financing	197	–	197	89	–	89
Exploration	21	11	32	14	–	14
Asset impairment	26	–	26	–	–	–
General, administration and other expense (income)	(426)	(1)	(427)	(222)	(59)	(281)
Earnings before the under noted items	178	(9)	169	1,464	59	1,523
Provision for income and resource taxes	(19)	6	(13)	(181)	14	(167)
Non-controlling interests	–	–	–	–	–	–
Equity earnings (loss)	1,475	32	1,507	545	(17)	528
Net earnings (loss) from continuing operations	1,634	29	1,663	1,828	56	1,884
Net earnings (loss) from discontinued operations	(19)	10	(9)	(45)	1	(44)
Net earnings (loss)	1,615	39	1,654	1,783	57	1,840
Attributable to the Parent			1,654			1,840
Attributable to 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
354	–	354	55	–	55	1,408	–	1,408
–	–	–	27	–	27	33	–	33
417	–	417	(1,892)	–	(1,892)	560	–	560
244	–	244	30	–	30	1,004	–	1,004
1,015	–	1,015	(1,780)	–	(1,780)	3,005	–	3,005
–	–	–	(15,720)	225	(15,495)	1,506	(12)	1,494
4,250	(112)	4,138	397	6	403	7,807	(231)	7,576
(145)	(32)	(177)	(4,470)	(1)	(4,471)	592	(157)	435
581	–	581	–	–	–	663	–	663
5,701	(144)	5,557	(21,573)	230	(21,343)	13,573	(400)	13,173
661	–	661	(3,698)	–	(3,698)	1,269	–	1,269
242	–	242	(3,880)	–	(3,880)	1,492	–	1,492
(55)	14	(41)	320	–	320	994	(20)	974
1,044	(56)	988	107	(2)	105	2,007	(239)	1,768
92	(92)	–	–	–	–	92	(92)	–
3,717	(10)	3,707	(14,422)	232	(14,190)	7,719	(49)	7,670
5,701	(144)	5,557	(21,573)	230	(21,343)	13,573	(400)	13,173

1,703	–	1,703	803	–	803	6,189	–	6,189
786	46	832	185	–	185	3,153	46	3,199
99	(3)	96	34	–	34	293	(4)	289
818	(43)	775	584	–	584	2,743	(42)	2,701
1	–	1	(202)	1	(201)	85	1	86
67	21	88	2	–	2	104	32	136
43	–	43	–	–	–	69	–	69
166	–	166	428	–	428	(54)	(60)	(114)
541	(64)	477	356	(1)	355	2,539	(15)	2,524
(61)	25	(36)	(545)	–	(545)	(806)	45	(761)
(47)	47	–	–	–	–	(47)	47	–
–	–	–	(2,025)	(17)	(2,042)	(5)	(2)	(7)
433	8	441	(2,214)	(18)	(2,232)	1,681	75	1,756
(2)	–	(2)	–	–	–	(66)	11	(55)
431	8	439	(2,214)	(18)	(2,232)	1,615	86	1,701
		392			(2,232)			1,654
		47			–			47

Caution on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. 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 earnings and cash flow, our plans for our oil sands investments and our copper and other development projects, forecast production, costs and the resolution of geotechnical issues at Highland Valley Copper, expected progress and costs of our Antamina expansion project, our expectations for commissioning and ramp-up of our Carmen de Andacollo concentrate project, 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, future production and sales volumes, capital expenditures and mine production costs, demand and market outlook for commodities, future commodity prices and treatment and refining charges, the settlement of coal contracts with customers, access to and treatment and disposal of process water at our operations, the outcome of mine permitting currently underway, particularly our ability to obtain the permits necessary for the development at the Aqqaluk deposit at our Red Dog mine and the risk of the stay of a critical permit as a result of an appeal, and the outcome of legal proceedings involving the company. Reserve and resource estimates and mine life estimates are forward-looking statements. 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, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets and the future financial performance of the company. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

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.

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, 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, and changes or further deterioration in general economic conditions.

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 most recent Annual Information Form, filed on SEDAR and on EDGAR under cover of Form 40F.

2009 Share Prices and Trading Volume

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

	High	Low	Close	Volume
Q1	$ 8.85	$ 3.35	$ 7.05	604,589,147
Q2	$ 20.95	$ 6.60	$ 18.55	742,600,729
Q3	$ 31.06	$ 17.27	$ 29.50	404,182,427
Q4	$ 40.15	$ 27.05	$ 36.82	222,940,704
				1,974,313,007

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

	High	Low	Close	Volume
Q1	$ 7.46	$ 2.61	$ 5.55	64,298,600
Q2	$ 19.08	$ 5.27	$ 15.94	97,884,400
Q3	$ 28.94	$ 14.74	$ 27.57	70,948,100
Q4	$ 38.41	$ 24.87	$ 34.97	66,339,100
				299,470,200

Class A common shares-TSX-C$/share

	High	Low	Close	Volume
Q1	$ 15.00	$ 7.34	$ 9.37	271,547
Q2	$ 22.80	$ 9.37	$ 20.05	508,158
Q3	$ 31.59	$ 18.55	$ 30.36	290,515
Q4	$ 40.95	$ 28.50	$ 37.62	237,899
				1,308,119

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.

Shares Outstanding at December 31, 2009

Class A common shares	9,353,470
Class B subordinate voting shares	579,800,458

The Board of Directors and the management of Teck Resources Limited ("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.

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.

Shareholder Relations

Karen L. Dunfee, Corporate Secretary

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
E-mail: 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

Auditors

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

Setting Possibilities in Motion

Teck Resources Limited, Suite 3300, 550 Burrard Street
Vancouver, British Columbia, Canada V6C 0B3
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Environmental Benefits Statement

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

trees	water	energy	solid waste	greenhouse gases
140	242,495	44	1,752	5,994
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.