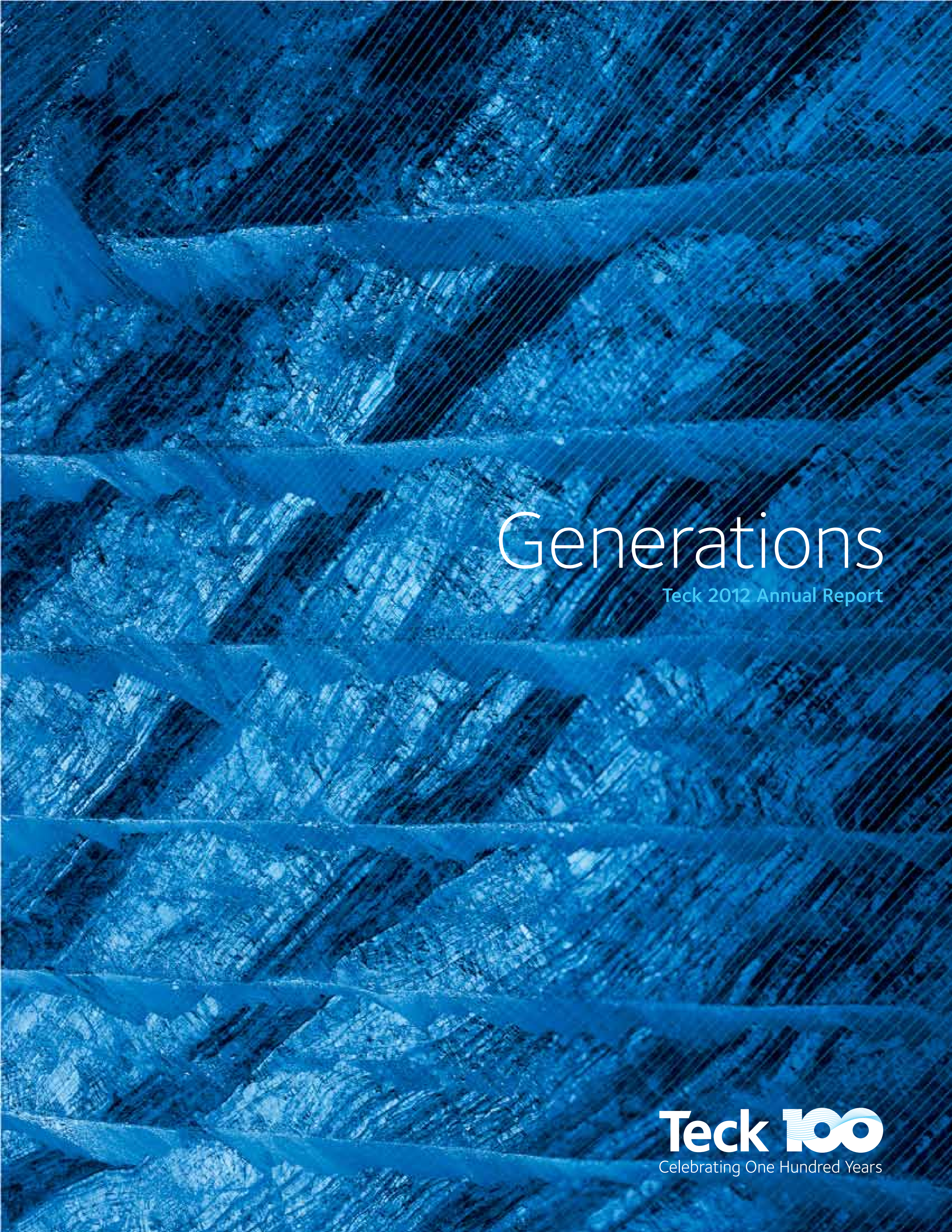


Generations

Teck 2012 Annual Report

Teck 100

Celebrating One Hundred Years

1913

Teck-Hughes Gold Mines Ltd. formed to develop a gold discovery in Teck Township on the shores of Kirkland Lake, Ontario; the mine produces gold for a half century until 1968

1935

Second gold mine developed at Lamaque, which also produces for 50 years

1954

High-grade copper discovery at Temagami put into production; Temagami Mining subsequently acquires control of Teck-Hughes and its affiliate Lamaque Mines

1962

Teck-Hughes, Lamaque and Canadian Devonian Petroleums merge to form Teck Corporation

1971

Teck merges with affiliates Area Mines, Leitch, Highland Bell and Silverfields to consolidate the principal Keevil Mining Group operating companies into a single growth vehicle

1975–1986

Major mine development thrust includes seven new mines producing zinc in Newfoundland, niobium in Quebec, copper and coal in British Columbia and gold in Ontario

1986

Teck acquires initial interest in Cominco from CP Ltd., eventually merging in 2001

1989–1992

Three more new mines developed: zinc in Alaska, copper-zinc in Quebec and copper in Chile

1998

Teck acquires partnership interest in Antamina copper-zinc development project in Peru, jointly with Noranda and Rio Algom; production achieved in 2001

2003

Teck and Fording Coal combine six coal mines into Elk Valley Coal Partnership, operated by Teck

2007

Purchase of Aur Resources brings new copper mines at Quebrada Blanca and Carmen de Andacollo in Chile

2008

Purchased the remainder of the Elk Valley Partnership from Fording Trust

2013

Teck marks 100 years and looks ahead to continuing to build a strong, diverse and responsible resource company for the next 100 years

Our Focus

2013 marks the 100th anniversary of Teck's founding. The company has evolved over the years into one of the world's leading diversified natural resource companies, committed to responsible mining and mineral development. We have helped to build communities, create jobs and drive innovation, making our industry more sustainable. We are Canada's largest diversified resource company, focused on providing products that are critical to building a better quality of life for people around the globe.

Contents

Cover photo: The Cougar North Wall at Greenhills Operations in British Columbia, Canada

Building On Our Resources For 100 Years

1913
Teck-Hughes Gold Mines Ltd. formed to develop a gold discovery in Teck Township on the shores of Kirkland Lake, Ontario; the mine produces gold for a half century until 1968

1935
Second gold mine developed at Lamaque, which also produces for 50 years

1954
High-grade copper discovery at Temagami put into production; Temagami Mining subsequently acquires control of Teck-Hughes and its affiliate Lamaque Mines

1962
Teck-Hughes, Lamaque and Canadian Devonian Petroleums merge to form Teck Corporation

1971
Teck merges with affiliates Area Mines, Leitch, Highland Bell and Silverfields to consolidate the principal Keevil Mining Group operating companies into a single growth vehicle

1975–1986
Major mine development thrust includes seven new mines producing zinc in Newfoundland, niobium in Quebec, copper and coal in British Columbia and gold in Ontario

1986
Teck acquires initial interest in Cominco from CP Ltd., eventually merging in 2001

1989–1992
Three more new mines developed: zinc in Alaska, copper-zinc in Quebec and copper in Chile

1998
Teck acquires partnership interest in Antamina copper-zinc development project in Peru, jointly with Noranda and Rio Algom; production achieved in 2001

2003
Teck and Fording Coal combine six coal mines into Elk Valley Coal Partnership, operated by Teck

2007
Purchase of Aur Resources brings new copper mines at Quebrada Blanca and Carmen de Andacollo in Chile

2008
Purchased the remainder of the Elk Valley Partnership from Fording Trust

2013
Teck marks 100 years and looks ahead to continuing to build a strong, diverse and responsible resource company for the next 100 years

Our Focus

2013 marks the 100th anniversary of Teck's founding. The company has evolved over the years into one of the world's leading diversified natural resource companies, committed to responsible mining and mineral development. We have helped to build communities, create jobs and drive innovation, making our industry more sustainable. We are Canada's largest diversified resource company, focused on providing products that are critical to building a better quality of life for people around the globe.

Contents

Cover photo: The Cougar North Wall at Greenhills Operations in British Columbia, Canada

Our Business

Teck is a diversified resource company committed to responsible mining and mineral development with business units focused on copper, steelmaking coal, zinc and energy. Headquartered in Vancouver, British Columbia, Canada, we own or have an interest in 13 mines in Canada, the United States, Chile and Peru, as well as one large metallurgical complex in Canada. We have expertise across a wide range of activities related to exploration, development, mining and minerals processing including smelting and refining, safety, environmental protection, materials stewardship, recycling and research.

Our corporate strategy is focused on building a broadly diversified resource company, growing our production at existing operations and developing new projects in stable jurisdictions. The pursuit of sustainability guides our approach to business and we recognize that our success depends on our ability to establish safe workplaces for our people and collaborative relationships with communities.

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

Forward-Looking Statements
This annual report contains forward-looking statements. Please refer to the caution on forward-looking information on page 71.

All dollar amounts expressed throughout this report are in Canadian dollars unless otherwise noted.

2012 Highlights

Financial

- Revenues of $10.3 billion and gross profit before depreciation of $4.0 billion.
- Cash flow from operations of $2.8 billion.
- Profit attributable to shareholders of $811 million, or $1.39 per share. Adjusted profit of $1.5 billion, or $2.60 per share.
- Continued to strengthen the balance sheet with a number of debt refinancing transactions that extended our average debt maturities to 16.5 years and reduced our average coupon rate to 4.8%.
- Increased our semi-annual dividend by 12.5% to $0.45 per share.
- Ended the year with a cash balance of $3.3 billion and only US$323 million of debt due by the end of 2016.

Operating and Development

- Achieved record copper production of 373,000 tonnes.
- Increased both coal sales and production by 8%.
- Completed the purchase of SilverBirch Energy Corporation, giving us full ownership of the Frontier oil sands project, including the Equinox property.
- Achieved new collective labour agreements at our Cardinal River, Carmen de Andacollo, Quebrada Blanca, Trail and Antamina operations.

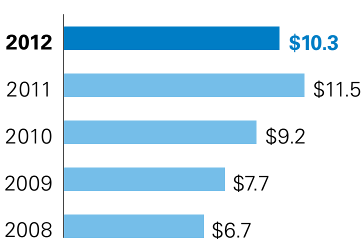
Safety

- Achieved several safety records during the year including the lowest total reportable injury frequency, representing a 9% improvement over the previous year, and the fewest number of serious incidents on record.

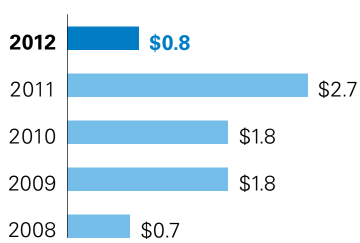
Sustainability

- Named to the Dow Jones Sustainability World Index (DJSI) for the third consecutive year. Our DJSI score placed our sustainability performance in the top 2% of companies in the mining industry worldwide.
- Named the top-ranked Canadian company and top mining company worldwide on the Global 100 Most Sustainable Corporations list in January 2013 by media and investment research company Corporate Knights.

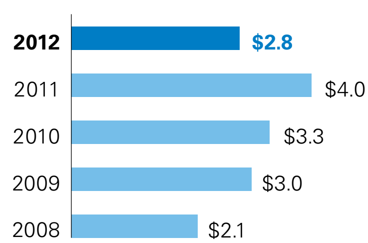
Revenue ($ in billions)



Profit Attributable to Shareholders ($ in billions)



Cash Flow from Operations ($ in billions)



Note: Amounts for 2012, 2011 and 2010 were prepared in accordance with IFRS. Amounts for prior years were prepared using Canadian GAAP.

Teck Customers

Corporate Head Office

Corporate Offices

Operations & Projects:

Copper

1. Highland Valley Copper
2. Duck Pond
3. Antamina
4. Quebrada Blanca
5. Carmen de Andacollo
6. Relincho
7. Galore Creek
8. Mesaba

Zinc

1. Red Dog
2. Trail Operations
3. Pend Oreille

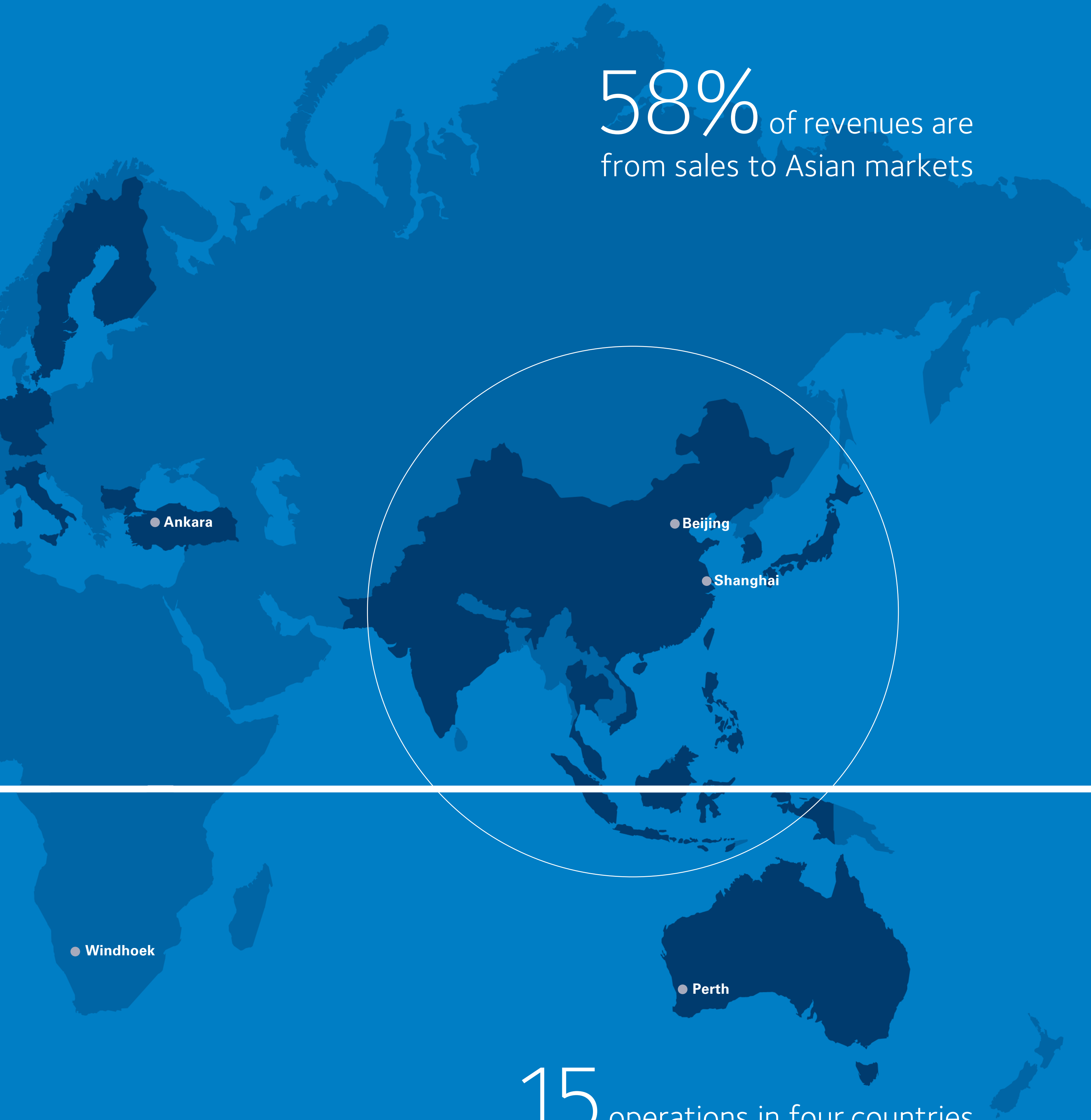
Energy

1. Frontier
2. Fort Hills
3. Wintering Hills

Steelmaking Coal

1. Cardinal River
2. Coal Sites in B.C.
   · Fording River
   · Greenhills
   · Line Creek
   · Elkview
   · Coal Mountain
3. Quintette

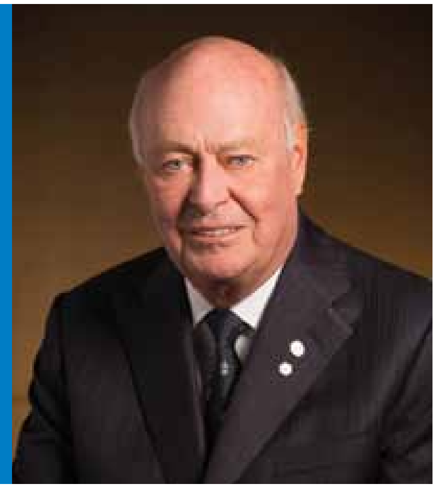
58% of revenues are from sales to Asian markets



15 operations in four countries, focused on copper, steelmaking coal, zinc and energy

Letter from the Chairman

Norman B. Keevil
Chairman of the Board



To the Shareholders

While 2011 had been a year of record revenues and profits, with strong production and demand for most of our products, results in 2012 were lower as a result of a number of well-reported factors. These included difficulties in the European Economic Community, debt and electoral unrest in the United States, lower growth and leadership changes in China, and events in the Middle East, to cite just a few.

It has been observed that recovery from a globally synchronized financial meltdown often takes years longer than from more typical business cycles, and this time certainly seems to fit that model.

Conditions in 2012 resulted in lower prices, earnings and cash flow for Teck and, similarly, for most of our peers. Many of these peers in the mining industry have announced leadership changes and write-downs of recent acquisitions, and have embarked upon a period of capital retrenchment and project deferral while they re-examine their ongoing options in an "uncertain future".

It is worth observing once again that in our experience the future has never been certain, and that a balanced, long-term business strategy that allows for this uncertainty is called for.

It was just a few years ago that the term "super-cycle" was popularized, reflecting ever-increasing demand from aspiring people in emerging markets. As we noted in this letter in 2009, this did not mean cycles had been abolished. Today, in early 2013, some pundits would say: "The super-cycle has ended". Neither conventional wisdom is likely valid.

At the same time, it is more difficult than ever to build new mines, exacerbated by interminable permitting delays and increasing capital costs. Our Antamina project stands out as one of the last major mines to actually have been built on budget, and many of the aforementioned write-downs have been a function of escalating construction costs.

It is a time of change, as always, and this company has been built by recognizing and embracing change.

2012 was a year in which we celebrated both continuity and evolutionary change at Teck. We have been in the mining business for 100 years since Teck-Hughes Gold Mines Ltd. was formed to explore and develop a gold mine in northern Ontario, but the company has changed many times over those years as our world has evolved. A brief historical review may be of interest.

Teck-Hughes remained a gold company for its first half century, adding a second mine at Lamaque in Quebec in 1934, but with rising costs and a fixed price, the gold mining business became increasingly difficult. Teck-Hughes turned to exploration for other metals, participating as part of a six-company syndicate in a geophysical survey that discovered the important Mattagami copper-zinc deposit in 1957. However, none of the six were in a position to develop it, and it ended up being built and controlled by Noranda. Ironically, Teck-Hughes in 1954 also drilled into what would much later become the important Hemlo gold deposit, but the grades weren't high enough in those days to spur its interest further and the claims were dropped. Teck would later return to this property in the 1980s.

Meanwhile, two external events would have an impact on Teck-Hughes. Temagami Mining Company was building a new copper mine that had also been discovered, by my father, as a result of geophysical surveys; and a group of businessmen from Regina, through Canadian Devonian Petroleums, had discovered the Steelman oil field. In a series of rapid moves the Temagami interests acquired control of Teck-Hughes and Lamaque, which in turn acquired Canadian Devonian and merged with it to form Teck Corporation. The old Teck evolved into a new Teck.

For a period, Teck's income was largely from oil and it explored for oil as well as metals, the latter generally in partnership with a loosely connected group of mining companies known as the Keevil Mining Group. These included Temagami; Silverfields, a new silver producer at Cobalt; and several members of the Mattagami Syndicate that had become part of the group. By 1970 it was decided that our objective of building a strong, ongoing mining company would be enhanced if we consolidated the various interrelated group companies into a single, focused growth vehicle. Teck Corporation, as the largest company in the group, became that vehicle.

As the brief timeline on the inside front cover of this report indicates, the revitalized Teck did embark upon an aggressive program of new mine development, often in joint ventures with other companies. This started with the building of three new mines and a copper smelter in a four-year period and, over the next 18 years after the consolidation it participated in 10 new mines, a feat not many companies have accomplished.

In the process Teck developed mines with products as diverse as zinc, niobium, copper, molybdenum and metallurgical coal, before eventually returning to gold with the David Bell mine at Hemlo.

While the thrust of the company remained as a mine builder, in the course of time it acquired control of Cominco, participating with it in new zinc and copper mines and in the consolidation of the Highland Valley copper camp in British Columbia before eventually acquiring the balance of that company in 2001.

Teck also expanded its coal operations into southern B.C., eventually consolidating its Elkview mine with other coal mines in the area to form the Elk Valley Coal Partnership, now wholly-owned and the second largest seaborne metallurgical coal producer in the world. Augmenting this with the joint development of the Antamina copper-zinc mine in Peru, copper operations in Chile, and a return to the oil business through new mining ventures in the Alberta oil sands, Teck has grown into the largest diversified mining company in Canada, surpassing or surviving a number of older mining companies which at one time were much stronger or larger.

It has done this by emphasizing the three things we believe are key to any successful mining company: the continuous need to sustain and augment our ore reserves; the need to maintain a solid financial position to enable us to withstand economic vicissitudes and to expand those operating assets when appropriate; and the importance of developing strong engineering and support teams that are able to build and operate efficiently and sustainably. Long-life reserves and diversity have been objectives for us ever since the new Teck began with limited mine life in the 1970s. This continues to be a company focus, and the importance of financial strength has never been clearer than it is today.

But in the final analysis, it is people who create successful enterprises — those who find, build and manage the mines and companies — and all of the people in Teck who have done this at various times as the company evolved over 100 years deserve credit for what they have accomplished, as well as the legacy they have left for those who will continue as the builders of the future Teck.

Finally, on a personal note, Brian Aune has decided for his own reasons not to stand for re-election to the Board of Directors at the upcoming annual meeting. Brian has been a strong director of Teck for many years, having joined us after retiring from the investment-banking firm he had built when it was acquired by the Bank of Montreal. For Brian, good governance was a given, and his efforts were always aimed at helping us make sound business decisions. He served Teck extremely well and will be missed, although he will continue to be a shareholder and I anticipate a lot of calls from him offering sound advice as time goes on.

During the last year we were fortunate to welcome Ed Dowling as a new director. Ed is an engineer with a PhD in metallurgy who brings a wealth of mining business experience with several companies that have been amongst the leaders in the world industry.

On behalf of the Board, and with thanks for your continued support,

Norman B. Keevil
Chairman
Vancouver, B.C., Canada
February 20, 2013

Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

It was 100 years ago, in 1913, that Teck-Hughes Gold Mines Ltd. was formed to develop a gold discovery on the shores of Kirkland Lake, Ontario. From those humble beginnings, Teck has evolved to become Canada's largest diversified natural resource company. With 13 mines and one large metallurgical complex in Canada, the United States, Chile and Peru, and offices and exploration activities around the world, we celebrate our centennial year with a deep sense of pride in our past and confidence in our future.

Throughout our company's rich history, we have been supplying products the world needs to build a better quality of life for people around the globe. Today, while we continue to see volatility in the global economy, we remain committed to our core strategy of building long-life assets in stable jurisdictions. Our financial position is strong and the fundamentals that underpin demand for our products remain solid, making our long-term outlook bright.

With a century of operating experience, we also know that responsible development is critical to our long-term success. We are focused on building strong relationships with communities, ensuring our people go home safe and healthy every day, and safeguarding the environment. We were pleased to be named to the Dow Jones Sustainability World Index for the third consecutive year. Our index score placed our sustainability performance in the top 2% of companies in the mining industry worldwide, with our environmental performance being ranked the highest in the sector. In January 2013, we were named the top-ranked Canadian company on the Global 100 Most Sustainable Corporations List, and were also the top-ranked global mining company.

Financial Performance and Operational Highlights

I am pleased to report that we achieved record safety performance in 2012. Safety is a core value at Teck, and last year we recorded the lowest total reportable injury frequency in our history, representing a 9% improvement over the previous year and the fewest number of serious incidents on record. While our work is not done, this achievement reminds us that by focusing on health and safety, we can achieve our goal of operating without injuries.

Our operating results in 2012 demonstrate the resiliency of our broadly diversified asset base and the benefits of our ability to expand production at key operations at relatively low capital cost. We achieved increased sales volume for steelmaking coal and copper compared to the previous year. Notably, we had record copper production in 2012 thanks to investments we have made at our Antamina, Carmen de Andacollo and Highland Valley Copper operations, and coal sales were our third-highest on record, despite challenging market conditions. In our energy business unit, we completed the purchase of SilverBirch Energy Corporation. This acquisition gives us full ownership of the Frontier project and provides us with an opportunity to explore new partnerships and other alternatives to move the project towards development.

2012 was a year of global economic uncertainty, resulting in lower commodity prices, and our gross profit, before depreciation and amortization, was $4.0 billion in 2012 compared to the record $5.8 billion in 2011 and $4.4 billion in 2010. The 31% decrease compared to 2011 was primarily due to lower commodity prices, particularly coal, partly offset by higher sales volumes of both copper and coal. In 2012, we increased our annual dividend rate by 12.5% to $0.90 per share. Annual revenues in 2012 were $10.3 billion, down 10% from the previous year's record revenues of $11.5 billion, again due mainly to lower commodity prices.

In spite of weaker commodity prices and markets, our balance sheet remains strong. In the fourth quarter of 2012, we announced the redemption of the last outstanding tranche of our high-yield debt. This was a milestone event, as it retired the remaining portion of the high-yield debt we issued in May 2009.

Notwithstanding our strong financial position, as the global economy remained uncertain in 2012, we focused on cost management strategies and deferred approximately $1.5 billion of expected capital spending from our original capital budgets.

Objectives for 2013

Our company's first operation, the Teck-Hughes mine in Ontario, operated for more than 50 years. It was a long-life asset in a stable jurisdiction and those characteristics continue to define our "stay the course" strategy today.

Attracting, retaining and developing the best employees is critical to our success and ensures that the company is appropriately staffed to promptly identify and act on opportunities to enhance our portfolio of assets. Our leadership programs will be expanded as part of our people strategy that engages employees in our business priorities. We will continue building on the success of our safety programs and expand our wellness initiatives throughout the company.

Building on our commitment to sustainability, our key focus in 2013 will be the establishment of baselines for water quantity and quality at all operations, advancing our commitment to our 2015 renewable energy target and developing management plans for the future supply of power for our operations and major projects.

In 2013, we will work to meet or exceed production guidance for each of our operations while continuing with our efforts to achieve increased efficiencies. In the coming year we aim to reduce our expected operating costs by approximately $200 million. This allows us to respond in the short term to changing market conditions while remaining poised for future growth. While some capital spending has been delayed, we remain focused on developing projects such as Quintette, Quebrada Blanca Phase 2 and Fort Hills; in 2013 we will work to advance engineering, permitting and partner approvals for these projects.

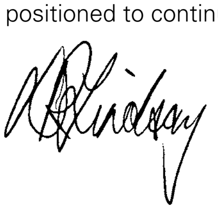
In 2013, we will continue to ensure that the company remains well positioned to identify and act on opportunities to enhance our portfolio of assets, while at all times maintaining a balanced approach to allocating capital between the development of existing assets, and the acquisition or development of new assets. We will do so by maintaining our robust financial position and access to a wide range of strong operating and financial partners. Finally, we will accelerate our understanding of the potential of our assets with respect to mineral resource, commercial and project development options.

Management

Over Teck's 100-year history, our people have been the foundation of our success. It is skilled, engaged and empowered employees who deliver value to our investors, contribute to our business and lay the groundwork for growth. I want to thank all of our employees for their hard work and dedication to our company.

I would like to recognize two individuals who have been at Teck for many years and who retired in 2012: Mike Agg, Senior Vice President, Zinc and John Thompson, Vice President, Technology and Development. Mike and John made important contributions to our company, and I'd like to wish them well in their retirement. I would also like to congratulate and welcome new members of senior management: Alex Christopher, Vice President, Exploration; Colin Joudrie, Vice President, Business Development; Dean Winsor, Vice President, Human Resources; Michael Davies, Vice President, Environment; Dave Welbourne, Vice President, Audit and Operational Review; Keith Stein, Vice President, Project Development; and Michael Han, our new Chief Economist based in China.

Teck has come a long way over the last 100 years. Thanks to the energy, ability and talent of our people, we are well positioned to continue helping build a better quality of life for people around the globe for the next century.



Donald R. Lindsay
President and Chief Executive Officer
February 20, 2013

hybrid vehicles require about twice as much copper as traditional vehicles: resources for a sustainable future

Copper

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

It is a vital component in power generation and transmission, construction, clean technology, electronics and countless other applications. As the world's need for infrastructure and consumer products continues to grow, particularly in nations with a rapidly expanding middle class and increasingly urban population, the global demand for copper is increasing in tandem.

Teck is a major world supplier of copper, with five operating mines and large development projects in Canada and South America.

Copper for Health

In addition to its role in electronics, copper's antimicrobial properties also make it ideal for reducing germ transfer from surfaces like door handles in places such as hospitals and public transit.

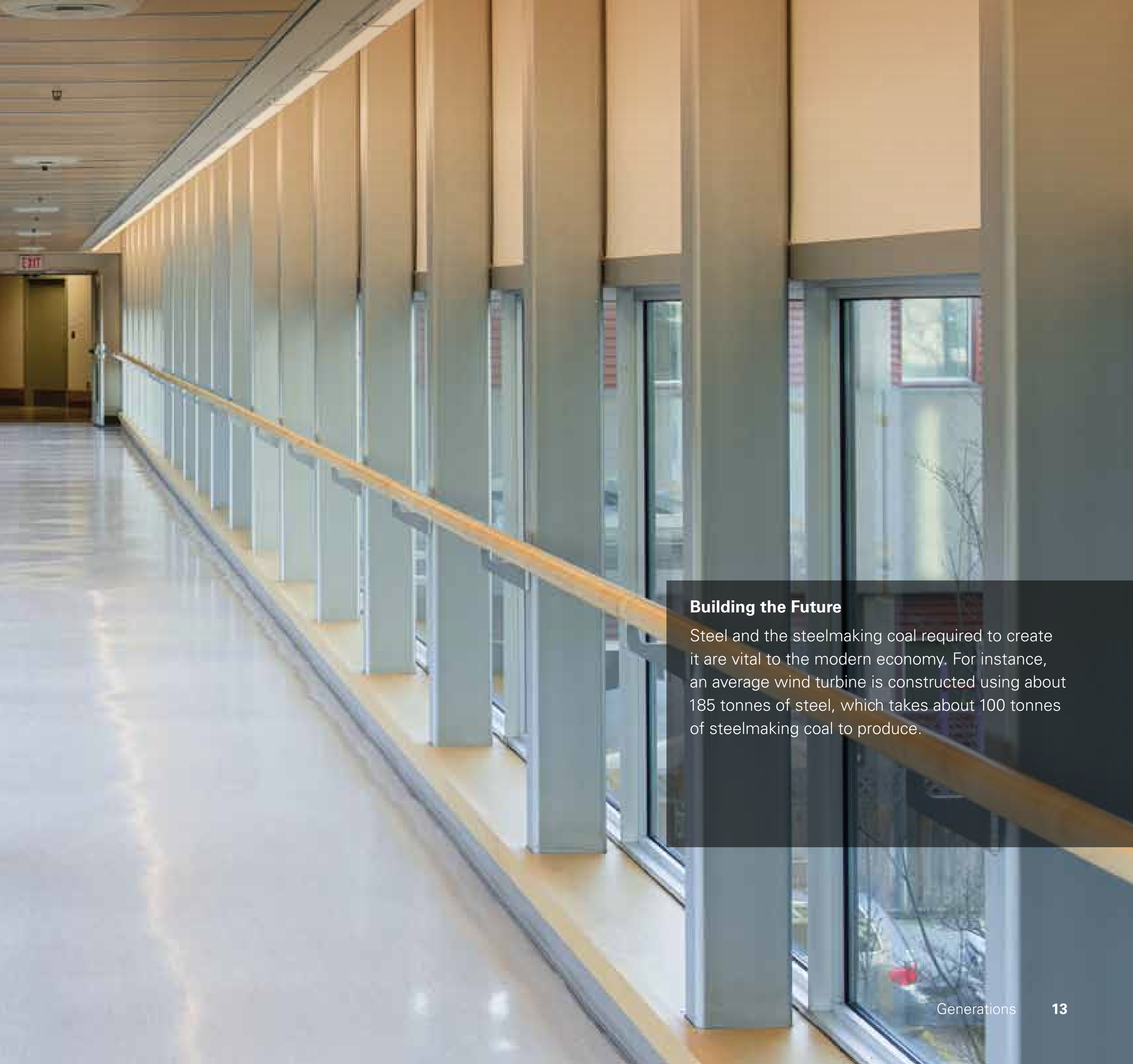
schools, hospitals and other infrastructure need steel: the backbone of our modern world

Steelmaking Coal

Steelmaking coal is critical to the production of steel, which is needed to build the hospitals, schools and other infrastructure that enable families around the globe to reach a higher standard of living.

The rapid growth underway in the Asia-Pacific region, particularly in China and India, represents the largest example of urbanization and industrialization in human history. Building the infrastructure necessary to support this growth is creating unprecedented demand for steel and the steelmaking coal needed to produce it.

We are the largest producer of steelmaking coal in North America, and the second-largest exporter of seaborne steelmaking coal in the world. As the world's population pursues a higher standard of living, our six steelmaking coal mines in Western Canada are helping to make this a reality.



Building the Future

Steel and the steelmaking coal required to create it are vital to the modern economy. For instance, an average wind turbine is constructed using about 185 tonnes of steel, which takes about 100 tonnes of steelmaking coal to produce.

essential to human development and disease prevention: zinc saves lives

Zinc

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

The primary uses of zinc are for galvanizing steel to protect against weather and corrosion, producing brass and bronze, and in die-casting to produce a wide range of metal products. Zinc can also be used as a soil additive, to significantly improve the quality and quantity of crops in areas where soil is zinc deficient. It is an essential nutrient that can help to reduce illness and improve the health of children, particularly in developing nations.

As one of the world's largest zinc producers and refiners, we play a role in supplying the zinc needed to meet the world's infrastructure and health needs.

Zinc for Growth

In China, 60% of arable land is zinc deficient. We have partnered with China's Ministry of Agriculture to promote the use of zinc fertilizer, which increases crop yields and brings positive economic returns to farmers.

emerging markets demand more energy: working towards a brighter future

Energy

We all rely on energy — to keep the lights on, to get to work, or to heat or cool our homes. We are committed to the sustainable development of new sources of energy to meet global demand.

As the world's population continues to grow and become more urbanized, the need for energy increases. Conventional sources are declining, making it more important than ever to focus on improving technology for the sustainable extraction of energy and on increasing the development of renewable power sources.

Our three oil sands projects located in the Athabasca region of northeastern Alberta hold significant production potential. The Wintering Hills Wind Power Facility in Alberta, in which we are a partner, is now generating enough renewable electricity to power 35,000 homes.

Energy for Tomorrow

The International Energy Agency forecasts that, by 2035, global demand for energy is expected to increase by 35% as economies and standards of living in both developed and emerging countries continue to improve.

Emergency response protective equipment at Highland Valley Copper Operations

Safety

We believe that it is possible to work without injuries, and our vision for safety is everyone going home safe and healthy every day.

In 2012, thanks to the efforts of employees across Teck, we reached a major milestone in achieving our lowest injury frequency on record. This is a significant accomplishment by all of our people. However, until we realize our vision of everyone going home safe and healthy every day, we know there is more work to be done.

Our Courageous Safety Leadership (CSL) philosophy is central to our strategy of building a true culture of safety across our entire company. It is a values-based approach that challenges existing beliefs and attitudes about safety, and empowers every employee to be a safety leader.

CSL began in 2009 when employees and contractors across all our operations participated in CSL training. Since that time, it has become a part of our culture, with over 15,000 people participating in CSL training.

In 2012, we launched the next phase of our CSL program, called Next Steps, which reflected on the progress and challenges encountered since the launch of CSL, and reinforced the need to continue embedding a culture of safety at Teck. CSL Next Steps was rolled out over the course of 2012 and will continue to be implemented across the company throughout this year.

Focusing on potentially serious incidents, also referred to as High Potential Incidents (HPIs), is an important part of tackling the root cause of safety incidents and taking action to prevent reoccurrences. In 2012, we standardized safety procedures to reduce HPIs in two critical areas: explosives use and confined space work. We also created a consistent standard for investigations of HPIs to ensure that we are learning from incidents and using the information acquired to continually improve our safety performance.

Developing and implementing new technology is also a critical component of our overall approach to safety. In 2012, at a number of sites, we introduced new technologies aimed at improving vehicle safety. These include driver-monitoring systems on light vehicles, collision-avoidance systems on shovels and increased use of fatigue-monitoring systems on haul trucks.

We believe that every injury is preventable. By learning from our experience, continually improving our programs and technology, and empowering each and every employee to become a true courageous safety leader, we believe that we can realize our vision of everyone going home safe and healthy every day.

A Focus on Safety

2012 was our safest year ever, with the lowest total reportable injury frequency on record — a 9% reduction over the previous year — and the fewest number of serious incidents on record.

Pictured above: Al Vaughan, Haulage Truck Operator in Mine Operations at Highland Valley Copper Operations

Together, Trail Operations employees Dave Bortnick, Edward McKimmie, Philip Poohachoff and Doral Closson represent over 150 years of experience at Teck

Our People

Over 100 years of mining and mineral development, we have employed tens of thousands of people in locations around the world. Our people have helped to build communities, spurred economic growth and raised families. Generations of family members have lived and worked in the regions where we operate and, in some cases, these generations work alongside each other at our operations, carrying on a tradition of excellence that has lasted a century.

Being the Best

With over 14,000 employees at sites around the world, we know that our people are the cornerstone of our business. That is why we are focused on providing opportunities for employees to develop their skills, expand their horizons, and build their careers, all to ensure that we continue to have the best people in the industry.

In 2012, approximately 600 employees participated in two new company-wide leadership development programs: Leading for the Future and Leading for Excellence.

Leading for the Future is targeted at our supervisors in both operational and office-based roles. The program's objectives are to accelerate the development of supervisors in order to meet current and future demand created by business growth and attrition, as well as to develop supervisors who can confidently and effectively manage safe and efficient operations.

Leading for Excellence is targeted at more senior-level managers. The program's objectives are to support managers in developing the people we need to deal with current and future business challenges.

Both programs bring people from throughout our global operations together under the One Teck philosophy, which encourages sharing ideas and experiences to improve performance and to deliver real results across the company. For example, as a result of connections made at Leading for the Future, a warehouse supervisor at our Cardinal River Operations was able to arrange for recycling of 1,600 tonnes of scrap metal that was sold for a profit of $360,000 — an environmental win and a financial gain.

We also continue to provide professional training opportunities across our operations. For example, close to 300 employees have participated to date in our Simon Fraser University Business Education Program, attaining either a Graduate Diploma in Business Administration or a Master of Business Administration.

We celebrate excellence in our people through programs like the Excellence Awards, which recognize employees for their outstanding contributions to the company in fields such as safety, productivity and sustainability. A record 460 employees were nominated by their peers and co-workers in 2012 for their outstanding achievements.

Supporting Our People

Teck has more than 14,000 employees around the world. Our focus is on supporting the development of our employees to help them to reach their full potential. Programs such as Leading for the Future, Leading for Excellence and our professional training programs provide opportunities for career development and build on Teck's ability to attract and retain the best people.

Pictured above: Casey Cassidy, Mill Instrument Long-Term Planner, Mill, stands at the feed end of the grinding mill at Highland Valley Copper Operations

Planning for the Future

Supporting the development of our people is critical as we look ahead to the future. About half of our North American workforce is over the age of 50, making well-defined succession planning and knowledge retention key to ensuring that we continue to have the leaders we need for the future.

To help address this challenge, in 2012, we piloted a new succession management program at our North American operations and will be rolling it out across the company in 2013. The program is designed to identify and develop our people so that they have the skills and experience necessary to fill key positions as they become available.

In addition to ensuring the professional development of our people, we launched an initiative to support their physical and mental well-being. Our expanded Health and Wellness Program is focused on helping employees improve their health by providing individualized support such as the Know Your Numbers health screenings, which provide employees with information on their current health indicators as well as health coaching and physical activity challenges. Through our sponsorship of Partners in Mental Health, we also support Not Myself Today, a campaign with events in schools and workplaces across the country where people can learn about the importance of mental health. Throughout 2013, we will be expanding the Health and Wellness Program across Teck.

By continuing to build leadership skills in our people, ensuring strong professional development opportunities, and supporting the health and wellness of our people, we are ensuring that we can continue to attract, retain and develop the best people in the industry.

we value the experience of our people

Pictured above (left to right): Holly Jenkin, Technician Trainee at Teck's Applied Research and Technology centre in Trail; David DeRosa, Superintendent, Ecosystems Projects at Teck's Trail Operations; and Edward Wally Brown, retired after 36 years as a Chief Power Engineer at Trail Operations

Natasha Yee, Engineering Student,
Greenhills Operations

Sustainability

With over a century of operating history, Teck has gained a wealth of experience that has helped to build our approach to sustainability.

Taking Action

Our relationships with communities are the foundation of our work in sustainability and, over our long history, our employees have developed deep connections to the communities in which we operate. Places like Kimberley, Trail and Elkford in British Columbia grew up around our operations and, over time, employees became neighbours and neighbours became communities. Today, in communities like Andacollo in Chile, where our business activities are more recent, we are creating new relationships and working collaboratively to address local priorities.

As we are working to achieve sustainability goals in the areas where we operate, we are also building partnerships with organizations to meet sustainability challenges at the global level.

For example, as one of the world's largest producers of zinc, we are working with the international community to address the global health issue of zinc deficiency in people and in agricultural soils, particularly in developing countries. In 2012, we worked with the Micronutrient Initiative and the Government of Canada to launch a project with the Senegal Ministry of Health to use zinc treatments to treat children with diarrhea, which kills 6,000 children under the age of five each year in Senegal. We also entered into a partnership with China's Ministry of Agriculture to increase the use of zinc fertilizer, which can significantly improve crop health and yields in areas that have zinc-deficient soil.

One of the biggest challenges around zinc deficiency is making people aware of the issue. We worked to raise awareness about zinc deficiency through participation in Free The Children's We Day events in cities across Canada in 2012. These events were accompanied by an innovative social media campaign that reached over four million people around the world, building greater awareness of this critical health issue.

As a result of the work we have undertaken, Teck was named, in January 2013, to the Global 100 Most Sustainable Corporations List and was the top-ranked Canadian company. Further, for the third year in a row, we were also named to the Dow Jones Sustainability World Index, which places our sustainability performance in the top 2% of companies in the mining industry worldwide, and our environmental performance was the highest in the sector.

Planning for the Future

In 2011, we launched a comprehensive sustainability strategy, setting long-term sustainability goals that stretch through to 2030 to help us to achieve our vision for sustainability in six focus areas: Our People, Community, Water, Biodiversity, Energy, and Materials Stewardship. Our focus in 2012 was on taking actions towards achieving those goals and setting out the key indicators to measure our progress. To achieve this, we identified a group of 80 people who will help lead the implementation of our strategy across Teck.

Partnering on Sustainability

We are forming partnerships with communities, organizations and institutions around the world to build on our work in sustainability. In 2012, Teck worked in cooperation with groups including The Nature Conservancy, the Vancouver Aquarium, BASF, UNICEF, the Micronutrient Initiative, Indigenous Peoples, and with governments on research and programs related to water stewardship, environmental management and health care.

Pictured above: Janais Turuk, Manager, Community Relations and Cole Thomson, Coordinator, Community Relations for Teck's Energy Business Unit at the Wintering Hills Wind Power Facility in Alberta

we are helping build communities for future generations

Community

The foundation of our sustainability strategy is our vision to ensure that communities are better off as a result of their interactions with us. We understand that building and maintaining our community relationships is essential, not only to our own success, but also to the sustainable future of communities where we operate.

We support the growth of local communities in a number of ways, including direct investment in priorities identified by the community. In 2012, we invested over $22 million into communities to support a wide range of initiatives.

In Alaska, our Red Dog Operations are a key contributor to the local economy, employing over 350 local residents and injecting millions into local businesses. But support for local communities goes beyond economic activity. We are also investing in programs to support Aboriginal youth in the region, including $1.25 million towards the Northwest Arctic Borough School District's Youth Leaders Program — a suicide prevention and youth leadership program based in schools in the region. We are helping connect youth with sports through a new skate-ski program and the Red Dog NBA program. The Red Dog NBA program is an annual student initiative that rewards youth from the 11 communities in the region for outstanding performance in school and for service to their community by sending them to a major U.S. city, where they attend an NBA game, visit colleges and universities, and tour businesses to promote career opportunities.

Investments like those at Red Dog contribute to building strong relationships and strengthen the communities where we operate.

Investing in Communities

Teck's community investments totalled over $22 million in 2012. Our investments are supporting health research in Canada, building libraries in Chile, and helping to support research and education on water issues, along with numerous other important community-led causes.

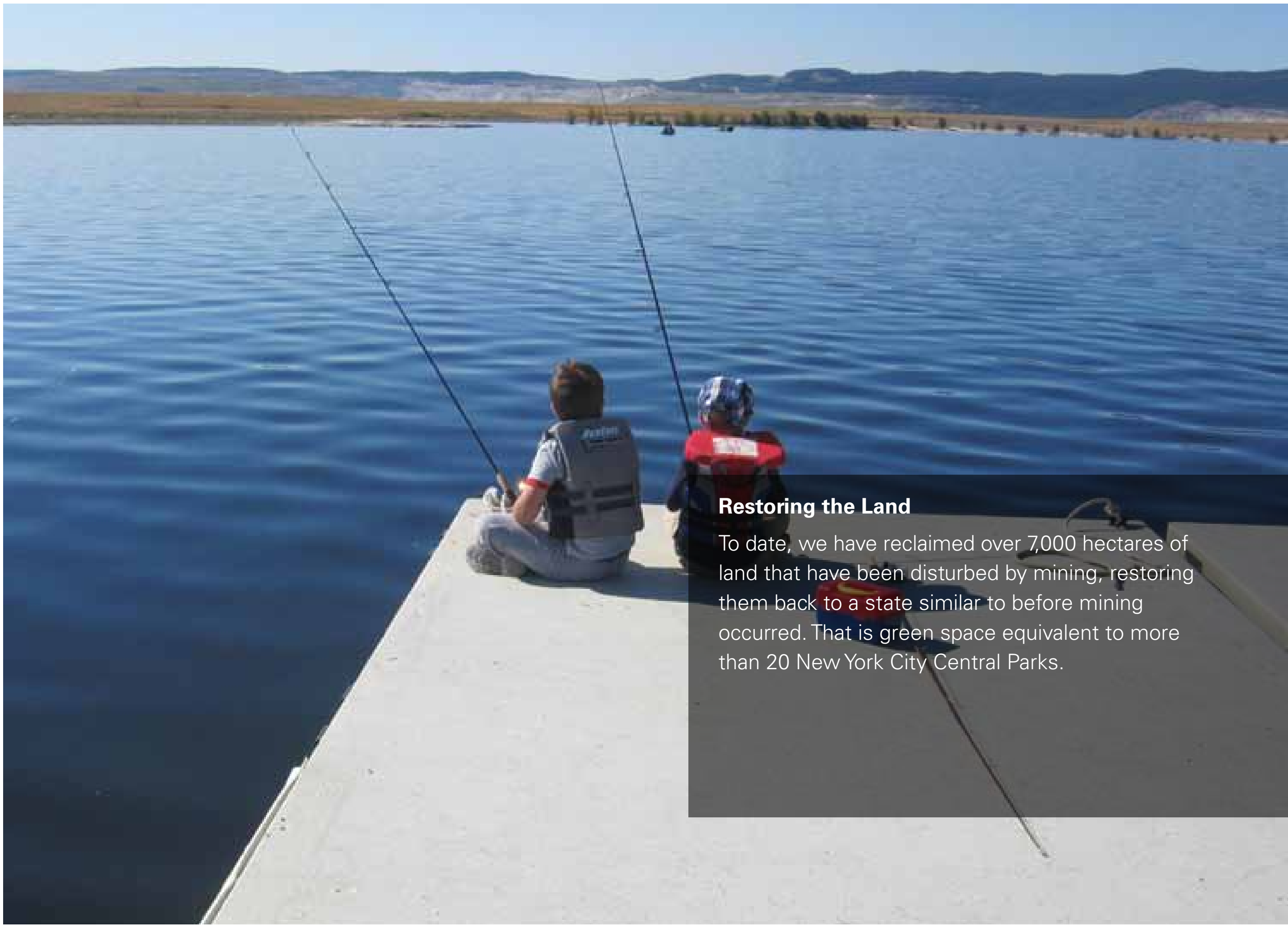
Pictured above: Rosa Araneda, Land Tenure Specialist, Teck Chile exploration group, with her son Rodrigo, playing at a community park in Santiago on equipment made from mining products

Water

Water is essential to all life and is one of our most critical sustainability areas. We are committed to responsibly balancing the social, economic, recreational and cultural benefits of water resources, within ecologically sustainable limits.

One important focus of our water sustainability work is selenium management. In 2012, as part of our efforts to protect water quality in the area around our steelmaking coal operations, we began construction on our first full-scale water treatment plant to remove selenium from affected water at our Line Creek Operations. Selenium is a naturally occurring element, essential for human and animal health, that is present in very small amounts in some rocks. However, its release to watercourses can be accelerated by mining activity, creating a potential risk for ecosystems. We expect to spend substantial amounts on water treatment and water management, as well as on research and development to improve selenium management.

Pictured above: Red Dog Creek near Red Dog Operations in Alaska



Restoring the Land

To date, we have reclaimed over 7,000 hectares of land that have been disturbed by mining, restoring them back to a state similar to before mining occurred. That is green space equivalent to more than 20 New York City Central Parks.

Pictured above: Children fish at Trojan Pond, a reclaimed tailings pond at Highland Valley Copper Operations in British Columbia

Biodiversity

At Teck, our goal is not just to restore landscapes and ecosystems in areas where we operate, but also to have a net positive effect on biodiversity.

Mining is an interim land use and we are committed to using responsible and effective biodiversity conservation practices through all phases of the mining life cycle. This includes avoiding, wherever possible, habitats with high biodiversity value; minimizing our air, land and water disturbance footprint; and creating or enhancing habitat whenever possible. We pursue additional actions in support of biodiversity conservation in regions where we operate, moving us toward a net positive contribution.

Our work on biodiversity has included engagement with the governments of British Columbia and Canada, and with other communities of interest, as we work to ensure the long-term health of the caribou herd in the region where our Quintette project is located. We know that caribou are important to the culture and way of life for many First Nations and an integral part of the ecosystem, which is why we have worked to bring together all stakeholders to create a regional framework that will ensure the future of the caribou for the long term. That framework will guide efforts to safeguard the health of caribou not just in the Quintette project area, but across the entire region for decades to come.

Another example is at our Cardinal River Operations, where reclaimed former mine areas are providing ideal habitat for species such as elk, grizzly bears and bighorn sheep. In fact, the herd health and robustness of the Rocky Mountain bighorn sheep population at Cardinal River has allowed over 350 sheep to be relocated from the site since 1985 to help restore depleted herds throughout North America.

Energy

Improving energy efficiency and supporting the increased use of non-carbon-emitting energy sources are key to our vision of making a positive contribution to society's efficient use of energy.

In 2012, we implemented initiatives across our operations aimed at improving our energy efficiency. For example, at our steelmaking coal operations we are replacing haul trucks with trucks using an upgraded, more efficient electric drive system. The newer trucks can haul 33% more material with only 10% more horsepower. At four of our steelmaking coal operations in B.C., we have significantly reduced emissions associated with the coal-drying process by switching to natural gas in the dryers. This has led to an overall reduction of emissions of 35%. Going forward, we will be identifying more opportunities to improve efficiency, reduce power use and cut emissions.

The Wintering Hills Wind Power Facility near Drumheller, Alberta completed its first full year of operation in 2012. Teck has a 30% interest in this project, which is a joint venture with Suncor Energy, the project operator. Wintering Hills performed better than expected, producing 88 gigawatt hours (GWh) of electricity — enough clean power to provide over 57,000 tonnes of CO_2-equivalent credits, which offsets greenhouse gas emissions from our Cardinal River Operations in Alberta.

Saving Energy

We have set a long-term goal of implementing projects that reduce energy consumption by a cumulative 6,000 terajoules at our existing operations — enough to power close to 60,000 homes.

Materials Stewardship

The materials that we produce are essential to improving the quality of life for people around the world. As demand increases and new supplies of metals and minerals become more challenging to develop, we are focused on creating the maximum value for society from our products with the minimum impact on people and the environment.

We are conducting life cycle assessments of our products to ensure that we maximize their value and minimize their environmental effects. This includes developing a better understanding of key aspects of our products from utility through to end of life and recycling.

Teck is also a leader in recycling. Our Trail Operations processed approximately 11,700 tonnes of lead from battery products in 2012, equivalent to approximately 1.6 million car batteries. We also continued to build on our electronic waste (e-waste) recycling program, which recovers useful metals from end-of-life electronics. Trail Operations also processed 12,000 tonnes of e-waste in 2012, reducing waste and keeping metals and plastics out of landfills.

Recycling Old Electronics

Since 2006, we have processed over 65,000 tonnes of electronic waste at our Trail Operations. That is the equivalent of over two million full home computer systems — including the monitor, keyboard and mouse. Valuable metals such as lead, zinc, cadmium, indium and germanium are extracted from the recycled material.

Pictured above: Pieces of electronic waste on their way to be recycled to extract valuable metals at Trail Operations

Management's Discussion and Analysis

Management's Discussion and Analysis

Our business is exploring for, acquiring, developing and producing natural resources. We are organized into business units focused on copper, steelmaking coal, zinc and energy. These are supported by our corporate business unit, which manages our corporate growth initiatives and provides administrative, technical, financial and other functions.

Through our interests in mining and processing operations in Canada, the United States, Chile and Peru, we are the world's second-largest exporter of seaborne high-quality steelmaking coal, an important producer of copper and one of the world's largest zinc producers. We also produce lead, molybdenum, silver, and various specialty and other metals, chemicals and fertilizers. In addition, we own a 20% interest in the Fort Hills oil sands project, a 100% interest in the Frontier oil sands project and a 50% interest in Lease 421 in the Athabasca region of Alberta. We also actively explore for copper, zinc and gold.

This Management's Discussion and Analysis of our results of operations is prepared as at February 20, 2013 and should be read in conjunction with our audited consolidated financial statements as at and for the year ended December 31, 2012. 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 Limited and Teck Coal Partnership. All dollar amounts are in Canadian dollars, unless otherwise specified, and are based on our consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS). In addition, we use certain non-GAAP financial measures, which are explained and reconciled throughout the Management's Discussion and Analysis in this report. Certain comparative amounts have been reclassified to conform to the presentation adopted for 2012.

This Management's Discussion and Analysis contains certain forward-looking information and forward-looking statements. You should review the cautionary statement on forward-looking information under the caption "Caution on Forward-Looking Information" on page 71, which forms part of this Management's Discussion and Analysis.

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

Business Unit Results

The table below shows our share of production of our major commodities for the last five years and expected production for 2013.

Five-Year Production Record and Our Expected Share of Production in 2013

	Units (000's)	2008	2009	2010	2011	**2012**	(Note 4) 2013 estimate
Principal Products							
Copper (Notes 1 and 3)							
Contained in concentrate	tonnes	209	203	216	251	**307**	290
Cathodes	tonnes	107	105	97	70	**66**	60
		316	308	313	321	**373**	350
Steelmaking coal (Note 2)	tonnes	13,627	18,930	23,109	22,785	**24,652**	24,500
Zinc							
Contained in concentrate	tonnes	663	711	645	646	**598**	575
Refined	tonnes	270	240	278	291	**284**	285
Other Products							
Lead							
Contained in concentrate	tonnes	133	132	110	84	**95**	85
Refined	tonnes	85	73	72	86	**88**	85
Molybdenum contained in concentrate	pounds	7,224	7,798	8,557	10,983	**12,692**	8,000

Notes to five-year production record and 2013 estimate:

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

(2) Coal production in 2008 includes our 40% share of production from the Teck Coal Partnership and 2.345 million tonnes being our indirect share of production from our 19.95% investment in units of Fording.

(3) Includes pre-commercial production from Carmen de Andacollo prior to September 30, 2010. Production of copper contained in concentrate during the pre-commercial start-up period in the nine months ended September 30, 2010 was 20,700 tonnes.

(4) Production estimate for 2013 represents the mid-range of our production plan.

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

	US$					Cdn$				
	2012	% chg	2011	% chg	2010	**2012**	% chg	2011	% chg	2010
Copper (LME cash – $/pound)	**3.61**	-10%	4.00	+17%	3.42	**3.61**	-9%	3.96	+13%	3.52
Coal (realized – $/tonne)	**193**	-25%	257	+42%	181	**194**	-24%	254	+35%	188
Zinc (LME cash – $/pound)	**0.88**	-11%	0.99	+1%	0.98	**0.88**	-10%	0.98	-3%	1.01
Molybdenum (Platts* – $/pound)	**13**	-13%	15	-6%	16	**13**	-13%	15	-6%	16
Lead (LME cash – $/pound)	**0.94**	-14%	1.09	+12%	0.97	**0.94**	-13%	1.08	+8%	1.00
Exchange rate (Bank of Canada)										
US$1 = Cdn$	**1.00**	+1%	0.99	-4%	1.03					
Cdn$1 = US$	**1.00**	-1%	1.01	+4%	0.97					

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

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

	Revenues			Gross Profit Before Depreciation and Amortization*		
($ in millions)	**2012**	2011	2010	**2012**	2011	2010
Copper	**$ 3,142**	$ 3,108	$ 2,509	**$ 1,500**	$ 1,674	$ 1,462
Coal	**4,647**	5,641	4,351	**2,033**	3,306	2,261
Zinc	**2,550**	2,765	2,363	**480**	808	715
Energy	**4**	–	–	**4**	–	–
Total	**$ 10,343**	$ 11,514	$ 9,223	**$ 4,017**	$ 5,788	$ 4,438

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

Copper

In 2012, we produced a record 373,100 tonnes of copper from Antamina in Peru, Quebrada Blanca and Carmen de Andacollo in Chile, Highland Valley Copper in British Columbia (B.C.) and Duck Pond in Newfoundland. We achieved a key milestone in 2012 with the completion of the Antamina mine expansion. The mill modernization project at Highland Valley Copper also progressed, with concrete work well advanced, and steel erection and major equipment installation started. New collective labour agreements were achieved at Carmen de Andacollo, Quebrada Blanca and Antamina. We also completed a feasibility study on our Quebrada Blanca Phase 2 hypogene project and are actively working towards re-filing the Social Environmental Impact Assessment (SEIA). We estimate copper production will be in the range of 340,000 to 360,000 tonnes in 2013. Production is expected to be lower than 2012 due mainly to declining production from Quebrada Blanca's leach operations as it nears the end of its productive life and lower head grades at Highland Valley Copper.

In 2012, our copper operations accounted for 30% of our revenue and 37% of our gross profit before depreciation and amortization.

	Revenues			Gross Profit Before Depreciation and Amortization		
($ in millions)	**2012**	2011	2010	**2012**	2011	2010
Highland Valley Copper	**$ 1,012**	$ 997	$ 828	**$ 513**	$ 486	$ 487
Antamina	**897**	799	641	**633**	588	420
Quebrada Blanca	**499**	562	697	**82**	255	406
Carmen de Andacollo	**597**	608	208	**225**	288	91
Duck Pond	**130**	142	135	**42**	57	58
Other	**7**	–	–	**5**	–	–
Total	**$ 3,142**	$ 3,108	$ 2,509	**$ 1,500**	$ 1,674	$ 1,462

	Production			Sales		
(000's tonnes)	**2012**	2011	2010	**2012**	2011	2010
Highland Valley Copper	**116**	97	99	**117**	104	98
Antamina	**101**	75	68	**101**	76	65
Quebrada Blanca	**62**	64	86	**62**	64	90
Carmen de Andacollo	**80**	72	45	**74**	69	42
Duck Pond	**14**	13	15	**15**	13	15
Total	**373**	321	313	**369**	326	310

Operations

Highland Valley Copper

We have a 97.5% interest in Highland Valley Copper, located in south-central B.C. Gross profit before depreciation and amortization was $513 million in 2012, compared to $486 million in 2011 and $487 million in 2010. Gross profit increased in 2012 due to a 20% increase in production and the resulting 13% increase in sales volumes, partially offset by lower copper prices. Highland Valley Copper's 2012 copper production was 116,300 tonnes of copper in concentrate, significantly higher than last year, primarily due to higher mill throughput and higher grades. Molybdenum production was 27% higher than 2011 levels at 10.0 million pounds, due to improved throughput and higher feed grades.

Ore is mined from the Valley, Lornex and Highmont pits. The waste stripping and buttress placement project completed in 2011 on the east wall of the Valley pit enabled higher grade ore to be mined. Mine activities in 2013 are focused on production from the Valley pit and continuing the pre-stripping program for the Lornex pit extension.

The mill modernization project progressed in 2012. The project includes the construction of new flotation and pebble-crushing capacity adjacent to the existing circuits, which should increase plant availability and increase copper recovery by 2%, molybdenum recovery by 3% and annual mill throughput by 10% over the remaining life of the mine. The project is scheduled for completion in the fourth quarter of 2013. The mill modernization project is not based on a technical report filed under National Instrument 43-101.

The continued growth of the mineral resource base at Highland Valley reflects the longer term development potential of the deposits. During the last year, measured and indicated resources increased by 48% to 907 million tonnes and inferred resources increased 63% to 519 million tonnes as of December 31, 2012. Additional drilling and engineering studies are planned in 2013, including a major 90,000-metre drill program focused on the Valley and previously active Bethlehem pits.

Highland Valley Copper's production in 2013 is expected to be in the range of 100,000 to 110,000 tonnes of copper. Molybdenum production in 2013 is expected to be 5.0 million pounds contained in concentrate.

After completion of the mill modernization project, Highland Valley Copper is expected to produce between 100,000 and 150,000 tonnes of copper per year, depending on ore grades and hardness, for an average of 125,000 tonnes per year, over the current mine life through 2027.

Antamina

We have a 22.5% share interest in Antamina, a copper and zinc mine in Peru. The other shareholders are BHP Billiton (33.75%), Xstrata plc (33.75%) and Mitsubishi Corporation (10%). In 2012, our share of gross profit before depreciation and amortization was $633 million, compared with $588 million in 2011 and $420 million in 2010. A mill expansion project completed in 2012 increased ore throughput to 130,000 tonnes per day. Further optimization efforts are underway to fully utilize the installed SAG mill capacity. Increased gross profit in 2012 was due to significantly higher copper production and sales volumes, as the benefits of the expansion project were realized, partially offset by lower copper and zinc prices.

Copper production in 2012 was 446,800 tonnes, 34% higher than in 2011. This was primarily due to the benefits of the expansion project and record mill throughput of 46.5 million tonnes in 2012, a 24% increase from the previous year. Zinc production decreased by 7% to 219,000 tonnes in 2012, primarily due to lower zinc grades. Molybdenum production totalled 12.1 million pounds, which was lower than in 2011, due to lower molybdenum grades and recoveries.

Our 22.5% share of Antamina's 2013 production is expected to be in the range of 90,000 to 100,000 tonnes of copper, 45,000 to 50,000 tonnes of zinc and 2.8 million pounds of molybdenum in concentrate.

Quebrada Blanca

Quebrada Blanca is located in northern Chile, 240 kilometres southeast of the city of Iquique. We own a 76.5% share interest of Quebrada Blanca; the other shareholders are Inversiones Mineras S.A. (13.5%) and Empresa Nacional de Minería (ENAMI) (10%). The operation mines ore from an open pit and leaches the ore to produce copper cathodes via a conventional solvent extraction and electrowinning (SX-EW) process. Gross profit before depreciation and amortization was $82 million in 2012, compared with $255 million in 2011 and $406 million in 2010. Gross profit was lower in 2012, due to substantially higher operating costs and lower copper prices.

In 2012, Quebrada Blanca produced 62,400 tonnes of copper cathode, compared to 63,400 tonnes in 2011. The operation continued to experience operating difficulties due to severe weather conditions, maintenance requirements for aging plant equipment and the transition towards more dump leach production.

A restructuring plan was announced in the fourth quarter of 2012 in response to increasing operating costs — the result of lower copper grades and reduced reserves of the supergene, as well as other operational-related challenges. The restructuring plan is expected to reduce operating costs in an effort to sustain the operation while the Quebrada Blanca Phase 2 project is developed.

Production of approximately 50,000 to 60,000 tonnes of copper cathode is expected in 2013.

Quebrada Blanca's supergene orebody is expected to be mined out by 2017, but residual copper cathode production is expected to continue, at declining production rates, through 2018.

In 2012, we completed the feasibility study for the Quebrada Blanca Phase 2 project. The study estimates a capital cost for the development of the project of US$5.6 billion on a 100% basis (in January 2012 dollars, not including working capital or interest during construction), of which our funding share would be $4.8 billion. The study contemplates the construction of a 135,000-tonne-per-day concentrator and related facilities connected to a new port facility by 165-kilometre concentrate and desalinated water pipelines.

As part of the project work plan for 2012, the Social Environmental Impact Assessment (SEIA) for the project was submitted to the Chilean regulatory authorities during the second quarter. This was subsequently voluntarily withdrawn in order to prepare responses to the comments and questions from the Chilean authorities, and to collect and analyze some additional baseline environmental data. It is anticipated that the SEIA will be re-filed by the end of the second quarter of 2013.

Discussions are ongoing with the other shareholders of Quebrada Blanca concerning financing options for the project, which may include limited recourse project financing and, possibly, bringing in a new funding partner.

Carmen de Andacollo

We have a 90% share interest in the Carmen de Andacollo mine in Chile, which is located 350 kilometres north of Santiago. The remaining 10% is owned by ENAMI. Copper and gold in concentrate and copper cathode are produced from the mine. Gross profit before depreciation and amortization was $225 million in 2012, compared with $288 million in 2011, and $91 million in 2010. Gross profit was lower in 2012, due to lower copper prices and higher operating costs, partially offset by higher copper production.

Carmen de Andacollo produced 75,800 tonnes of copper contained in concentrate in 2012, compared with 66,100 tonnes in 2011. Copper cathode production was 4,000 tonnes in 2012, compared with 6,300 tonnes in 2011.

A 20,000 tonnes per day pre-crushing plant that was commissioned during the third quarter of 2012 was primarily responsible for the increase in concentrator throughput.

We expect 2013 production to be 70,000 to 80,000 tonnes of copper in concentrate as well as 5,000 tonnes of copper cathode.

Duck Pond

We own 100% of the Duck Pond underground copper-zinc mine located in central Newfoundland. Duck Pond's gross profit before depreciation and amortization was $42 million in 2012, compared to $57 million in 2011 and $58 million in 2010. Gross profit declined in 2012, primarily due to lower metal prices.

Copper production in 2012 was 14,100 tonnes and zinc production was 19,500 tonnes. This compares with copper production of 13,200 tonnes and 21,300 tonnes of zinc production in 2011.

The Boundary open pit is currently in development and will provide a supplemental feed source starting in the second half of 2013 as underground reserves become depleted. The current mine life extends to early 2015 and we are working to extend the life of the mine. Duck Pond's production in 2013 is expected to be approximately 14,000 to 16,000 tonnes of copper and between 12,000 and 16,000 tonnes of zinc.

Relincho (100% owned)

Relincho, a major greenfields copper project, is located in central Chile, approximately 110 kilometres east of the port city of Huasco at an altitude of 2,200 metres above sea level. Permitting delays have affected the progress of third-party port and power supply facilities that we had expected to use for Relincho and will delay the completion of the feasibility study, which is now expected to be complete at the end of the fourth quarter of 2013. Exploration and geotechnical drilling are ongoing, and a new resource and reserve estimate is expected at the completion of the feasibility study. Based on the prefeasibility study, copper production would average 195,000 tonnes per year in the first five years of full production and 180,000 tonnes per year over the initial 22-year mine life. In addition, 6,000 tonnes per year of molybdenum could be produced as a byproduct over the life of the mine.

Galore Creek (50% owned)

The Galore Creek project is located in northwest B.C. In 2012, a work program including approximately 25,000 metres of infill and geotechnical drilling was completed. An additional 10,000- to 12,000-metre exploration drill program is planned in 2013.

Mesaba (100% owned)

Work on an advanced scoping study at the Mesaba copper-nickel project in northern Minnesota was completed in 2012. Further optimization studies will be conducted in 2013, including some metallurgical and infill drilling.

CESL Limited (CESL)

Located in Richmond, B.C., CESL focuses on advancing and commercializing our proprietary hydrometallurgical technology. We have a well-tested suite of technologies suitable for treating complex copper, copper-gold, copper-nickel and nickel concentrates, particularly those with deleterious elements such as arsenic or magnesium, which inhibit the sale of concentrates to conventional smelters. In 2013, the CESL team will continue to pursue opportunities to unlock metallurgically challenged resources to create additional value by employing the CESL process.

Markets

Copper prices on the London Metal Exchange (LME) averaged US$3.61 per pound in 2012, down US$0.39 per pound from the 2011 average.

Demand for copper metal grew by 2.1% in 2012 to reach an estimated 19.7 million tonnes globally. Growth outside of China remained relatively subdued, with improved growth in North America offset by continued weakness in Europe. Growth in real demand in China, estimated at between 5% and 6%, was also weaker than in prior years, despite an increase in refined copper imports into China.

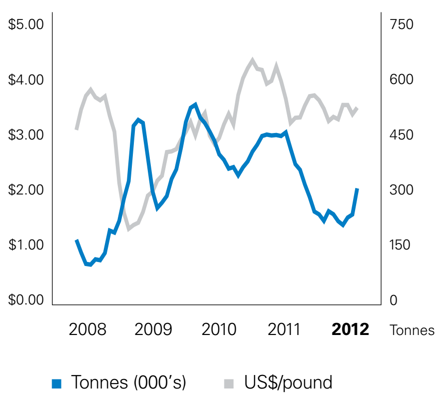
In 2012, global copper production increased 2.2% to reach just over 20 million tonnes for the year. Copper scrap availability remained tight for most of 2012, with Chinese imports up 3.8% over the previous year. We expect that scrap will again play an important part of the supply picture in 2013.

Copper stocks in the LME, Shanghai and COMEX warehouses increased 8% or 45,000 tonnes during the year. Total reported global stocks (which include producer, consumer, merchant and terminal stocks) stood at an estimated 24 days of global consumption versus the 25-year average of 28 days of global consumption.

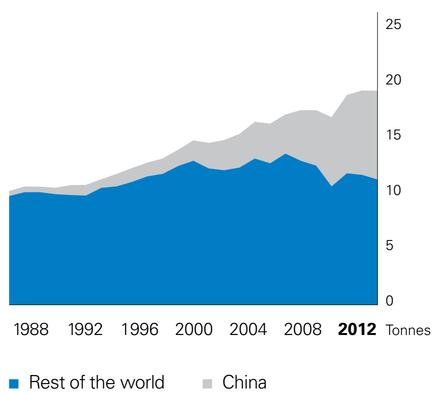
Production disruptions continued to affect the market in 2012, with estimates of close to 0.9 million tonnes of planned production lost during the year. Total copper mine production increased by only 3.8% in 2012, which was well below the estimated 10.1% increase projected at the beginning of the year. Wood Mackenzie, a commodity research consultancy, is expecting a 12% increase in global mine production in 2013 as new mining projects begin to ramp up; at the same time, Wood Mackenzie is also expecting an 11% increase in smelter production. Based on a history of industry production shortfalls over the past eight years combined with the continuing difficulties in bringing new production to market on time, we continue to expect unplanned production disruptions through 2013. We therefore expect smelter capacity utilization to remain under pressure in 2013, with the concentrate market remaining in deficit.

With global copper metal demand projected by Wood Mackenzie to increase by 5.0% in 2013, projected supply is expected to exceed demand slightly, moving the refined market into balance. If mine production continues to disappoint in 2013 from current projections, the refined market could again slip into deficit in 2013.

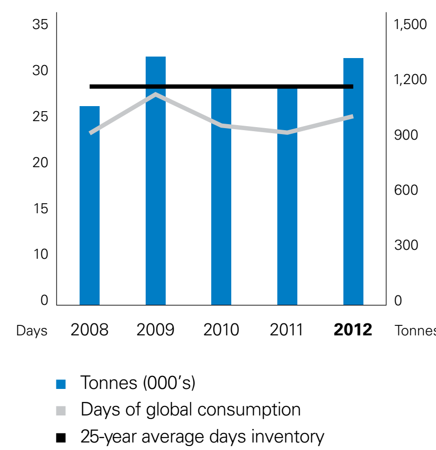
Copper Price and LME Inventory
Source: LME



Global Demand for Copper
(Tonnes in millions)
Source: ICSG, Wood Mackenzie



Copper Inventories
Source: ICSG, LME, COMEX, SHFE



Coal

In 2012, we produced 24.7 million tonnes of steelmaking coal, the majority of which was shipped to the Asia-Pacific region. Our proven and probable reserves of more than 1 billion tonnes of coal position us to continue to meet global demand. In addition, our measured and indicated resources now total over 3.6 billion tonnes and our inferred resources over 2 billion tonnes of raw coal.

Our current production capacity is approximately 27 million tonnes and is expected to grow to 28 million tonnes by the end of 2013. However, to align production rates with anticipated demand and to effectively manage inventories, we plan to produce 24.0 to 25.0 million tonnes of coal in 2013.

With current expansion plans underway at our six producing mines and the potential restart of our Quintette mine, we expect to reach an annualized production rate above 30 million tonnes of coal per year by the end of 2014, subject to permitting and customer demand.

In 2012, our coal business unit accounted for 45% of revenue and 51% of gross profit before depreciation and amortization.

($ in millions)	**2012**	2011	2010
Revenues	**$ 4,647**	$ 5,641	$ 4,351
Gross profit before depreciation and amortization	**$ 2,033**	$ 3,306	$ 2,261
Production (000's tonnes)	**24,652**	22,785	23,109
Sales (000's tonnes)	**23,989**	22,207	23,167

Operations

Decreased gross profit before depreciation and amortization primarily reflects significantly lower coal prices, partially offset by higher production and sales volumes. The average realized selling price in 2012 decreased to US$193 per tonne, compared with US$257 per tonne in 2011 and US$181 per tonne in 2010.

Gross profit declined in 2012, due primarily to lower coal prices and higher transportation costs. Transportation unit cost increases resulted from lower than planned shipping volumes, the use of additional terminals to supplement capacity during outages resulting from expansion programs or incidents at our traditional terminals, as well as from inflation and annual contractual rate adjustments with our rail and port service providers and higher than normal proportion of coal sold inclusive of ocean freight. These costs were partially offset by higher sales volumes and lower mine operating unit costs, which resulted from a successful cost reduction program initiated at all coal mines in August 2012.

Coal sales volumes of 24.0 million tonnes increased 8% from 2011.

Our 2012 production of 24.7 million tonnes increased from 2011 and was at the low end of our 2012 guidance. This was due largely to weak market conditions during the year, which led to our decision in mid-August to reduce production in response to declining demand. The labour disruption at Canadian Pacific Railway (CP Rail) in 2012 also affected production.

Our investments in mobile equipment, plant capacity and staffing have significantly increased our capacity to move waste, and to mine and process raw coal. During 2012, we increased our haul truck fleet size by nine units and our shovel fleet by one unit. In addition, we replaced 30 existing haul trucks and one existing shovel. All of this new equipment is state-of-the-art and large capacity, which increases the overall productivity and efficiency of our mobile equipment fleets. The expansion of the processing plant at Elkview was completed, and the Greenhills plant reached its full upgrade capacity after the 2011 expansion.

Capital spending in 2012 of $641 million included additional equipment, processing plant upgrades and new pit developments, as well as approximately $120 million for the Quintette project.

Selenium Management

Work is ongoing to develop and implement a plan for the management of selenium at all of our operating coal mines in the Elk Valley. In the course of mining, we deposit large quantities of waste rock in the valley. Water flows through that waste rock and over rock exposed during the mining process, releasing small quantities of selenium, a naturally occurring element found in the native rocks in the Elk Valley. While it is necessary for good health in humans, selenium is detrimental to fish populations at relatively low concentrations. We have commissioned extensive studies into the environmental effects of selenium. These studies have not identified population level effects on fish in the Elk Valley, but they have identified a trend of increasing selenium concentrations in the valley which is expected, in the absence of mitigation measures, to increase further as future mine expansions increase the footprint of our operations. As a result, we have devoted substantial resources to developing and implementing mitigation measures, which include water diversion works to keep clean water clean, as well as treatment facilities to remove selenium from waters affected by contact with waste rock.

Because of the scale of our operations, the substantial quantities of water involved, and the very low concentrations of selenium, identifying and implementing appropriate treatment technology is a challenge. We filed with regulatory authorities a draft valley-wide selenium management plan in the first quarter of 2013. This plan sets out an integrated approach to the construction of water diversion and treatment facilities intended to achieve acceptable selenium concentrations downstream from our mining operations. Although the plan is not yet finalized, we believe that the costs associated with installing these facilities will be substantial. Our draft plan contemplates total capital spending over the next five years of up to $600 million on the installation of water diversion and treatment facilities, much of which would be covered within our long-term average sustaining capital budget. Annual operating costs by the end of the five years are expected to be approximately $40 million per year, or less than $1.50 per tonne of coal produced. Water treatment costs are expected to increase further in future periods, as additional treatment facilities are required to manage runoff from new mining areas. While the amount of those costs will depend on the technology applied to control selenium, our current estimate, assuming no substantive changes in technology, is that by 2025 treatment costs could ultimately reach $140 million per year, or approximately $6 per tonne of coal produced. We expect that water treatment will need to continue for an indefinite period after mining operations end in order to maintain water quality.

These cost estimates assume the application of biological treatment technology, which is currently being installed in the water treatment plant under construction at our Line Creek mine. We are actively investigating alternative treatment technologies with the potential to substantially reduce treatment costs. Our draft valley-wide selenium management plan also assumes that relevant regulators will agree to site-specific downstream selenium concentrations in certain aquatic environments already affected by selenium discharges from our coal mining operations in excess of those in provincial water quality guidelines. The modelling on which our valley-wide selenium management plan is based indicates that the selenium levels we are proposing for the upper Elk and Fording rivers will result in selenium levels further downstream, including at Lake Koocanusa at the U.S. border, that comply with provincial water quality guidelines and applicable limits on selenium concentrations prescribed by the U.S. Environmental Protection Agency (EPA).

While we believe that there is good scientific evidence that the measures that we will propose are protective of the environment and of fish populations in the affected water bodies, and that these measures will meet our previously stated objective of reversing the trend of increasing selenium concentrations in the Elk Valley, there can be no assurance that regulatory authorities will not ultimately impose more stringent limits on selenium discharges, which could substantially increase both capital and operating costs associated with selenium management.

We expect that permitting for current and future projects may be delayed until regulatory authorities have accepted the valley-wide selenium management plan and are able to assess the cumulative effects of new projects in the context of the selenium management plan for the valley as a whole. There can be no assurance that delays in obtaining approval of our valley-wide selenium management plan will not result in consequential delays in permitting new mining areas, which would limit our ability to maintain or increase coal production in accordance with our long-term plans. The potential shortfall in production may be material.

We are continuing with research and development aimed at identifying new and more cost-effective treatment technologies and are reviewing mining plans with a view to reducing the water treatment capacity required to manage selenium and the associated costs.

Quintette Project

Our Quintette mine in northeast B.C. is progressing towards a potential start-up in 2014. In the third quarter of 2012 we completed the feasibility study for reopening the Quintette mine, which has been closed since 2000. The feasibility study estimates the capital cost to reopen Quintette at $858 million, not including escalation or interest during construction. The study contemplates an average clean coal production rate of 3.5 million tonnes per year over the estimated 12-year life of Quintette. A *Mines Act* Permit Amendment application was submitted in 2012 and we expect to receive the permit approval in the first half of 2013. First coal production is now expected in the first half of 2014 and by the end of 2014 Quintette is expected to be producing at an annualized rate of 3 million tonnes.

Rail

Rail transportation from our five mines in southeast B.C. for seaborne export is now provided under a 10-year agreement with CP Rail that commenced in April 2011. This agreement provides us with access to increased rail capacity to support our ongoing coal expansion and includes a commitment by CP Rail to invest capital to increase its capacity to transport coal. CP Rail's investment in its network resulted in added capacity throughout 2012, with siding and loadout extensions carried out so that all Teck trains are now running at 152 cars in length, compared with an average of 126 cars in length prior to the investment, allowing more coal to be transported with fewer trains.

Port

A number of key initiatives have been undertaken to ensure that we have access to terminal loading capacity in excess of our planned shipments. Neptune Bulk Terminals, in which we have a 46% ownership interest, is expanding its annual coal throughput capacity from 9 million tonnes to 12.5 million tonnes in the spring of 2013 with the addition of a new stacker reclaimer. The feasibility study for the next expansion phase, to increase capacity from 12.5 million tonnes to 18.5 million tonnes, was completed in the fourth quarter of 2012 and detailed engineering will be carried out in 2013.

In addition, in the fourth quarter of 2012 Westshore Terminals (Westshore) completed the installation of a second double railcar dumper, which completes the majority of the work required for the planned expansion of their capacity to 33 million tonnes per year. Teck's contract with Westshore, which was extended by five years in 2012, increases to 19 million tonnes annually from April 2014 where it remains over its nine-year term through March 2021. Finally, in November of 2012, Ridley Terminals took possession of a new stacker reclaimer that is part of its plan to double capacity to 24 million tonnes per year by 2015. We have reached agreement with Ridley Terminals for sufficient annual capacity to meet our shipping needs for planned exports from Quintette through 2024.

In December 2012, an incident at Westshore resulted in damage to one of its two coal berths. We took measures to secure additional loading capacity at other coal terminals while repairs were carried out. Those repairs were completed in early February 2013 and port operations returned to normal.

Sales

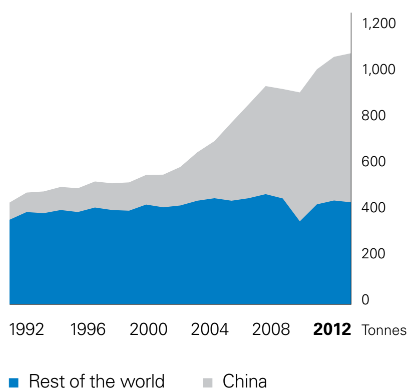
A major focus of our coal marketing strategy has been to maintain and enhance relationships with our traditional customers while establishing new customers in markets where long-term growth in steel production and demand for seaborne steelmaking coal will support our expansion efforts over the long term. We are continuing to build our existing business position and to establish important new customer relationships in both China and India to assist in achieving our growth objectives. In 2012, we exceeded previously established record sales into both China and India and, for the first time, China became our largest market for coal sales. In 2013, we are expecting China to continue to be our largest market, but the ratio of Chinese sales to total sales will likely decline compared to the fourth quarter of 2012 and be more reflective of the level experienced in the first three quarters of 2012.

Markets

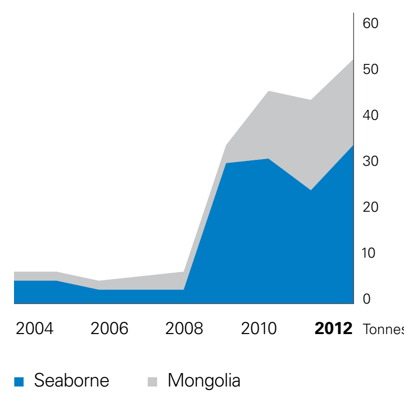
Sufficient supply of high-quality seaborne steelmaking coal and a large drop in pricing levels characterized 2012. Recovery from weather- and labour-related production shortfalls in Australia, production ramp-up in China and new supply areas contributed to increased availability of steelmaking coal. Economic uncertainty across most market areas affected steel demand. Weaker demand and better availability of coal caused the benchmark price for our highest-quality products to decrease from US$235 per tonne earlier in the year to US$165 per tonne for the first quarter of 2013. The lower pricing environment forced production cuts by a number of suppliers, with total reduction estimates ranging up to 30 million tonnes. The below graphs show key metrics affecting steelmaking coal sales: spot price assessments and quarterly benchmark pricing, hot metal production (each tonne of hot metal, or pig iron, produced requires approximately 650-700 kilograms of steelmaking coal), and China's steelmaking coal imports by source.

Daily Metallurgical Coal Assessments
(US$/tonne FOB Australia)
Source: Platts

Hot Metal (Pig Iron) Production
(Tonnes in millions)
Source: World Steel Association



China Coking Coal Imports
(Tonnes in millions)
Source: McCloskey



Zinc

We are one of the world's largest producers of zinc, primarily from our Red Dog mine in Alaska and Antamina mine in northern Peru. Our metallurgical complex in Trail, B.C. is also one of the world's largest integrated zinc and lead smelting and refining operations. In total we produced 597,900 tonnes of zinc contained in concentrate while our Trail Operations produced 284,200 tonnes of refined zinc in 2012. In 2013, we estimate production of zinc in concentrate to be in the range of 560,000 to 590,000 tonnes and production of refined zinc to be in the range of 280,000 to 290,000 tonnes.

As an integrated metal producer, we also provide recycling solutions for metal-bearing scrap and residue, also known as electronic waste (e-waste). In 2012, we processed 12,000 tonnes of e-waste at our Trail Operations.

In 2012, our zinc business unit accounted for 25% of revenue and 12% of gross profit before depreciation and amortization.

	Revenues			Gross Profit Before Depreciation and Amortization		
($ in millions)	**2012**	2011	2010	**2012**	2011	2010
Red Dog	**$ 892**	$ 1,008	$ 1,106	**$ 418**	$ 547	$ 571
Trail	**1,865**	1,989	1,447	**64**	256	155
Other	**7**	18	40	**(2)**	2	9
Inter-segment sales	**(214)**	(250)	(230)	**–**	3	(20)
Total	**$ 2,550**	$ 2,765	$ 2,363	**$ 480**	$ 808	$ 715

	Production			Sales		
(000's tonnes)	**2012**	2011	2010	**2012**	2011	2010
Refined zinc						
Trail	**284**	291	278	**287**	289	274
Contained in concentrate						
Red Dog	**529**	572	538	**510**	556	585
Other business units	**69**	74	107	**68**	75	111
Total	**598**	646	645	**578**	631	696

Operations

Red Dog

Red Dog, which is located in northwest Alaska, is one of the world's largest zinc mines. Red Dog's gross profit before depreciation and amortization was $418 million, compared with $547 million in 2011 and $571 million in 2010. The lower 2012 gross profit was mainly due to lower metal prices and lower zinc sales volumes.

In 2012, zinc production at Red Dog was 529,100 tonnes compared to 572,200 tonnes in 2011. This was due to milling rates being lowered to reduce silica in the zinc concentrate and due to lower ore grades. Lead production in 2012 was 95,400 tonnes compared to 84,000 in 2011, due to improved recoveries as significantly less near-surface weathered ore from the Aqqaluk pit was processed.

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

In accordance with the operating agreement governing the Red Dog mine between Teck and NANA Regional Corporation Inc. (NANA), the royalty we pay NANA increased in the fourth quarter of 2012 to 30% of net proceeds of production from the previous 25%. This royalty increases by 5% every fifth year to a maximum of 50%. The NANA royalty charge in 2012 was US$137 million, compared with US$129 million in 2011. NANA has advised us that it ultimately shares approximately 62% of the royalty, net of allowable costs, with other Regional Alaskan Native Corporations pursuant to section 7(i) of the *Alaska Native Claims Settlement Act.*

In February 2013, the State of Alaska issued a renewal of Red Dog's main water discharge permit. The water discharge permit was previously renewed in 2010 by the United States Environmental Protection Agency (EPA), but was stayed following a third-party appeal. As a result of the appeal, the conditions of the 2010 permit governing effluent limitations for lead, selenium, zinc, cyanide and total dissolved solids (TDS) were withdrawn and the limitations in the mine's 1998 water discharge permit remained in effect. The limitations in the 1998 permit included an effluent limitation for TDS that the mine could not meet. That appeal was favourably resolved (although a related court decision is the subject of further appeal to the Ninth Circuit Court of Appeals) and jurisdiction over the permit passed to the State of Alaska. The 2013 permit issued by the State of Alaska reinstated the 2010 permit effluent limitations for TDS. Despite the issuance of this new permit, there can be no assurance that further appeals or permit uncertainty will not give rise to liability or impede mining activities, or that permit conditions that are ultimately issued will not impose significant costs on the Red Dog operation.

We expect 2013 production to be approximately 500,000 to 525,000 tonnes of zinc contained in concentrate and approximately 85,000 to 90,000 tonnes of lead contained in concentrate.

Trail Operations

Our Trail Operations in B.C. is one of the world's largest fully integrated zinc and lead smelting and refining complexes. It also produces a variety of precious and specialty metals, chemicals and fertilizer products. Trail Operations has a two-thirds interest in the Waneta hydroelectric dam as well as ownership of the related transmission system. The Waneta Dam provides low-cost, clean, renewable power to the metallurgical operations.

Trail Operations contributed $64 million to gross profits before depreciation and amortization in 2012, compared with $256 million in 2011 and $155 million in 2010. Gross profit in 2012 decreased due primarily to a combination of lower metal prices and a one-time labour settlement charge of $59 million for a five-year labour agreement.

Refined zinc production totalled 284,200 tonnes in 2012, compared with 291,200 tonnes the previous year, as production was affected by poor operating performance in the zinc electrolytic cell house near the end of the fourth quarter.

Refined lead production of 87,900 tonnes was higher than the 85,600 tonnes produced in 2011, mainly due to higher feed rates to the KIVCET furnace.

Record silver production of 22.9 million ounces resulted from increased treatment of silver-bearing concentrate and an increased capacity to refine silver.

Operating costs in 2012, before the one-time labour settlement charge of $59 million, rose by $24 million. This was partly due to higher workforce levels to allow for succession planning, higher wages, increased consumable costs, the use of additional operating supplies and increased maintenance activity.

Our e-waste recycling process treated 12,000 tonnes of material during the year, and we plan to treat about 13,500 tonnes in 2013. We continue to process zinc alkaline batteries and fluorescent light bulbs as part of our expanded efforts in recycling post-consumer waste.

Construction continued on the new $125 million acid plant, which will replace two existing plants and is expected to deliver enhanced operating reliability and flexibility as well as improved environmental performance. The new plant is expected to go into service in the first quarter of 2014. As part of the capital deferrals announced in October 2012, work on the $210 million No. 4 Furnace Project was deferred as major excavation and construction had not commenced and detailed engineering had yet to be completed.

In 2013, we expect to produce in the range of 280,000 to 290,000 tonnes of refined zinc, approximately 87,000 tonnes of refined lead and approximately 23.5 million ounces of silver.

Other Zinc Operations

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

Markets

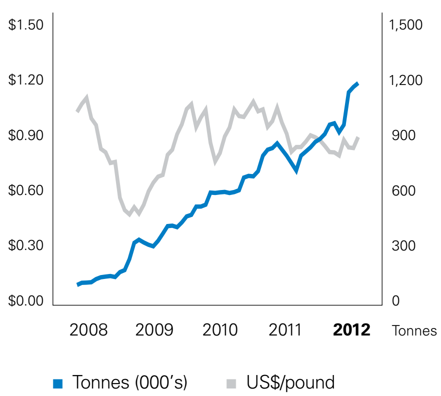
Zinc prices on the LME averaged US$0.88 per pound for the year, down US$0.11 per pound from the 2011 average.

In 2012, global zinc metal consumption was 12.8 million tonnes, which was an increase of 0.5% over 2011 levels. Metal premiums increased in North America, while premiums in Asia and in Europe remained stable. Metal supply grew at a greater rate than demand in 2012, leading to a surplus metal market in 2012 of approximately 200,000 tonnes. LME stocks increased by 399,000 tonnes, or 49%, over 2011 levels and finished the year at 1,220,750 tonnes. We estimate that total reported global stocks (which include producer, consumer, merchant and terminal stocks) increased by 279,000 tonnes in 2012 and at year-end represented an estimated 58 days of global consumption compared to the 25-year average of an estimated 40 days.

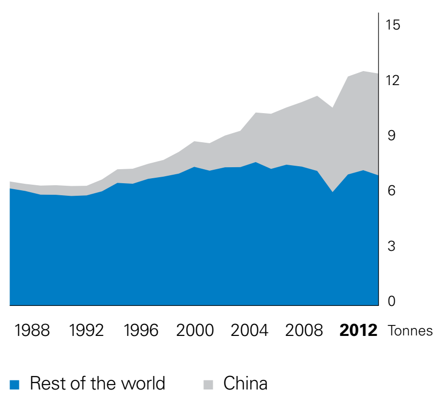
In 2012, global mine production grew by 2%, or 230,000 tonnes of contained zinc, while global refined production fell by 100,000 tonnes or 1.0%. This was a result of China increasing mine production by 14% and dropping refined production by 8%. As a result of this, the global concentrate market recorded a modest surplus in 2012, representing less than 1% of global mine production.

In 2013, we believe that the global zinc concentrate market will record a further modest surplus representing less than 2% of global mine production. We further believe that global refined production will grow at a greater rate than refined demand, leading to a global zinc metal surplus.

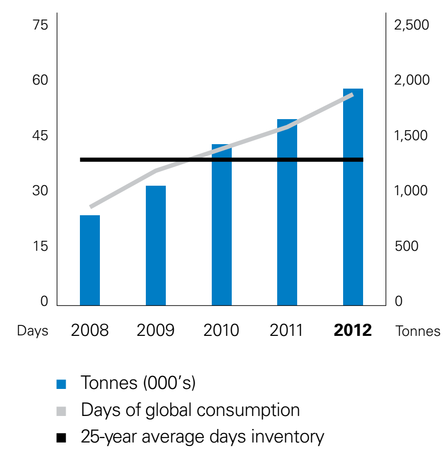
Zinc Price and LME Inventory
Source: LME



Global Demand for Zinc
(Tonnes in millions)
Source : ILZSG, Wood Mackenzie



Zinc Inventories
Source: ILZSG, LME, SHFE



Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include a 20% interest in the Fort Hills oil sands project and a 100% interest in the Frontier oil sands project. In addition, we hold a 50% interest in various other oil sands leases in the exploration phase, including the Lease 421 Area. Our recoverable contingent bitumen resources totalled 3.5 billion barrels at the end of 2012. These valuable long-term assets are located in a politically stable jurisdiction and will be mined using conventional technologies that build upon our core skills in large-scale truck and shovel operations.

We recognize that there are concerns over the potential environmental effects of developing oil sands projects. As such, we are researching methods to improve extraction and processing to enhance the sustainability of our projects. We are proud to be one of the founding members of the Canadian Oil Sands Innovation Alliance (COSIA) and are encouraged by the progress of the industry towards improving technology and production processes, reducing water consumption, improving tailings management, and increasing land reclamation and revegetation.

We are also developing renewable energy projects. We have a 30% interest in the Wintering Hills Wind Power Facility, which completed its first full year of operation in 2012.

The disclosure that follows includes references to contingent bitumen resource estimates. Further information on these estimates, and the related risks and uncertainties, is set out in our most recent Annual Information Form, which is available on our website at www.teck.com, or on the Canadian Securities Administrators website at www.sedar.com (SEDAR) and under cover of Form 40-F on the EDGAR section of the Securities Exchange Commission (SEC) website at www.sec.gov. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Fort Hills Oil Sands Project

The Fort Hills oil sands project is located approximately 90 kilometres north of Fort McMurray in northern Alberta. We hold a 20% interest in the Fort Hills Energy Limited Partnership (Fort Hills Partnership), which owns the Fort Hills oil sands project, with 39.2% held by Total E&P Canada Ltd. (Total) and the remaining 40.8% held by the operator of the project, Suncor Energy Inc. (Suncor).

At December 31, 2012, our best estimate of our 20% share of the recoverable bitumen at Fort Hills is 662 million barrels. To the end of 2012, approximately $3.3 billion has been spent on the Fort Hills project. Our share was $1.1 billion, of which $122 million was spent in 2012. In connection with our ownership interest, we are committed to fund 27.5% of the next $4.2 billion of project spending and our 20% pro rata share thereafter.

Suncor has provided a forecast project spending estimate of approximately $1.05 billion for 2013, of which our share should be $290 million, including our earn-in commitments.

Engineering studies are ongoing to update the design basis for the project and improve the accuracy of the cost estimates in anticipation of a project sanction decision by the partners in 2013. Should the partners sanction Fort Hills (Phase 1), production is not expected to start before 2017, ramping up to approximately 160,000 barrels per day of bitumen production. Potential exists to double production with Phase 2, up to 320,000 barrels per day.

Teck/SilverBirch Agreement

In April 2012, we completed the purchase of SilverBirch Energy Corporation. The transaction gave us full ownership of the Frontier project, including the Equinox property. SilverBirch assets, other than its interest in Frontier, Equinox and Twin Lakes, were transferred to a new company owned by SilverBirch's shareholders. Completion of this transaction created a simplified ownership structure for Frontier, provided an opportunity to explore new partnerships and other alternatives to move the project towards development, and reduced our exposure to oil sands leases not amenable to mining.

Frontier Project

The Frontier project is located immediately northwest of the Fort Hills project in northern Alberta. We hold a 100% interest in the Frontier project. In November 2011, the Frontier project application was submitted to regulators. In 2012, provincial and federal regulatory agencies completed their initial review of the Frontier project application and provided supplemental information requests. We prepared and submitted responses to all of these information requests in January 2013. The Canadian Environmental Assessment Agency has provided estimates of the federal review schedule for the Frontier project application. The cumulative federal review period is estimated to be approximately two years. When time to respond to information requests is included, 2015 is the earliest an approval decision and receipt of required permits are expected.

The Frontier project consists of approximately 28,960 hectares of oil sands leases and as at December 31, 2012, our best estimate is that our 100% interest in the Frontier project represents approximately 2.8 billion barrels of contingent bitumen resources. The project has been designed for up to four production lines with a total capacity of approximately 277,000 barrels per day of bitumen; the first two production lines are planned to have a production capacity of 159,000 barrels per day. The Frontier project includes an option of developing Equinox, 10 kilometres south of Frontier, as a satellite operation.

In 2012, no field exploration activities were undertaken — the focus was on supporting the regulatory application review, consultations with stakeholders and ongoing engineering studies. A field exploration program is planned for 2013 to acquire additional geotechnical information to assist in future engineering studies.

Lease 421 Area

We hold a 50% interest in the Lease 421 Area, which is located east of the Fort Hills project in northern Alberta. Imperial Oil and ExxonMobil jointly own the remaining 50%. During the first quarter of 2012, we acquired a 50% working interest in Lease 899, which is immediately southwest of and adjacent to the Lease 421 Area. This increases the contiguous land area of the Lease 421 Area project by 34%. To date, a total of 89 core holes have been completed in the Lease 421 Area, including 30 core holes previously completed on Lease 899.

Wintering Hills Wind Power Facility

Wintering Hills is located near Drumheller, Alberta. We hold a 30% interest in Wintering Hills with Suncor Energy Products Inc., a wholly owned subsidiary of Suncor Inc., the project operator. In 2012, the first full year of operation, our share of power generation from Wintering Hills was 88 GWh, enough power to provide 57,000 tonnes of CO_2-equivalent credits. Our share of expected power generation in 2013 is 85 to 90 GWh, which is dependent on weather conditions.

Exploration

Throughout 2012, exploration efforts were carried out around the world by our nine regional offices. Expenditures of $102 million in 2012 were focused on copper, zinc and gold opportunities.

Exploration plays three critical roles at Teck: discovery of new orebodies through early stage exploration and acquisition; pursuit, evaluation and acquisition of development opportunities; and delivery of geoscience solutions and services to create value at our existing mines.

Our copper exploration is focused on porphyry copper deposits and, during 2012, we drilled several porphyry copper projects in Canada, Chile, Mexico, Peru, Turkey and Namibia. In addition to our 100% owned projects, several resource stage joint venture projects advanced in 2012, including Zafranal in Peru, Haib in Namibia and La Verde in Mexico. Significant exploration work was focused in and around our existing operations and advanced projects in 2012. At our Highland Valley Copper Operations in Canada we successfully completed ground geophysical surveys and target definition drilling adjacent to the historical Bethlehem pits, outlining some near-surface and copper mineralization. At our Quebrada Blanca Operations in Chile, we drilled high-quality targets within 10 kilometres of the existing mine and at our Relincho project in Chile we made new discoveries within 2 kilometres of the current pit design. In 2013, we plan to drill copper projects in Canada, Peru, Chile, Namibia and Turkey and aggressively explore around our existing operations.

Zinc exploration remains focused on three areas: the Red Dog mine district in Alaska, northeastern Australia, and Ireland. In both Alaska and Australia, the target type is a large, high-grade, sediment-hosted deposit similar to major world-class deposits such as Red Dog in Alaska and Century or McArthur River in Australia. In 2012, we undertook approximately 4,000 metres of exploration drilling on the Noatak project, where we have identified multiple high-quality targets near our existing Red Dog mine. We also conducted exploration drilling for zinc in northeastern Australia and in Ireland, where the target is a large high-grade deposit similar to the producing Navan mine. Drill programs will continue in all three regions in 2013.

In addition to exploring for copper and zinc, we are exploring for, and looking to partner in, new gold opportunities. Our plan is to explore, find and advance gold resources through targeted exploration activity in select jurisdictions. Once an opportunity has been recognized, the strategy is to optimize that opportunity or asset through further definition drilling and engineering studies, then capture value through periodic divestitures. Our current exploration efforts and drill testing for gold are primarily focused in Turkey, Canada, Chile, Peru and Colombia. In 2012, we had encouraging results from TV Tower in Turkey, which is a joint venture with Pilot Gold, and we expect this to progress towards a resource estimate in 2013. Our 100% Demir and 60% Halilaga gold projects, also in Turkey, moved towards the resource estimate stage in 2012.

Financial Overview

Financial Summary

($ in millions, except per share data)	2012	2011	2010
Revenue and profit			
Revenues	**$ 10,343**	$ 11,514	$ 9,223
Gross profit before depreciation and amortization	**$ 4,017**	$ 5,788	$ 4,438
EBITDA*	**$ 2,819**	$ 5,459	$ 4,326
Profit attributable to shareholders	**$ 811**	$ 2,668	$ 1,820
Cash flow			
Cash flow from operations	**$ 2,795**	$ 3,957	$ 3,274
Capital expenditures	**$ 1,809**	$ 1,236	$ 810
Investments	**$ 758**	$ 463	$ 46
Balance sheet			
Cash balances	**$ 3,267**	$ 4,405	$ 832
Total assets	**$ 34,617**	$ 34,219	$ 29,055
Debt, including current portion	**$ 7,195**	$ 7,035	$ 4,948
Per share amounts			
Profit attributable to shareholders			
Basic	**$ 1.39**	$ 4.52	$ 3.09
Diluted	**$ 1.38**	$ 4.50	$ 3.08
Dividends declared per share	**$ 0.85**	$ 0.70	$ 0.50

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

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

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

Profit attributable to shareholders for 2012 was $811 million, or $1.39 per share, which included $784 million of after-tax debt refinancing charges. This compares with $2.7 billion or $4.52 per share in 2011, and $1.8 billion, or $3.09 per share in 2010.

Our profit over the past three years has included items that we segregate for presentation to investors so that the ongoing profit of the company may be more clearly understood. These are described below and summarized in the table that follows. Excluding these items, our profit for 2012 was negatively affected by lower prices for our major commodities.

Our profit in 2012 included $784 million of after-tax refinancing charges related to debt refinancing transactions completed during the year, $70 million of collective agreement charges, $39 million of gains on asset sales and $98 million of gains on various derivatives.

Our profit in 2011 included $146 million of after-tax gains on the sale of various assets that were undertaken as part of our debt reduction plan and $128 million of gains on various derivatives.

Our profit in 2010 included $65 million of after-tax non-cash foreign exchange gains and $768 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 was $658 million of after-tax unamortized discounts and issues costs related to our Fording acquisition debt that we wrote off as we repaid and refinanced that debt.

The table below shows the effect of these items on our profit.

	2012	2011	2010
Profit attributable to shareholders	**$ 811**	$ 2,668	$ 1,820
Add (deduct) the after-tax effect of:			
Gains on sale of assets	**(39)**	(146)	(768)
Foreign exchange (gains) losses	**20**	(4)	(65)
Derivative gains	**(98)**	(128)	(153)
Financing items	**784**	–	658
Collective agreement charges	**70**	55	–
Asset write-downs	**–**	23	–
Tax items	**(29)**	–	11
Adjusted profit *	**$ 1,519**	$ 2,468	$ 1,503
Adjusted earnings per share *	**$ 2.60**	$ 4.18	$ 2.55

* Adjusted profit and adjusted earnings per share are all non-GAAP measures. See "Use of Non-GAAP Financial Measures" section for further information.

Cash flow from operations in 2012 was $2.8 billion, compared with $4.0 billion in 2011 and $3.3 billion in 2010. The changes in cash flow from operations are due mainly to the volatility in commodity prices.

At December 31, 2012, our cash balance was $3.3 billion. Total debt was $7.2 billion and our net debt to net debt-plus-equity ratio was 18% compared with 13% at December 31, 2011 and 21% at the end of 2010.

Gross Profit

Our gross 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 operating income and expenses or in our non-operating income and expenses.

Our principal commodities are copper, steelmaking coal and zinc, which accounted for 26%, 45% and 11% of revenues respectively in 2012. Silver and lead are significant byproducts of our zinc operations, accounting for 9% and 3% each, respectively, of our 2012 revenues. We also produce a number of other byproducts including molybdenum, various specialty metals, and chemicals and fertilizers, which in total accounted for 6% of our revenue in 2012.

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

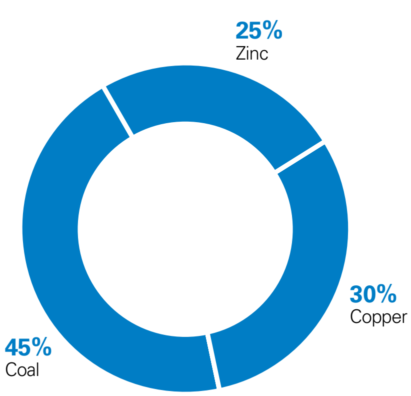
Our revenues were $10.3 billion in 2012 compared with the record $11.5 billion in 2011 and $9.2 billion in 2010. The reduction in 2012 was due mainly to a 25% reduction in the average realized coal price, lower metal prices and lower zinc sales volumes. The reduction was partially offset by higher sales volumes of copper and coal, which increased by 13% and 8%, respectively, compared with 2011. The increase in 2011 revenue over 2010 revenue was due to higher average prices for our main commodities and higher sales volumes for copper, partially offset by lower sales volumes of steelmaking coal and zinc.

Our cost of sales includes all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased for our Trail Operations' refining and smelting operation, royalties, and marketing and distribution costs required to sell and transport our products to various delivery points. Our cost of sales also includes depreciation and amortization expense. 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.

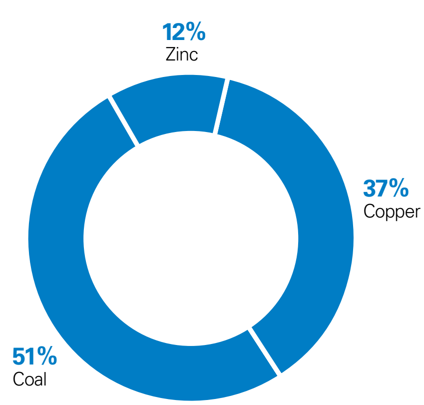
The magnitude of our costs is dictated mainly by our production volumes, the costs for labour, operating supplies and concentrate purchases and by strip ratios, haul distances, ore grades, distribution costs, commodity prices, foreign exchange rates and costs related to non-routine maintenance projects. 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 cost of sales was $7.3 billion in 2012, compared with $6.6 billion in 2011 and $5.7 billion in 2010. Costs of sales in 2012 increased from 2011 primarily due to higher production levels in our copper and coal business units, which increased 16% and 8% respectively, and accounted for approximately $380 million of the increase. Higher transportation unit costs in our coal business unit accounted for approximately $110 million of the increase in cost of sales in 2012. This was due to higher ocean freight, port and rail costs as well as to a higher proportion of coal being sold inclusive

2012 Revenue by Business Unit

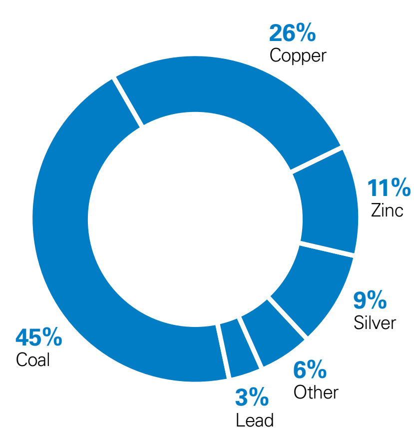


2012 Gross Profit by Business Unit*



*Before depreciation and amortization

2012 Revenue by Commodity



of freight charges. Although we achieved lower unit costs at most of our copper operations, unit costs increased significantly at our Quebrada Blanca Operations and accounted for approximately $100 million of the increase in cost of sales in 2012. This was due to significant increases for labour costs, reflecting new terms of the collective agreement ratified early in 2012, and higher contractor and consumable costs. We also incurred one-time labour settlement costs at various operations totalling $103 million in 2012 compared with $84 million in 2011.

Comparing 2011 with 2010, the higher costs were due mainly to the new copper concentrator at Carmen de Andacollo operating for a full year in 2011, compared with three months in 2010, as commercial production commenced October 1, 2010. This accounted for approximately $250 million of the increase in cost of sales in 2011. We also incurred one-time labour settlement costs at Highland Valley Copper and our coal operations totalling $84 million in 2011. The balance of our higher costs of sales was partly due to increased energy costs, consumables and the use of contractors to maximize production at our coal operations. In addition, the cost of concentrate purchases at our Trail Operations increased by approximately $400 million, due to higher metal prices, especially for silver, and as a result of our Trail Operations operating at higher production levels compared with 2010.

In 2012, our depreciation expense was $951 million compared with $911 million in 2011 and $916 million in 2010. Increased throughput and production levels at our coal and copper operations, the commencement of the amortization of Antamina's major expansion project and Highland Valley's two-year waste stripping campaign and buttress placement project were the main reasons for the higher depreciation expense in 2012. However, this was partially offset by the effect of an increase in our coal reserves, which reduced our per-unit amortization rate and our overall depreciation charge for coal. We expect that these increased reserves will have a more significant effect in reducing the depreciation charge in 2013.

Other Expenses

($ in millions)	**2012**	2011	2010
General and administrative	**$ 136**	$ 125	$ 137
Exploration	**102**	105	56
Research and development	**19**	17	20
Other operating expense (income)	**24**	174	(640)
Finance income	**(135)**	(113)	(95)
Finance expense	**577**	595	691
Non-operating expense (income)	**848**	(197)	418
Share of losses of associates	**10**	5	5
	$ 1,581	$ 711	$ 592

We must continually replace our reserves as they are depleted in order to maintain production levels over the long term. We try to do this through our exploration and development program and through acquisition of interests in new properties or in companies that own such properties. Exploration for minerals and oil is highly speculative and the projects involve many risks. The vast majority of exploration projects are unsuccessful and there are no assurances that current or future exploration programs will find deposits that are ultimately brought into production. We have expanded our exploration activities in 2012 and 2011, resulting in the costs being significantly higher than in 2010.

Our research and development expenditures are primarily focused on advancing our proprietary CESL hydro-metallurgical technology, the development of internal and external growth opportunities, and the development and implementation of process and environmental technology improvements at operations.

Other operating income and expenses include items we consider to be related to the operation of our business, such as final pricing adjustments (which are further described in the next paragraph), share-based compensation, gains or losses on commodity derivatives, gains or losses on sale of operating or exploration assets, and provisions for various costs at our closed properties. Significant items in 2012 include $24 million from gains on the sale of assets, $45 million of positive pricing adjustments and a $34 million expense for share-based compensation. Significant items in 2011 include $130 million of gains on the sale of assets, $210 million of negative pricing adjustments, and a $21 million expense recovery for share-based compensation resulting from the decline in our share price. 2010 included $721 million of gains on the sale of assets, $116 million of positive pricing adjustments and a $124 million charge for share-based compensation.

Sales of metals in concentrate or copper cathodes are recognized in revenue on a provisional pricing basis when the rights, obligations, risks and benefits of ownership pass to the customer, which usually occurs upon shipment. However, final pricing is typically not determined until a subsequent date, often in the following quarter. Revenue in a quarter is based on prices at the date of sale. These pricing adjustments result in gains in a rising price environment, and losses in a declining price environment and are recorded as other operating income or expense. The extent of the pricing adjustments also takes into account the actual price participation terms as provided in certain concentrate sales agreements. It should be noted that these effects arise on the sale of concentrates, as well as on the purchase of concentrates at our Trail Operations.

The table below outlines our outstanding receivable positions, which were provisionally valued at December 31, 2011 and 2012, respectively.

	Outstanding at December 31, 2011		**Outstanding at December 31, 2012**	
(pounds in millions)	Pounds	US$/lb	Pounds	US$/lb
Copper	164	3.43	179	3.59
Zinc	184	0.83	143	0.93

Our finance income includes the expected return on our pension plan assets in the form of interest and investment income. Our finance expense includes interest expense on our debt, financing fees and amortization, and the interest components of our pension obligations and our decommissioning and restoration provisions, less any interest that we capitalize against the cost of our development projects. The reduction in our finance expense relates primarily to lower average interest rates. Although our debt levels have increased since the end of 2010, the effect of the higher debt was offset by the reduction in interest rates arising from several refinancing transactions undertaken since the second half of 2010 in which we issued new lower-cost notes and used the proceeds and some cash to redeem high-yield notes issued in 2009 to refinance the Fording acquisition debt.

Non-operating income (expense) includes items that arise from financial and other matters and includes such items as foreign exchange, debt refinancing, realized gains or losses on marketable securities, and gains and losses on the revaluation of the call options on certain of our high-yield notes. In 2012, other non-operating income included $965 million of charges related to debt refinancing activities described in more detail below under the caption "Financing Activities", $119 million of gains on the revaluation of the call options on our high-yield notes prior to their settlement and $29 million of gains on the sale of various investments. In 2011, other non-operating income consisted primarily of $146 million of gains on the revaluation of the call options on our high-yield notes and $44 million of gains on the sale of various investments. 2010 included debt repurchase and refinancing charges of $782 million related to our debt refinancing transactions, partly offset by $168 million of gains on the revaluation of our call options and $138 million from the sale of investments.

We account for our investment in the Fort Hills Energy Limited Partnership using the equity method. The majority of the activities on this project to date relate to capital projects, rather than expenditures that affect profit.

Income and resource taxes were $615 million, or 41% of pre-tax profit. This is higher than the Canadian statutory income tax rate of 25%. This is due mainly to the effect of resource taxes and higher taxes in foreign jurisdictions, including withholding taxes. The loss on redemption of our high-yield notes that was not fully tax deductible also contributed to the higher effective rate. Offsetting this was the settlement of tax appeals in our favour, and adjustments to accrued withholding taxes on unremitted foreign earnings based on our reinvestment plans. The tax rate on our adjusted profit was 35%. We currently have approximately $6.8 billion of various unused tax pools that shield us from cash income taxes, but not resource taxes in Canada. We remain subject to cash taxes in foreign jurisdictions.

Profit attributable to non-controlling interests relate to the ownership interests in our Highland Valley Copper, Quebrada Blanca, Carmen de Andacollo and Elkview mines that are held by third parties.

Financial Position and Liquidity

Our financial position and liquidity remains strong. Our total debt balance was $7.2 billion at December 31, 2012 compared with $7.0 billion at the end of 2011 and $4.9 billion at the end of 2010.

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

	December 31, 2012	December 31, 2011	December 31, 2010
Fixed rate term notes	**$ 7,119**	$ 6,698	$ 4,694
Other	**113**	219	281
Total debt (US$ in millions)	**7,232**	6,917	4,975
Canadian $ equivalent at year-end exchange rate	**7,195**	7,035	4,948
Less cash balances	**(3,267)**	(4,405)	(832)
Net debt	**$ 3,928**	$ 2,630	$ 4,116
Debt to debt-plus-equity	**29%**	28%	24%
Net debt to net debt-plus-equity	**18%**	13%	21%
Average interest rate at year-end	**4.8%**	6.9%	7.6%

The cost of funds under our credit facilities depends in part on our credit ratings. Moody's currently rates us at Baa2 with a stable outlook, Standard & Poor's rates us at BBB with a stable outlook, Dominion Bond Rating Service rates us as BBB with a stable trend and Fitch Ratings rates Teck as BBB with a stable outlook. The costs under our credit facilities would change if certain of our credit ratings were to change.

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

Operating Cash Flow

Cash flow from operations was $2.8 billion in 2012 compared with $4.0 billion in 2011 and $3.3 billion in 2010. The decreased cash flow from operations in 2012 was due mainly to lower gross profits at our operations from falling commodity prices. The increase in 2011 compared with 2010 was due mainly to the higher gross profits at our operations from rising commodity prices.

Investing Activities

Capital expenditures were $1.8 billion in 2012 and included $709 million on sustaining capital and $1.1 billion on development projects. The largest components of sustaining expenditures were $327 million at our coal operations, primarily related to new and replacement mobile equipment; $99 million at Trail Operations; $35 million at Red Dog; $51 million at Quebrada Blanca and $69 million at Highland Valley Copper. Development expenditures included $314 million at Teck Coal as part of our plans to increase coal production to over 30 million tonnes, $111 million for our share of the Antamina expansion project, $226 million for Highland Valley Copper's mill optimization project, $192 million for the Quebrada Blanca Phase 2 hypogene project, $16 million at Carmen de Andacollo and $60 million related to our oil sands properties.

Investments in 2012 included $432 million for the acquisition of SilverBirch Energy Corporation, which gave us full ownership of the Frontier oil sands project, including the Equinox property, $197 million for interests in a number of publicly traded companies and $122 million for our share of the costs of our equity accounted investment in Fort Hills. Investments in 2011 totalled $463 million, of which $300 million was for publicly traded companies and $54 million was for our share of the Fort Hills costs. Investments in 2010 were $46 million, with no individually significant items.

Cash proceeds from the sale of non-core assets were $51 million in 2012, $289 million in 2011 and $1.2 billion in 2010. In 2012, we sold various small, non-core mining properties. 2011 included $128 million for the sale of our Carrapateena project in Australia and $161 million from other assets and investments in publicly traded companies. 2010 included the sale of our one-third interest in the Waneta Dam for $825 million, $230 million from the sale of an interest in the future gold production from our Carmen de Andacollo Operations and $24 million from the sale of gold projects in Turkey.

Financing Activities

During 2012, we issued US$2.75 billion of long-term notes and used the proceeds to redeem the remaining outstanding balance of the various high-yield notes issued in 2009 and repay the US$200 million notes due in September 2012.

The notes issued, which are all denominated in U.S. dollars, include $500 million due in 2018 bearing interest at 2.5%, $500 million due in 2019 bearing interest at 3.0%, $750 million due in 2023 bearing interest at 3.75%, $500 million due in 2042 bearing interest at 5.2% and $500 million due in 2043 bearing interest at 5.4%.

We also repaid the US$200 million notes due in September 2012, and repurchased 3.9 million Class B subordinate voting shares for cancellation pursuant to our normal course issuer bids at a cost of $129 million.

Significant financing activities during 2011 included the US$2 billion of notes issued in July for net proceeds of $1.9 billion, and the repurchase of 4.8 million Class B subordinate voting shares for $171 million for cancellation pursuant to our normal course issuer bid.

During the first half of 2010, we repaid the remaining outstanding balance of US$2.35 billion on the term loan related to our 2008 acquisition of Fording Coal with cash flow derived from our operations and proceeds from the sale of non-core assets. In the latter half of 2010 we initiated three tender offers totalling US$1.450 billion and acquired and cancelled US$1.993 billion of the high-yield notes that we issued in May 2009. We financed these tender offers with cash on hand and the issuance of new lower coupon notes maturing in 2017, 2021 and 2040.

As a result of the refinancing activities described above, we have reduced the interest cost of our debt and extended its tenor. At December 31, 2012 the weighted average maturity of our consolidated indebtedness is approximately 16.5 years and the weighted average coupon rate is approximately 4.8%.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	**2012**				2011			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 2,730**	**$ 2,505**	**$ 2,561**	**$ 2,547**	$ 2,972	$ 3,380	$ 2,796	$ 2,366
Gross profit	**719**	**694**	**735**	**918**	1,212	1,571	1,197	897
EBITDA	**527**	**721**	**790**	**781**	1,304	1,660	1,461	1,034
Profit attributable to shareholders	**145**	**180**	**268**	**218**	637	814	756	461
Earnings per share	**$ 0.25**	**$ 0.31**	**$ 0.46**	**$ 0.37**	$ 1.08	$ 1.38	$ 1.28	$ 0.78
Cash flow from operations	**$ 796**	**$ 587**	**$ 768**	**$ 644**	$ 1,199	$ 1,383	$ 621	$ 754

Revenues from operations were $2.7 billion in the fourth quarter compared with revenues of $3.0 billion a year ago. Revenues from our copper business unit increased by $117 million from a year ago primarily due to higher sales volumes resulting from increased production levels. Coal revenues decreased by $424 million compared with the fourth quarter of 2011 as a result of significantly lower coal prices, despite a 16% increase in sales volumes. Revenues from our zinc business unit rose by $64 million from a year ago as a result of the timing of lead sales from Red Dog and slightly higher metal prices.

Gross profit before depreciation and amortization from our copper business unit in the fourth quarter increased by $91 million compared with a year ago as a result of production and sales volumes, which increased by approximately 15%. Copper production in the fourth quarter was 103,000 tonnes compared with 89,000 tonnes a year ago, which was a new quarterly production record, and an increase of 4% from the third quarter of 2012. The higher production is a result of our share of additional production from Antamina's mine expansion and the mining of higher grade sections at Highland Valley Copper. Copper prices were also higher at US$3.59 per pound in the fourth quarter compared with US$3.40 per pound a year ago. The higher copper prices were partly offset by a stronger Canadian dollar and lower molybdenum revenues.

Gross profit before depreciation and amortization from our coal business unit decreased by $544 million in the fourth quarter compared with the same period a year ago as a result of significantly lower coal prices, despite a 16% increase in sales volumes. The average coal price of US$159 per tonne in the fourth quarter was 37% lower than the same quarter a year ago, reflecting weaker steelmaking coal market conditions. Coal sales of 6.4 million tonnes in the fourth quarter were 16% higher than the same period last year and exceeded prior guidance of 6.2 million tonnes. The increase in sales volume predominantly reflects strong demand for coal delivered to China, partially offset by lower demand in our traditional markets. Production in the fourth quarter decreased to 6.4 million tonnes, or by 5% compared with the same quarter in 2011 as a result of our decision to reduce production starting in mid-August through to the end of the year to align with customer demand. Cost of product sold in the fourth quarter was $62 per tonne, before transportation and depreciation charges, or $3 per tonne lower than the same quarter a year ago, and 17% lower than in the first three quarters of 2012, reflecting our cost-reduction efforts at our mines. Transportation costs in the fourth quarter were $41 per tonne, 24% higher compared with the same quarter a year ago, as a result of higher ocean freight, port and rail costs and a higher than normal proportion of coal being sold inclusive of ocean freight.

Gross profit before depreciation and amortization from our zinc business unit decreased by $22 million to $182 million in the fourth quarter compared with a year ago primarily due to a lower contribution from our Trail Operations. Trail's refined zinc production and sales volumes declined by approximately 10% compared with the fourth quarter of last year due to electrolytic plant operating performance, which resulted in a temporary buildup of in-process inventories. Red Dog's zinc production rose by 5% to 142,300 tonnes in the fourth quarter compared with the same period a year ago as a result of increased mill throughput. Higher lead sales from Red Dog were the result of weather-related shipping delays that deferred sales from the third quarter. This was offset by an increase in the NANA royalty rate from 25% to 30% in the fourth quarter of 2012.

Profit attributable to shareholders was $145 million, or $0.25 per share, in the fourth quarter compared with $637 million or $1.08 per share in the same period last year, primarily due to lower steelmaking coal prices in the fourth quarter compared with the same period a year ago. Profit attributable to shareholders in the fourth quarter was also affected by a $259 million after-tax charge related to the refinancing of the final portion of our high-yield notes, which is excluded from adjusted profit.

Cash flow from operations was $796 million in the fourth quarter compared with $1.2 billion a year ago, with the reduction due mainly to the effect of lower coal prices in the period.

Outlook

We continue to experience volatile markets for our products. Commodity markets have historically been volatile, prices can change rapidly and customers can alter shipment plans. This can have a substantial effect on our business. Ongoing economic uncertainties in Europe and the United States and less robust growth rates in China, India and other emerging markets have affected both demand and prices for some of our products. We believe that the medium- to longer-term fundamentals for steelmaking coal are quite favourable, although the recent weakness in the seaborne steelmaking coal market is expected to persist for at least the first half of 2013. Markets for copper remain steady while zinc markets have shown some weakness. In the meantime, the Company's financial position is strong, and we continuously monitor all aspects of our key markets as conditions evolve in order to be in a position to take whatever actions may be appropriate.

Commodity Prices and 2013 Production

Commodity prices are a key driver of our profit. On the supply side, the depleting nature of ore reserves, difficulties in finding new orebodies, the permitting processes and the availability of skilled resources to develop projects, as well as infrastructure constraints, political risk and significant cost inflation may continue to have a moderating effect on the growth in future production. Although we are concerned about current global economic conditions, we believe that, over the longer term, the industrialization of emerging market economies will continue to be a major positive factor in the future demand for commodities. Therefore, we believe that the long-term price environment for the products that we produce and sell remains favourable.

Based on our expected 2013 mid-range production estimates and a Canadian/U.S. dollar exchange rate of $1.00, the sensitivity of our annual profit attributable to shareholders to the indicated changes in commodity prices, before pricing adjustments and the U.S. dollar exchange rate is as follows:

	2013 Mid-Range Production Estimates	Change	Effect of Change on Profit	Effect on EBITDA
Coal (000's tonnes)	24,500	US$1/tonne	$ 16 million	$ 25 million
Copper (tonnes)	350,000	US$0.01/lb	$ 4 million	$ 7 million
Zinc (tonnes)	860,000	US$0.01/lb	$ 7 million	$ 11 million
US$ exchange		Cdn$0.01	$ 45 million	$ 70 million

Notes:
(1) The effect on our profit attributable to shareholders of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes.
(2) Zinc includes 285,000 tonnes of refined zinc and 575,000 tonnes of zinc contained in concentrates.
(3) All production estimates are subject to change based on market and operating conditions.

Foreign exchange translation gains and losses on our U.S. dollar denominated debt arising from exchange rate fluctuations are not expected to have a significant effect on our 2013 profit, as our debt level is expected to be designated as a hedge against our investments in U.S. dollar denominated foreign operations and working capital items.

Copper and zinc prices, to date in 2013, are trading similar to 2012 average prices. Coal market conditions softened in the third quarter and remained lower through the fourth quarter. The fluctuations in the Canadian/U.S. dollar exchange rate can have a significant effect on our profit and financial position. The Canadian dollar, to date in 2013, has averaged approximately $1.00 against the U.S. dollar compared with $1.00 in 2012.

Our copper production for 2013 is expected to be in the range of 340,000 to 360,000 tonnes compared with 373,000 tonnes produced in 2012. The lower expected production is a result of declining production from Quebrada Blanca and lower ore grades at Highland Valley Copper.

Our coal production in 2013 is expected to be in the range of 24.0 to 25.0 million tonnes. Our actual production will depend primarily on customer demand for deliveries of steelmaking coal. Depending on market conditions and the sales outlook, we may adjust our production plans. We have the flexibility to devote additional resources to pre-stripping in these circumstances. Our current production capacity is approximately 27 million tonnes and is expected to grow to 28 million tonnes by the end of 2013.

Our zinc in concentrate production in 2013 is expected to be in the range of 560,000 to 590,000 tonnes compared with 598,000 tonnes in 2012, as Red Dog's production is expected to decrease by approximately 15,000 tonnes. Refined zinc production from our Trail metallurgical complex in 2013 is expected to be in the range of 280,000 to 290,000 tonnes compared with 284,200 tonnes in 2012.

Capital Expenditures

Our forecast of approved capital expenditures for 2013 is expected to be approximately $2.0 billion and is summarized in the following table:

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Total
Copper	$ 265	$ 360	$ 530	$ 1,155
Coal	265	80	120	465
Zinc	195	20	–	215
Energy	–	–	110	110
Corporate	20	–	–	20
	$ 745	$ 460	$ 760	$ 1,965

These amounts do not include expenditures on mine development projects that have not received board approval and are expected to be incurred should those projects proceed. In addition, we expect to capitalize additional overburden removal work at operating mines under the provisions of new accounting standards (IFRIC 20) as they come into effect in 2013.

We also expect to invest approximately $290 million in 2013 for our share of costs for the Fort Hills oil sands project, which is accounted for as an investment.

Major enhancement projects in 2013 include: $310 million for Highland Valley's mill optimization project, $25 million for the completion of the Antamina mill expansion and $80 million at our coal operations, which includes $50 million for the Neptune Terminals expansion. New mine development in 2013 includes $450 million for Quebrada Blanca Phase 2, $70 million for Relincho, $120 million for Quintette and $110 million for our Frontier oil sands project.

The amount and timing of actual capital expenditures is also dependent upon being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the projects to be completed as currently anticipated. We may change capital spending plans for the balance of this year and next, depending on commodity markets, our financial position, results of feasibility studies and other factors.

Foreign Exchange and Debt Revaluation

The sales of our products are denominated in U.S. dollars, while a significant portion of our expenses are incurred in local currencies, particularly the Canadian dollar. Foreign exchange fluctuations can have a significant effect on our operating margins, unless such fluctuations are offset by related changes to commodity prices.

Our U.S. dollar denominated debt is subject to revaluation based on changes in the Canadian/U.S. dollar exchange rate. As at December 31, 2012, all of our U.S. dollar denominated debt is designated as a hedge against our U.S. dollar denominated foreign operations and working capital items. As a result, any foreign exchange gains or losses arising on our designated U.S. dollar debt are recorded in other comprehensive income.

Taxes

In September, the Chilean government approved a tax reform bill retroactively effective to January 1, 2012 that increased the corporate first category income tax rate from 18.5% to 20%. The effective all-in corporate income tax rate, including withholding taxes on profits distributed out of Chile, remains at 35%.

Other Information

British Columbia Carbon Tax and Cap and Trade

The Province of British Columbia (B.C.) introduced a carbon tax on virtually all fossil fuels in 2008. The tax is imposed on various fossil fuels used in B.C. and, on July 1, 2012, the final increase planned by government saw the tax rate reach $30 per tonne of CO_2-emission equivalent. For 2012, our seven B.C.-based operations paid $46 million in provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas. We anticipate that this will increase to approximately $40–50 million in carbon tax in 2013 as the current tax rate will apply for the full calendar year. The B.C. government also established a greenhouse gas emissions reporting regulation. Beginning in 2010, the regulation required facilities in the province that emit over 10,000 tonnes of CO_2-equivalent annually from regulated sources to report their emissions and those that emit over 25,000 tonnes per year from regulated sources to obtain independent verification of their emissions. These obligations, including third-party verification where required, were met in 2012 for the 2011 performance of our seven B.C.-based operations. The B.C. government was expected to implement greenhouse gas cap-and-trade regulations in 2012 as part of its Western Climate Initiative commitments. These regulations have not materialized and it is not known when or whether they will be established.

Financial Instruments and Derivatives

We hold a number of financial instruments and derivatives, which are recorded on our balance sheet at fair value with gains and losses in each period included in other comprehensive income and profit for the period as appropriate. The most significant of these instruments are marketable securities, foreign exchange forward sales contracts, metal-related forward contracts and settlements receivable and payable. 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.

Critical Accounting Estimates and Judgments

In preparing consolidated financial statements, management has to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience and other factors, including expectations of future events, management makes judgments that are believed to be reasonable under the circumstances. Actual results could differ from our estimates. Critical accounting estimates are those that could affect the consolidated financial statements materially and involve a significant level of judgment by management. Management's critical accounting estimates apply to the assessment of the impairment of goodwill, the estimated recoverable reserves and resources, and the valuation of other assets and liabilities such as decommissioning and restoration provisions and accounting for income taxes.

Goodwill Impairment Testing

We allocate goodwill arising from business combinations to the cash-generating unit or group of cash-generating units acquired that is expected to receive the benefits from the business combination. When performing annual goodwill impairment tests, we are required to determine the recoverable amount of each cash-generating unit or group of cash-generating units to which goodwill has been allocated. The recoverable amount of each cash-generating unit or group of cash-generating units is determined as the higher of its fair value less cost to sell and its value in use.

We determine the recoverable amount of individual cash-generating units or groups of cash-generating units by using discounted cash flow models prepared by internal experts with assistance from third-party advisors when required. Significant assumptions used include commodity prices, mineral reserves and resources, operating costs, capital expenditures, discount rates, foreign exchange rates and inflation rates. The assumptions used are based on management's best estimates and are reviewed by senior management. Significant judgment is applied and changes in these assumptions may alter the results of goodwill impairment testing, impairment charges recorded in the income statement and the resulting carrying values of assets.

We did not record any impairment of our goodwill balances in 2012. Significant changes to long-term commodity prices and discount rates would be required before impairment would be indicated.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters. These include production costs, mining and processing recoveries, cut-off values or grades, and assumptions relating to long-term commodity prices. In some cases, mineral reserve and resource estimates are further affected by exchange rates, inflation rates and capital costs assumptions. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries, amongst other factors.

Estimated recoverable reserves and resources are used to determine the depreciation of property plant and equipment at operating mine sites, in accounting for deferred stripping costs, in performing impairment testing and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could change the carrying value of assets, depreciation and impairment charges recorded in the income statement and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provisions (DRP) are based on future costs estimates using information available at the balance sheet date. 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.

The DRP is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The DRP requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

Current and Deferred Income Taxes

The determination of our tax expense for the year and its deferred tax liabilities and assets involves significant management estimate 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 deferred tax assets and liabilities. Deferred tax liabilities arising from temporary differences on investments in subsidiaries and joint ventures are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Management also makes estimates of future taxable profits, which affects the extent to which potential future tax benefits may be used. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. We are subject to assessments by various taxation authorities who may interpret tax legislation differently. These differences may affect the final amount or 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.

Adoption of New Accounting Standards and Accounting Developments

New International Financial Reporting Standards (IFRS) pronouncements have been issued and will have an effect on our financial statements beginning on January 1, 2013. The following is a summary of the IFRSs that we will apply effective January 1, 2013 and the expected effect on our consolidated financial statements.

Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements (IFRS 10). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors' return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards (IAS) 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee (SIC) 12, Consolidation – Special Purpose Entities.

We will apply IFRS 10 beginning on January 1, 2013. We have substantially completed our analysis of IFRS 10 and do not expect any significant changes to our consolidated financial statements as a result of adopting this standard.

Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements (IFRS 11), which provides guidance on accounting for joint arrangements. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

We will apply IFRS 11 as at January 1, 2013, with retrospective application from the date of our earliest period presented, which will be January 1, 2012. We have substantially completed an analysis of all of our joint arrangements to determine the appropriate accounting treatment under the new standard, as it is our current accounting policy to proportionately consolidate all of our joint ventures. Based on our analysis to date, we expect that all of our joint arrangements will be considered joint operations under IFRS 11 and, accordingly, we will record the assets, liabilities, revenues and expenses in relation to our interest in each joint operation. As at the date of financial statement approval, we do not expect the adoption of IFRS 11 to result in significant changes to our consolidated financial statements.

Disclosures of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, Disclosures of Interests in Other Entities (IFRS 12), which outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

We will apply IFRS 12 beginning on January 1, 2013. We have substantially completed our analysis of IFRS 12 and expect to include additional disclosures about interests in other entities in our annual consolidated financial statements for the year ended December 31, 2013.

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement (IFRS 13). This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

We will apply IFRS 13 prospectively beginning on January 1, 2013. The disclosure requirements of IFRS 13 do not need to be applied in comparative periods before initial application. We have substantially completed our analysis of IFRS 13 and do not expect the adoption to result in significant changes to our consolidated financial statements.

Other Comprehensive Income

In June 2011, the IASB and the Financial Accounting Standards Board (FASB) issued amendments to standards to align the presentation requirements for other comprehensive income. The IASB issued amendments to IAS 1, Presentation of Financial Statements (IAS 1) to require companies preparing financial statements under IFRS to group items within other comprehensive income that may be reclassified to profit or loss. We will apply this amendment to IAS 1 in our consolidated financial statements beginning in 2013. We will present these changes in our consolidated statement of comprehensive income in our consolidated financial statements in the first quarter of 2013.

Post-Employment Benefits

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits (IAS 19). For defined benefit plans, the amendments eliminate the option to defer actuarial gains and losses on the balance sheet through the "corridor method". The amendments also require any remeasurement gains or losses, including actuarial gains and losses, to be recognized immediately and presented in other comprehensive income, eliminating the option to recognize and present these through the income statement. The amendments to IAS 19 require one discount rate to be applied to the net asset or liability for the purposes of determining the interest element of the pension cost and require the recognition of unvested past service cost awards into profit immediately. There is also a requirement to change the presentation of finance income and finance expense as a net finance expense (income) amount in the consolidated financial statements. Additional disclosures will also be required to present better information about the characteristics, amounts recognized and risks related to defined benefit plans.

We will apply the amendments to IAS 19 starting on January 1, 2013 with retrospective application and have substantially completed our analysis of the amendments. We expect changes to our consolidated financial statements as a result of the requirement to recognize unvested past service cost awards into profit immediately. We also expect an increase in our finance expense (income) for underfunded plans as a result of the application of one discount rate.

We are in the process of calculating the effect of these amendments to IAS 19 on our comparative consolidated financial statements for all periods in 2012. We do not expect the amendments in IAS 19 to significantly change our 2012 comparative consolidated financial statements.

Production Stripping Costs

In October 2011, the IASB issued IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20). The interpretation provides guidance on how to account for overburden waste removal stripping costs in the production phase of a surface mine. Stripping activity related to inventory produced is accounted for in accordance with IAS 2, Inventories. Stripping activity that improves access to ore is accounted for as an addition to or enhancement of an existing asset.

We have substantially completed our analysis of IFRIC 20 and are in the process of calculating the effect on our consolidated financial statements for the 2012 comparative periods. We will apply IFRIC 20 prospectively from January 1, 2012.

Based on our analysis to date, we have identified components of our orebodies to be phases, pits or sub-pits depending on the orebody being analyzed. These components align with how we view each mine and plan our mining activities. Previously, we recorded stripping activity assets only relating to major expansions. Under IFRIC 20, we will be required to recognize stripping activity assets when we meet the following three criteria:

- It is probable that the future economic benefit (improved access to the orebody) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the orebody for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets capitalized under IFRIC 20 will be classified consistently with the assets that they relate to within property, plant and equipment. These assets will be amortized on a units-of-production basis over the remaining reserves of the respective components.

We are in the process of calculating the impact of IFRIC 20 on our comparative consolidated financial statements for all periods of 2012. We expect to capitalize significant stripping activity assets in 2012 under the requirements of IFRIC 20.

Control Activities

For all changes to policies and procedures that have been identified relating to the above items, the effectiveness of internal controls over financial reporting and disclosure controls and procedures have been assessed and any changes have been implemented. We have identified and implemented accounting process changes relating to the above new policies and these changes were not significant. We applied our existing control framework to the implementation of the new standards. All accounting policy changes and financial effects are subject to review by senior management and the Audit Committee of the Board of Directors.

Business Activities, Key Performance Measures and Information Systems

We do not expect the preceding changes to significantly affect our financial covenants or key ratios. The implementation of the above IFRS pronouncements is not expected to significantly impact our information systems.

Outstanding Share Data

As at February 20, 2013, there were 572,936,551 Class B subordinate voting shares and 9,353,470 Class A common shares outstanding. In addition, there were 8,893,876 employee stock options outstanding, with exercise prices ranging between $4.15 and $58.80 per share. More information on these instruments and the terms of their conversion are set out in the equity note to our 2012 consolidated financial statements.

Contractual and Other Obligations

($ in millions)	Less than 1 Year	1–3 Years	4–5 Years	More than 5 Years	**Total**
Debt	$ 380	$ 1,017	$ 1,246	$ 11,083	**$ 13,726**
Operating leases	55	46	28	19	**148**
Capital leases	34	11	5	27	**77**
Road and port lease at Red Dog (Note 1)	18	35	35	240	**328**
Minimum purchase obligations (Note 2)					
Concentrate, equipment and supply purchases	830	274	131	1	**1,236**
Shipping and distribution	77	13	5	1	**96**
Pension funding (Note 3)	143	–	–	–	**143**
Other non-pension post-retirement benefits (Note 4)	12	27	31	429	**499**
Decommissioning and restoration provision (Note 5)	38	95	66	1,190	**1,389**
Other long-term liabilities (Note 6)	17	22	15	24	**78**
Contributions to the Fort Hills oil sands project (Note 7)	289	884	–	–	**1,173**
	$ 1,893	$ 2,424	$ 1,562	$ 13,014	**$ 18,893**

Notes:

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

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

(3) As at December 31, 2012, the company had a net pension deficit of $255 million based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2013 in respect of defined benefit pension plans is $143 million. The timing and amount of additional funding after 2013 is dependent upon future returns on plan assets, discount rates and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $499 million in respect of other non-pension post-retirement benefits as at December 31, 2012. Amounts shown are estimated expenditures in the indicated years.

(5) We accrue environmental and reclamation obligations over the life of our mining operations and amounts shown are estimated expenditures in the indicated years at fair value, assuming credit-adjusted risk-free discount rates between 4.95% and 5.95% and an inflation factor of 2.00%.

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

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

Disclosure Controls and Internal Control Over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding required 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 U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at December 31, 2012. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at December 31, 2012.

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, 2012, 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.

Use of Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS). This document refers to gross profit before depreciation and amortization, EBITDA, adjusted profit, adjusted earnings per share, total debt, net debt, debt to debt-plus-equity ratio, and the net debt to net debt-plus-equity ratio, which are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States.

Gross profit before depreciation and amortization is gross profit with depreciation and amortization added back. EBITDA is profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. For adjusted profit, we adjust profit attributable to shareholders as reported to remove the effect of certain kinds of transactions in these measures. Adjusted earnings per share is calculated by dividing the adjusted profit amount by our reported weighted average shares outstanding. Net debt is total debt less cash and cash equivalents. The debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity. The net debt to net debt-plus-equity ratio takes total debt as reported, and divides that by the sum of net debt plus total equity.

These measures may differ from those used by different issuers, and may not be comparable to such measures as reported by others. We disclose these measures, which have been derived from our financial statements and applied on a consistent basis, because we believe they assist readers in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors.

Reconciliation of Gross Profit Before Depreciation and Amortization

($ in millions)	2012	2011	2010
Gross profit	$ 3,066	$ 4,877	$ 3,522
Depreciation and amortization	951	911	916
Gross profit before depreciation and amortization	$ 4,017	$ 5,788	$ 4,438
Reported as:			
Copper			
Highland Valley Copper	$ 513	$ 486	$ 487
Antamina	633	588	420
Quebrada Blanca	82	255	406
Carmen de Andacollo	225	288	91
Duck Pond	42	57	58
Other	5	–	–
Coal	2,033	3,306	2,261
Zinc			
Red Dog	418	547	571
Trail	64	256	155
Other	(2)	2	9
Inter-segment sales	–	3	(20)
Energy	4	–	–
Gross profit before depreciation and amortization	$ 4,017	$ 5,788	$ 4,438

Reconciliation of Profit Attributable to Shareholders to EBITDA

($ in millions)	2012	2011	2010
Profit attributable to shareholders	$ 811	$ 2,668	$ 1,820
Finance expense net of finance income	442	482	596
Provision for income and resource taxes	615	1,398	994
Depreciation and amortization	951	911	916
EBITDA	$ 2,819	$ 5,459	$ 4,326

Quarterly Reconciliation

($ in millions)	2012				2011			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Profit attributable to shareholders	**$ 145**	**$ 180**	**$ 268**	**$ 218**	$ 637	$ 814	$ 756	$ 461
Finance expense net of finance income	**74**	**116**	**118**	**134**	134	133	109	106
Provision for income and resource taxes	**66**	**186**	**147**	**216**	311	470	366	251
Depreciation and amortization	**242**	**239**	**257**	**213**	222	243	230	216
EBITDA	**$ 527**	**$ 721**	**$ 790**	**$ 781**	$ 1,304	$ 1,660	$ 1,461	$ 1,034

Caution on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements, principally under the heading "Outlook", but also elsewhere in this document, include estimates, forecasts and statements as to management's expectations with respect to, among other things, mine life, anticipated production at our business units and individual operations, costs at our business units and individual operations, our expectation that we will meet our production guidance, sales volume and selling prices for our products (including settlement of coal contracts with customers), plans and expectations for our development projects, including resulting increases in forecast operating costs and costs of product sold, expected production, expected progress, costs and outcomes of our various projects and investments, including, but not limited to, those described in the discussions of our operations, the sensitivity of our profit to changes in commodity prices and exchange rates, the effect of potential production disruptions, the effect of currency exchange rates, our expectations for the general market for our commodities, future trends for the company, increased coal and copper production as a result of our expansion plans, results of our mill modernization program at Highland Valley Copper, reduced operating costs as a result of our restructuring plan at Quebrada Blanca, timing of the re-filing of the SEIA for the Quebrada Blanca Phase 2 project, our estimates of the effect of measures to manage selenium discharges and costs related thereto, the timing of permit approval, production and anticipated production levels from the Quintette mine, timing and results of the Neptune Bulk Terminals capacity expansions, timing of operation of our new acid plant at Trail Operations, the statements under the heading "Energy" regarding timing of sanction, production permitting decisions, timing of final supplemental information requests on our Frontier project and our responses to the review process thereto, anticipated capital expenditures and demand and market outlook for commodities. 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, the supply and demand for, deliveries of, and the level and volatility of prices of zinc, copper and coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees and business partners and joint venturers. Statements concerning timing of the re-filing of our SEIA for the Quebrada Blanca Phase 2 project are based on assumption of our ability to revise our application in response to comments in the time projected. Our selenium management plans are based on the assumptions, and subject to the factors, described under "Selenium Management". The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, changes in tax or royalty rates, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits or environmental impact assessments, and changes or further deterioration in general economic conditions. Our Fort Hills project is not controlled by us and construction, sanction and production schedules may be adjusted by our partner.

Statements concerning future production costs or volumes, and the sensitivity of the company's profit to changes in commodity prices and exchange rates, are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2012, filed on SEDAR and on EDGAR under cover of Form 40-F.

Consolidated Financial Statements

For the Years Ended December 31, 2012 and 2011

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 International Financial Reporting Standards as issued by the International Accounting Standards Board. 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 auditor's report.

Donald R. Lindsay
President and Chief Executive Officer

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

February 20, 2013

Independent Auditor's Report

To the Shareholders of Teck Resources Limited

We have completed integrated audits of Teck Resources Limited's and its subsidiaries (the "Company") December 31, 2012 and 2011 consolidated financial statements and their internal control over financial reporting as at December 31, 2012. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Teck Resources Limited and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2012 and 2011 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the years ended December 31, 2012 and 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teck Resources Limited and its subsidiaries as at December 31, 2012 and 2011 and their financial performance and cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on internal control over financial reporting

We have also audited Teck Resources Limited's and its subsidiaries' internal control over financial reporting as at December 31, 2012, based on criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management's responsibility for internal control over financial reporting

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

Auditor's responsibility

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

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

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

Definition of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with 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.

Inherent limitations

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

Opinion

In our opinion, Teck Resources Limited and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by COSO.

PricewaterhouseCoopers LLP

Chartered Accountants
February 20, 2013
Vancouver, British Columbia

Consolidated Statements of Income Years ended December 31

(Cdn$ in millions, except for share data)	2012	2011
Revenues	**$ 10,343**	$ 11,514
Cost of sales	**(7,277)**	(6,637)
Gross profit	**3,066**	4,877
Other operating expenses		
General and administration	**(136)**	(125)
Exploration	**(102)**	(105)
Research and development	**(19)**	(17)
Other operating income (expense) (Note 7)	**(24)**	(174)
Profit from operations	**2,785**	4,456
Finance income (Note 8)	**135**	113
Finance expense (Note 8)	**(577)**	(595)
Non-operating income (expense) (Note 9)	**(848)**	197
Share of losses of associates (Note 13)	**(10)**	(5)
Profit before tax	**1,485**	4,166
Provision for income and resource taxes (Note 18)	**(615)**	(1,398)
Profit for the year	**$ 870**	$ 2,768
Profit attributable to:		
Shareholders of the company	**$ 811**	$ 2,668
Non-controlling interests	**59**	100
Profit for the year	**$ 870**	$ 2,768
Earnings per share (Note 21(g))		
Basic	**$ 1.39**	$ 4.52
Diluted	**$ 1.38**	$ 4.50
Weighted average shares outstanding (millions)	**585.5**	590.4
Shares outstanding at end of year (millions)	**582.3**	586.6

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

Consolidated Statements of Comprehensive Income Years ended December 31

(Cdn$ in millions)	2012	2011
Profit for the year	**$ 870**	$ 2,768
Other comprehensive income (loss) in the year		
Currency translation differences (net of taxes of $(21) and $3)	**(49)**	77
Available-for-sale financial instruments (net of taxes of $2 and $12)	**(3)**	(106)
Cash flow hedges (net of taxes of $nil and $2)	**(1)**	(2)
Actuarial loss on retirement benefit plans (net of taxes of $33 and $59)	**(73)**	(124)
Total other comprehensive loss for the year	**(126)**	(155)
Total comprehensive income for the year	**$ 744**	$ 2,613
Total other comprehensive loss attributable to:		
Shareholders of the company	**$ (124)**	$ (155)
Non-controlling interests	**(2)**	–
	$ (126)	$ (155)
Total comprehensive income attributable to:		
Shareholders of the company	**$ 687**	$ 2,513
Non-controlling interests	**57**	100
	$ 744	$ 2,613

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

Consolidated Statements of Cash Flows Years ended December 31

(Cdn$ in millions)	2012	2011
Operating activities		
Profit for the year	**$ 870**	$ 2,768
Adjustments for:		
Depreciation and amortization	**951**	911
Provision for deferred income and resource taxes	**98**	701
Share of loss of associates	**10**	5
Gain on sale of investments and assets	**(53)**	(174)
Unrealized gains on derivatives	**(114)**	(158)
Asset write-downs	**–**	30
Foreign exchange losses (gains)	**24**	(7)
Loss on debt repurchase	**965**	–
Finance income	**(135)**	(113)
Finance expense	**577**	595
Other	**(10)**	73
	3,183	4,631
Net change in non-cash working capital items	**(388)**	(674)
	2,795	3,957
Investing activities		
Purchase of property, plant and equipment	**(1,809)**	(1,236)
Purchase of financial investments and other assets	**(326)**	(463)
Proceeds from the sale of investments and other assets	**51**	289
Acquisition of SilverBirch Energy Corporation	**(432)**	–
	(2,516)	(1,410)
Financing activities		
Issuance of debt	**2,767**	1,907
Repayment of debt	**(3,027)**	(104)
Debt interest paid	**(428)**	(377)
Issuance of Class B subordinate voting shares	**2**	4
Purchase and cancellation of Class B subordinate voting shares	**(129)**	(171)
Dividends paid	**(469)**	(354)
Distributions to non-controlling interests	**(50)**	(54)
	(1,334)	851
Effect of exchange rate changes on cash and cash equivalents	**(83)**	175
Increase (decrease) in cash and cash equivalents	**(1,138)**	3,573
Cash and cash equivalents at beginning of year	**4,405**	832
Cash and cash equivalents at end of year	**$ 3,267**	$ 4,405

Supplemental information (Note 10)

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

Consolidated Balance Sheets

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents (Note 10)	**$ 3,267**	$ 4,405
Current income and resource taxes receivable	**141**	101
Trade accounts receivable	**1,285**	1,242
Inventories (Note 11)	**1,880**	1,641
	6,573	7,389
Financial and other assets (Note 12)	**973**	1,138
Investments in associates (Note 13)	**828**	715
Property, plant and equipment (Note 14)	**24,377**	23,150
Deferred income and resource tax assets (Note 18)	**229**	180
Goodwill (Note 15)	**1,637**	1,647
	$ 34,617	$ 34,219
Liabilities and Equity		
Current liabilities		
Trade accounts payable and other liabilities (Note 16)	**$ 1,468**	$ 1,435
Dividends payable	**262**	235
Current income and resource taxes payable	**55**	93
Debt (Note 17)	**35**	359
	1,820	2,122
Debt (Note 17)	**7,160**	6,676
Deferred income and resource tax liabilities (Note 18)	**5,447**	5,342
Retirement benefit liabilities (Note 19)	**743**	691
Other liabilities and provisions (Note 20)	**1,470**	1,495
	16,640	16,326
Equity		
Attributable to shareholders of the company	**17,801**	17,721
Attributable to non-controlling interests	**176**	172
	17,977	17,893
	$ 34,617	$ 34,219

Contingencies (Note 22)

Commitments (Note 23)

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 Changes in Equity Years ended December 31

(Cdn$ in millions)	2012	2011
Class A common shares (Note 21)	**$ 7**	$ 7
Class B subordinate voting shares (Note 21)		
Beginning of year	**6,743**	6,795
Share repurchases	**(46)**	(57)
Issued on exercise of options	**2**	5
End of year	**6,699**	6,743
Retained earnings		
Beginning of year	**10,858**	8,840
Profit for the period attributable to shareholders of the company	**811**	2,668
Dividends declared	**(496)**	(412)
Share repurchases	**(83)**	(114)
Actuarial loss on retirement benefit plans	**(73)**	(124)
End of year	**11,017**	10,858
Contributed surplus		
Beginning of year	**97**	84
Share-based payment expense (Note 21(c))	**16**	14
Transfer to Class B subordinate voting shares on exercise of options	**–**	(1)
End of year	**113**	97
Accumulated other comprehensive income (loss) attributable to shareholders of the company (Note 21(f))		
Beginning of year	**16**	47
Other comprehensive loss	**(124)**	(155)
Less actuarial loss on retirement benefit plans recorded in retained earnings	**73**	124
End of year	**(35)**	16
Non-controlling interests		
Beginning of year	**172**	122
Profit for the year attributable to non-controlling interests	**59**	100
Other comprehensive loss	**(2)**	–
Other	**(3)**	4
Distributions to non-controlling interests	**(50)**	(54)
End of year	**176**	172
Total equity	**$ 17,977**	$ 17,893

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

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, refining and reclamation. Our major products are steelmaking coal, copper, zinc and lead. We also produce precious metals, molybdenum, electrical power, fertilizers and other metals. Metal products are sold as refined metals or concentrates. We also own an interest in a wind power facility and in certain oil sands leases and have a partnership interest in an oil sands development project.

Teck is a Canadian corporation and our registered office is at 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0B3.

2. Basis of Preparation

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

We have consistently applied the same accounting policies in all periods presented. The Board of Directors approved these financial statements on February 20, 2013.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 ("Carmen de Andacollo").

All subsidiaries are entities that we control, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This control is evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of our inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that we control, but do not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated balance sheet and consolidated statement of income and comprehensive income.

Certain of our business activities are conducted through entities or using assets where we share joint control including Compañia Minera Antamina ("Antamina"), Galore Creek Partnership ("Galore Creek"), Waneta Dam and Wintering Hills Wind Power Facility. These entities and assets are accounted for using the proportionate consolidation method.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

3. Summary of Significant Accounting Policies (continued)

Interests in Joint Ventures

A joint venture can take the form of a jointly controlled entity, jointly controlled operation or jointly controlled asset. All joint ventures involve a contractual arrangement that establishes joint control. A jointly controlled entity is an entity in which we share joint control over the strategic, financial and operating decisions with one or more venturers through the establishment of a corporation, partnership or other entity. A jointly controlled operation involves the use of the assets and resources of the venturers rather than the establishment of a corporation, partnership or other entity. The operation incurs its own expenses and liabilities and raises its own finances. A jointly controlled asset involves joint control of one or more of the assets acquired or contributed for the purpose of the joint venture. Each venturer takes a share of the output from the assets and bears an agreed share of the expenses.

All of our joint ventures are accounted for using the proportionate consolidation method. Our proportionate share of the assets, liabilities, revenues, expenses and cash flows of our joint ventures are included in our consolidated financial statements.

Investments in Associates

Investments over which we exercise significant influence and which are neither subsidiaries nor interests in joint ventures are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale.

The equity method involves the recording of the initial investment at cost and the subsequent adjusting of the carrying value of the investment for our proportionate share of the profit or loss and any other changes in the associate's net assets such as dividends.

Our proportionate share of the associate's profit or loss is based on its most recent financial statements. Where there are differences in the associate's reporting period, financial statements are aligned to our reporting date or adjustments are made to reflect any significant transactions or events that occur between the different dates. Adjustments are made to align any inconsistencies between our accounting policies and our associate's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date and for any impairment losses recognized by the associate.

If our share of the associate's losses equals or exceeds our investment in the associate, recognition of further losses is discontinued. After our interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that we have incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, we resume recognizing our share of those profits only after our share of the profits equals the share of losses not recognized.

At each balance sheet date, we consider whether there is objective evidence of impairment in associates. If there is such evidence, we determine if there is a need to record an impairment in relation to the associate.

Foreign Currency Translation

The functional currency for each of our subsidiaries and for joint ventures and associates is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The functional currency of Teck Resources Limited, the parent entity, is the Canadian dollar, which is also the presentation currency of our consolidated financial statements.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation. Items in the statement of income are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the balance sheet are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar, and any offsetting exchange differences on net debt used to hedge those assets, are recognized in a separate component of equity through other comprehensive income.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income.

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the statement of income.

Revenue Recognition

Sales of product, including by-product, are recognized when the risks and rewards of ownership pass to the customer and the price can be measured reliably. Royalties related to production are recorded in cost of sales.

Steelmaking coal is sold under spot, quarterly or annual contracts and revenue is recognized based on the terms of the contract.

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

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 is designated as loans and receivables. Cash equivalents are classified as available-for-sale.

Trade receivables and payables

Trade receivables and payables are non-interest bearing and are recognized at face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Where necessary, trade receivables are net of allowances for uncollectable amounts. We may enter into transactions to sell trade receivables to third parties. If the risks and rewards of ownership of the receivables are transferred to the purchaser, we account for the transaction as a sale and derecognize the trade receivables. If the risks and rewards of ownership of the receivables are neither transferred nor retained, we account for the transaction as a sale and derecognize the trade receivables if we have not retained control over the receivables.

3. Summary of Significant Accounting Policies (continued)

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 there is objective evidence of an impairment in value. 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 objective evidence of an impairment in value of our investments and record such impairments in profit for the period. If an impairment of an investment in a marketable equity security has been recorded in profit, it cannot be reversed in future periods.

Debt

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

Derivative instruments

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the balance sheet date or redemption date of the derivative. 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 both the hedged item and the hedging instrument are recognized in profit.

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 profit 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 foreign 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 profit on the ineffective portion of the hedge, or when there is a disposal of a foreign operation being hedged.

Inventories

Finished products, work in-process and raw materials inventories are valued at the lower of weighted average 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, Duck Pond and Trail operations, where the profitability of the operations 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 weighted average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

Property, Plant and Equipment

Land, buildings, plant and equipment

Land is recorded at cost and buildings, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Depreciation of mobile equipment, buildings used for production, and plant and processing equipment at our mining operations is calculated on a units-of-production basis. Depreciation of buildings not used for production, and plant and equipment at our smelting operations is calculated on a straight-line basis over the assets' estimated useful lives. Where components of an asset have different useful lives, depreciation is calculated on each component separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives are as follows:

- Buildings and equipment (not used in production) 3 – 40 years
- Plant and equipment (smelting operations) 4 – 30 years

Mineral properties and mine development costs

The cost of acquiring and developing mineral properties or property rights, including waste rock stripping costs related to mine development and 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 depreciated on a units-of-production basis over the proven and probable reserves to which they relate.

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

Exploration and evaluation costs

Significant property acquisition costs are capitalized. Other exploration and evaluation costs are capitalized if they relate to specific properties for which resources, as defined under National Instrument 43-101, exist or are near a specific property with a defined resource and it is expected that the expenditure can be recovered by future exploitation or sale. All other costs are charged to profit in the year in which they are incurred. Capitalized exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized exploration and evaluation costs are reclassified to mineral properties and leases within property, plant and equipment.

3. Summary of Significant Accounting Policies (continued)

Development costs of oil sand properties

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

Construction in progress

Assets in the course of construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment, and depreciation commences when the asset is available for its intended use.

Impairment of non-current assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. For mining assets, when a binding sale agreement is not readily available, fair value less costs to sell is estimated using a discounted cash flow approach. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources, operating and capital costs. All assumptions used are those that an independent market participant would consider appropriate.

Indicators of impairment and impairment of exploration and evaluation assets or oil sands development costs are assessed on a project-by-project basis or as part of the existing operation they relate to.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit immediately.

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.

Borrowing costs

We capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use. We begin capitalizing borrowing costs when there are general or specific borrowings, expenditures incurred and activities are undertaken to prepare the asset for its intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred during the period. All other borrowing costs are expensed as incurred.

We discontinue the capitalization of borrowing costs when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Capitalized borrowing costs are amortized over the useful life of the related asset.

Leased assets

Leased assets in which we receive substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet.

Assets under operating leases are not capitalized, and rental payments are expensed based on the terms of the lease.

Goodwill

We allocate goodwill arising from business combinations to each cash-generating unit or group of cash-generating units that are expected to receive the benefits from the business combination. Irrespective of any indication of impairment, the recoverable amount of the cash-generating unit or group of cash-generating units to which goodwill has been allocated is tested annually for impairment and when there is an indication that the goodwill may be impaired in accordance with our "Impairment of non-current assets" policy. Any impairment is recognized as an expense immediately. Any impairment of goodwill is not subsequently reversed.

Current and Deferred Taxes

Taxes, comprising both income taxes and resource taxes, which are accounted for as income taxes, are recognized in the statement of income, except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity.

Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates. However, we do not recognize such deferred tax liabilities where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Summary of Significant Accounting Policies (continued)

As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

We are subject to assessments by various taxation authorities, which may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. We account for such differences based on our best estimate of the probable outcome of these matters.

Employee Benefits

Defined benefit pension plans

Defined benefit pension plan obligations are based on actuarial determinations. The projected unit credit method is used to determine the defined benefit obligations, the related current service costs and, where applicable, the past service costs. Actuarial assumptions used in the determination of defined benefit pension plan assets and liabilities are based upon our best estimates, including discount rates, expected plan performance, salary escalation, expected health care costs and retirement dates of employees.

Past service costs are recognized as an expense on a straight-line basis evenly throughout the vesting period. To the extent that the benefits are already vested, immediately following the introduction of changes to a defined benefit plan, the past service costs are expensed.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognized immediately through other comprehensive income and directly into retained earnings. We record expected return on pension assets as part of finance income, and any interest expense related to the pension obligation as part of finance expense. Depending on their nature, current service costs and vested past service costs are included in either operating expenses or general and administration expenses.

Defined contribution pension plans

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

Non-pension post-retirement plans

We provide health care benefits for certain employees when they retire. Non-pension post-retirement plan obligations are based on actuarial determinations. 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.

Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of share options and other equity-settled share-based payment arrangements is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged to profit over the vesting period. For employees eligible for normal retirement prior to vesting, the expense is charged to profit over the period from the grant date to the date they are eligible for retirement.

Share-based payment expense relating to cash-settled awards, including 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.

Provisions

Decommissioning and restoration provisions

Future obligations to retire an asset and to restore a site, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The provisions are also accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to finance expense in the statement of income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. For a closed site or where the asset which generated a decommissioning and restoration provision no longer exists, there is no longer any future benefit related to the costs and, as such, the amounts are expensed. For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the capitalized retirement cost.

Environmental disturbance restoration provisions

During the operating life of an asset, events such as infractions of environmental laws or regulations may occur. These events are not related to the normal operation of the asset. The costs associated with these provisions are accrued and charged to profit in the period in which the event giving rise to the liability occurs. Any subsequent adjustments to these provisions due to changes in estimates are also charged to profit in the period of adjustment.

Other provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk-free rate.

Share Repurchases

Where we repurchase any of our equity share capital, the excess of the consideration paid over book value is deducted from contributed surplus and retained earnings on a pro-rata basis.

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.

Earnings per Share

Earnings per share is calculated based on the weighted average number of shares outstanding during the year. For diluted earnings per share, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds 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.

3. Summary of Significant Accounting Policies (continued)

New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standard or interpretation in the annual period for which it is first required.

Consolidated financial statements

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors' return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC") 12, Consolidation – Special Purpose Entities.

We will apply IFRS 10 beginning on January 1, 2013. We have substantially completed our analysis of IFRS 10 and do not expect any significant effect on our consolidated financial statements as a result of adopting this standard.

Joint arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"), which provides guidance on accounting for joint arrangements. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

We will apply IFRS 11 as at January 1, 2013, with retrospective application from the date of our earliest period presented, which will be January 1, 2012. We have substantially completed an analysis of all of our joint arrangements to determine the appropriate accounting treatment under the new standard, as it is our current accounting policy to proportionately consolidate all of our joint ventures. Based on our analysis to date, we expect that all of our joint arrangements will be considered joint operations under IFRS 11 and, accordingly, we will record the assets, liabilities, revenues and expenses in relation to our interest in each joint operation. As at the date of financial statement approval, we do not expect the adoption of IFRS 11 to have a significant effect on our consolidated financial statements.

Disclosures of interests in other entities

In May 2011, the IASB issued IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12"), which outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

We will apply IFRS 12 beginning on January 1, 2013. We have substantially completed our analysis of IFRS 12 and expect to include additional disclosures about interests in other entities in our annual consolidated financial statements for the year ended December 31, 2013.

Fair value measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

We will apply IFRS 13 prospectively beginning on January 1, 2013. The disclosure requirements of IFRS 13 do not need to be applied in comparative periods before initial application. We have substantially completed our analysis of IFRS 13 and do not expect the adoption to have a significant effect on our consolidated financial statements.

Other comprehensive income

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income. The IASB issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1") to require companies preparing financial statements under IFRS to group items within other comprehensive income that may be reclassified to profit or loss. We will apply this amendment to IAS 1 in our consolidated financial statements beginning in 2013. We will present these changes in our consolidated statement of comprehensive income in our consolidated financial statements in the first quarter of 2013.

Post-employment benefits

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits ("IAS 19"). For defined benefit plans, the amendments eliminate the option to defer actuarial gains and losses on the balance sheet through the "corridor method". The amendments also require any remeasurement gains or losses, including actuarial gains and losses, to be recognized immediately and presented in other comprehensive income, eliminating the option to recognize and present these through the income statement. The amendments to IAS 19 require one discount rate be applied to the net asset or liability for the purposes of determining the interest element of the pension cost and require the recognition of unvested past service cost awards into profit immediately. There is also a requirement to change the presentation of finance income and finance expense to present both as a net finance expense (income) amount in the consolidated financial statements. Additional disclosures will be required to present more information about the characteristics, amounts recognized and risks related to defined benefit plans.

We will apply the amendments to IAS 19 starting on January 1, 2013 with retrospective application and have substantially completed our analysis of the amendments. As a result of the requirement to recognize unvested past service cost awards into profit immediately, we expect an effect on our consolidated financial statements. We also expect an increase in our finance expense (income) for underfunded plans as a result of the application of one discount rate.

We are in the process of calculating the effect of these amendments to IAS 19 on our comparative consolidated financial statements for all periods in 2012. We do not expect the amendments in IAS 19 to significantly affect our 2012 comparative consolidated financial statements.

Production stripping costs

In October 2011, the IASB issued IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20"). The interpretation provides guidance on how to account for overburden waste removal stripping costs in the production phase of a surface mine. Stripping activity related to inventory produced is accounted for in accordance with IAS 2, Inventories. Stripping activity that improves access to ore is accounted for as an addition to or enhancement of an existing asset.

We have substantially completed our analysis of IFRIC 20 and are in the process of calculating the effect on our consolidated financial statements for the 2012 comparative periods. We will apply IFRIC 20 prospectively from January 1, 2012.

3. Summary of Significant Accounting Policies (continued)

Based on our analysis to date, we have identified components of our ore bodies to be phases, pits or sub-pits depending on the ore body being analyzed. These components align with how we view each mine and plan our mining activities. Previously, we recorded stripping activity assets only relating to major expansions. Under IFRIC 20, we will be required to recognize stripping activity assets when we meet the following three criteria:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets capitalized under IFRIC 20 will be classified consistently with the assets that they relate to within property, plant and equipment. These assets will be amortized on a units-of-production basis over the remaining reserves of the respective components.

We are in the process of calculating the effect of IFRIC 20 on our comparative consolidated financial statements for all periods of 2012. We expect to capitalize significant stripping activity assets in 2012 under the requirements of IFRIC 20.

Financial instruments

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. We are currently assessing the effect of this standard on our financial statements.

4. Critical Accounting Estimates and Judgments

In preparing these consolidated financial statements, we make estimates and judgments that affect the amounts recorded. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider to be reasonable, including expectations of future events. The estimates and assumptions that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities are outlined below.

Goodwill Impairment Testing

Goodwill impairment testing is based on discounted cash flow models prepared by internal experts with assistance from third-party advisors when required. Note 15 outlines the significant judgments and assumptions made in performing goodwill impairment testing. The assumptions used are based on management's best estimates and are reviewed by senior management. Changes in these assumptions may alter the results of goodwill impairment testing, impairment charges recorded in the statement of income and the resulting carrying values of assets.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries amongst other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for deferred stripping costs, in performing impairment testing and in forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could affect the carrying value of assets, depreciation and impairment charges recorded in the income statement and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected (Note 20).

4. Critical Accounting Estimates and Judgments (continued)

Current and Deferred Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements. Therefore, profit in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. We also evaluate the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences on investments in subsidiaries and joint ventures are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. Judgment is also required about the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit.

5. Acquisitions and Dispositions

a) Completed Acquisition in 2012

In April 2012, we acquired SilverBirch Energy Corporation ("SilverBirch") by way of a plan of arrangement for a net cash outlay of $432 million. Under the arrangement, substantially all of SilverBirch's assets, other than its 50% interest in the Frontier and Equinox oil sands projects, were transferred into a new company, SilverWillow Energy Corporation ("SilverWillow"). As part of the arrangement, we also transferred to SilverWillow our 50% interest in certain other oil sands leases that were jointly owned with SilverBirch. SilverBirch shareholders, with the exception of Teck, received $8.50 in cash and one share of SilverWillow for each SilverBirch common share. This acquisition provided us with a 100% interest in the Frontier and Equinox oil sands projects and 4.7 million common shares (8.7%) of SilverWillow.

We recorded the purchase at $493 million, which was the fair value of the consideration paid, using $415 million of cash, $25 million in working capital contributed to SilverWillow, $12 million of oil sands leases contributed to SilverWillow, $40 million of SilverBirch shares that we owned prior to the transaction and $1 million in transaction costs.

We accounted for this transaction as an acquisition of assets and have allocated the cost to the assets based on their relative fair values at the date of purchase. The oil sand leases acquired are recorded as exploration and evaluation costs within property, plant and equipment. The shares of SilverWillow are recorded as investments in marketable securities, which are designated as available for sale financial assets and measured at fair value.

b) Completed Disposition in 2011

In May 2011, we sold our 34% interest in the Carrapateena project in Southern Australia to an affiliate of Oz Minerals Ltd. We received cash proceeds of US$134 million and may receive future contingent payments of up to US$25 million based on future production from the property. The transaction resulted in a pre-tax gain of $110 million, which did not include any value attributed to the contingent consideration.

6. Expenses by Nature

(Cdn$ in millions)	2012	2011
Wages and salaries	**$ 919**	$ 824
Wage-related costs	**192**	165
Bonus payments	**98**	95
Post-employment benefits	**116**	111
Transportation	**1,214**	1,028
Raw material purchases	**1,083**	1,045
Depreciation and amortization	**951**	911
Fuel and energy	**772**	724
Maintenance and repair supplies	**671**	578
Contractors and consultants	**643**	620
Operating supplies	**495**	420
Overhead costs	**372**	373
Royalties	**161**	166
Other operating costs	**110**	68
	7,797	7,128
Less:		
Capitalized mining costs	**(118)**	(108)
Change in inventory	**(145)**	(136)
Total cost of sales, general and administration, exploration and research and development expenses	**$ 7,534**	$ 6,884

7. Other Operating Income (Expense)

(Cdn$ in millions)	2012	2011
Gain on sale of property, plant and equipment	**$ 24**	$ 130
Commodity derivatives	**–**	7
Pricing adjustments (Note 26(c))	**45**	(210)
Share-based compensation	**(34)**	21
Provision for closed properties	**(1)**	(30)
Asset write-downs	**–**	(30)
Other	**(58)**	(62)
	$ (24)	$ (174)

8. Finance Income and Finance Expense

(Cdn$ in millions)	2012	2011
Finance income		
Interest income on investments	**$ 33**	$ 13
Expected return on pension assets	**102**	100
Total finance income	**$ 135**	$ 113
Finance expense		
Debt interest	**$ 427**	$ 425
Financing fees and discount amortization	**13**	24
Pension and post-retirement benefit obligation accretion	**101**	101
Decommissioning and restoration provision accretion	**67**	52
Other	**12**	12
	620	614
Less capitalized borrowing costs	**(43)**	(19)
Total finance expense	**$ 577**	$ 595

9. Non-Operating Income (Expense)

(Cdn$ in millions)	2012	2011
Foreign exchange gains (losses)	**$ (24)**	$ 7
Other derivative gains (Note 26(c))	**119**	146
Debt repurchase and financing costs (Note 17(a))	**(965)**	–
Gain on sale of investments	**29**	44
Provision for marketable securities	**(7)**	–
	$ (848)	$ 197

10. Supplemental Information

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Cash and cash equivalents		
Cash	**$ 144**	$ 1,057
Money market investments with maturities from the date of acquisition of three months or less	**3,123**	3,348
	$ 3,267	$ 4,405

(Cdn$ in millions)	2012	2011
Net change in non-cash working capital items and other		
Trade accounts receivable, taxes receivable and other	**$ (119)**	$ (243)
Inventories	**(220)**	(304)
Trade accounts payable, taxes payable and accrued liabilities	**(49)**	(127)
	$ (388)	$ (674)
Income and resource taxes paid	**$ 578**	$ 823
Non-cash financing and investing transactions		
Shares received from dispositions	**$ 4**	$ 9

11. Inventories

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Raw materials	**$ 239**	$ 190
Supplies	**521**	455
Work in-process	**550**	475
Finished products	**626**	572
	1,936	1,692
Less long-term portion (Note 12)	**(56)**	(51)
	$ 1,880	$ 1,641

Cost of sales of $7.3 billion (2011 – $6.6 billion) include $7.1 billion (2011 - $6.3 billion) of inventories recognized as an expense during the period.

Total inventories held at net realizable value amounted to $88 million at December 31, 2012 (2011 - $237 million). Total inventory write-downs were $21 million (2011 - $38 million) during the period and were included as part of cost of sales.

Long-term inventories consist of ore stockpiles and other in-process materials that are not planned to be processed within one year.

12. Financial and Other Assets

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Long-term receivables and deposits	**$ 196**	$ 203
Investments carried at fair value:		
Available-for-sale instruments		
Marketable equity securities	**668**	511
Held for trading instruments		
Warrants	**3**	–
Derivative assets (Note 26(c))	**–**	314
Pension assets (Note 19(a))	**5**	6
Long-term inventories	**56**	51
Other	**45**	53
	$ 973	$ 1,138

13. Investments in Associates

(Cdn$ in millions)	2012	2011
At January 1	**$ 715**	$ 659
Contributions	**123**	61
Share of losses	**(10)**	(5)
At December 31	**$ 828**	$ 715

Our share of the assets and liabilities of our associates and their results are as follows:

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Share of associates' financial position		
Total assets	**$ 863**	$ 723
Total liabilities	**35**	8
Carrying amount of the investments	**$ 828**	$ 715

Our share of our associates' losses was $10 million in 2012 and $5 million in 2011. Our associates had no revenue in 2012 and 2011.

Fort Hills Energy Limited Partnership

In November 2005, we acquired a 15% interest in the Fort Hills Energy Limited Partnership, which is developing the Fort Hills oil sands project in Alberta, Canada. Fort Hills is our only significant investment in an associate. As consideration for our initial 15% interest, we contributed 34% of the first $2.5 billion of project expenditures. In September 2007, we acquired an additional 5% interest, bringing our interest to 20%. In consideration for 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 interests. Project spending totalled $3.3 billion as of December 31, 2012, of which our share was $1.1 billion.

14. Property, Plant and Equipment

(Cdn$ in millions)	Exploration and Evaluation	Mineral Properties and Leases	Land, Buildings, Plant and Equipment	Construction In-Progress	Total
Year ended December 31, 2011					
Opening net book value	$ 1,190	$ 17,187	$ 3,886	$ 46	$ 22,309
Additions	36	240	935	83	1,294
Disposals	(18)	–	(5)	–	(23)
Depreciation	–	(538)	(389)	–	(927)
Transfers	–	–	96	(96)	–
Decommissioning and restoration provision change in estimate	–	324	36	–	360
Capitalized borrowing costs	–	–	–	19	19
Other	(4)	(7)	3	4	(4)
Exchange differences	9	76	37	–	122
Closing net book value	$ 1,213	$ 17,282	$ 4,599	$ 56	$ 23,150
At December 31, 2011					
Cost	1,213	19,881	9,018	56	30,168
Accumulated depreciation	–	(2,599)	(4,419)	–	(7,018)
Net book value	$ 1,213	$ 17,282	$ 4,599	$ 56	$ 23,150
Year ended December 31, 2012					
Opening net book value	$ 1,213	$ 17,282	$ 4,599	$ 56	$ 23,150
Additions	662	382	1,340	–	2,384
Disposals	(10)	(2)	(4)	–	(16)
Depreciation	–	(562)	(436)	–	(998)
Transfers	–	59	(3)	(56)	–
Decommissioning and restoration provision change in estimate	–	(73)	9	–	(64)
Capitalized borrowing costs	–	30	13	–	43
Other	(2)	(2)	(2)	–	(6)
Exchange differences	(10)	(68)	(38)	–	(116)
Closing net book value	**$ 1,853**	**$ 17,046**	**$ 5,478**	**$ –**	**$ 24,377**
At December 31, 2012					
Cost	1,853	20,188	10,246	–	32,287
Accumulated depreciation	–	(3,142)	(4,768)	–	(7,910)
Net book value	**$ 1,853**	**$ 17,046**	**$ 5,478**	**$ –**	**$ 24,377**

The carrying value of property, plant and equipment held under finance lease at December 31, 2012 is $150 million (2011 - $117 million). Ownership of leased assets remains with the lessor.

Borrowing costs are capitalized at a rate based on our cost of borrowing or at the rate on the project specific debt, as applicable. These projects are shown as part of mineral properties and leases or land, buildings, plant and equipment. Our weighted average borrowing rate used for capitalization of borrowing costs in 2012 was 5.30% (2011 – 7.84%).

Significant exploration and evaluation projects include Relincho, Galore Creek and oil sands properties.

15. Goodwill

(Cdn$ in millions)	Coal Operations	Quebrada Blanca	Carmen de Andacollo	Total
December 31, 2010	$ 1,203	$ 305	$ 129	$ 1,637
Foreign exchange translation	–	7	3	10
December 31, 2011	$ 1,203	$ 312	$ 132	$ 1,647
Foreign exchange translation	–	(7)	(3)	(10)
December 31, 2012	**$ 1,203**	**$ 305**	**$ 129**	**$ 1,637**

The allocation of goodwill to cash generating units or groups of cash generating units reflects how goodwill is monitored for internal management purposes.

We have performed our annual goodwill impairment testing and did not identify any impairment losses. The recoverable amounts for our goodwill impairment testing were determined based on a fair value less costs to sell basis. The fair value less costs to sell was calculated using a discounted cash flow methodology taking account of assumptions that would be made by market participants.

Cash flow projections are based on life of mine plans covering the expected life of each operation. For our coal operations, the cash flows cover periods from 24 to 30 years, after which a terminal value is determined. For Quebrada Blanca and Carmen de Andacollo cash flows include periods in excess of 20 years.

The key assumptions used to determine fair value less costs to sell are as follows:

Commodity Prices

Commodity price assumptions are based on management's best estimates and are within the range of amounts used by market participants.

Reserves and Resources

Mineral reserves and mineral resources are included in projected cash flows based on mineral reserve and mineral resource estimates and exploration and evaluation work, undertaken by appropriately qualified persons as defined under National Instrument 43-101. Mineral resources are included where management has a high degree of confidence in their economic extraction, even though additional evaluation is still required to meet the requirement of reserve classification.

15. Goodwill (continued)

Operating Costs and Capital Expenditures

Operating costs and capital expenditures are based on life of mine plans and internal management forecasts. Cost assumptions incorporate management experience and expertise, current operating costs, the nature and location of each operation and the risks associated with each operation. Future capital expenditures are based on management's best estimate of expected future capital requirements, which is generally for the extraction and processing of existing reserves and resources. All committed and anticipated capital expenditures based on future cost estimates have been included in the projected cash flows.

Discount Rates

Discount rates used are based on the weighted average cost of capital for a mining industry group and are calculated with reference to market information from third-party advisors. Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows. Accordingly, a 5.5% real, post-tax discount rate was used to discount cash flow projections for our coal operations and a 6.8% real, post-tax discount rate was used to discount cash flow projections for Quebrada Blanca and Carmen de Andacollo.

Foreign Exchange Rates

Foreign exchange rates are based on internal forecasts for foreign exchange, benchmarked with external sources of information.

Inflation Rates

Inflation rates are based on management's best estimate, in conjunction with information provided by third-party advisors, and take into account the average historical inflation rates for the location of each operation and central banks' inflation targets.

Given the nature of expected future cash flows, the expected future cash flows used to determine the recoverable amount could change materially over time as they are significantly affected by the key assumptions described above.

16. Trade Accounts Payable and Other Liabilities

(Cdn$ in millions)	**December 31, 2012**	December 31, 2011
Trade accounts payable	**$ 792**	$ 787
Capital project accruals	**174**	104
Payroll-related liabilities	**160**	153
Commercial and government royalties	**141**	113
Accrued interest	**134**	132
Current portion of provisions (Note 20)	**45**	59
Current derivative liabilities (Note 20)	**4**	4
Other	**18**	83
	$ 1,468	$ 1,435

17. Debt

(Cdn$ in millions)	December 31, 2012		December 31, 2011	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
7.0% notes due September 2012 (US$200 million) (a)	**$ –**	**$ –**	$ 203	$ 211
9.75% notes due May 2014 (US$530 million) (a)	**–**	**–**	514	635
5.375% notes due October 2015 (US$300 million)	**297**	**330**	304	336
10.25% notes due May 2016 (US$659 million) (a)	**–**	**–**	629	780
3.15% notes due January 2017 (US$300 million) (b)	**297**	**313**	303	316
3.85% notes due August 2017 (US$300 million)	**294**	**322**	300	326
2.5% notes due February 2018 (US$500 million) (a)	**493**	**510**	–	–
3.0% notes due March 2019 (US$500 million) (a)	**493**	**515**	–	–
10.75% notes due May 2019 (US$1,043 million) (a)	**–**	**–**	991	1,304
4.5% notes due January 2021 (US$500 million)	**493**	**545**	504	539
4.75% notes due January 2022 (US$700 million) (b)	**691**	**774**	706	765
3.75% notes due February 2023 (US$750 million) (a)	**735**	**770**	–	–
6.125% notes due October 2035 (US$700 million)	**681**	**786**	696	797
6.0% notes due August 2040 (US$650 million)	**644**	**747**	658	742
6.25% notes due July 2041 (US$1,000 million) (b)	**983**	**1,182**	1,005	1,166
5.2% notes due March 2042 (US$500 million) (a)	**490**	**517**	–	–
5.4% notes due February 2043 (US$500 million) (a)	**492**	**535**	–	–
Antamina senior revolving credit facility due April 2015 (c)	**22**	**22**	117	117
Other	**90**	**90**	105	105
	7,195	**7,958**	7,035	8,139
Less current portion of long-term debt	**(35)**	**(35)**	(359)	(367)
	$ 7,160	**$ 7,923**	$ 6,676	$ 7,772

The fair values of debt are determined using market values where available and cash flows based on our cost of borrowing for other items. The 2011 fair values of the 10.25% notes and the 10.75% notes are net of $99 million and $214 million, respectively, related to prepayment rights.

All obligations under the notes are directly guaranteed by TML except for the 5.375% and 6.125% notes which are supported by an arrangement similar in effect to a guarantee pursuant to which the trustee under these notes will, in the event of a default under the governing indenture, have the right to make a demand against TML in an amount equal to the amount due under the notes.

17. Debt (continued)

a) Notes Issued and Retired in 2012

In February 2012, we issued US$500 million of senior unsecured notes due March 2019 and US$500 million of senior unsecured notes due March 2042. The 2019 notes bear interest at 3.00% per annum and were issued at 99.705% of face value. The 2042 notes bear interest at 5.20% per annum and were issued at 99.533% of face value.

In August 2012, we issued US$500 million of senior unsecured notes due February 2018, US$750 million of senior unsecured notes due February 2023 and US$500 million of senior unsecured notes due February 2043. The 2018 notes bear interest at 2.50% per annum and were issued at 99.690% of face value. The 2023 notes bear interest at 3.75% per annum and were issued at 99.188% of face value. The 2043 notes bear interest at 5.40% per annum and were issued at 99.808% of face value.

Net proceeds from these issues were US$2.7 billion after underwriting discounts and issue costs. The majority of the net proceeds, in addition to cash on hand, was used to redeem US$530 million of the 9.75% notes due 2014, US$659.5 million of the 10.25% notes due 2016, US$1.04 billion of the 10.75% notes due 2019 and to settle the 7.00% notes that matured in September 2012. The total payment, including the premium for the repurchase, was US$2.85 billion. We recorded an accounting charge of US$965 million in the year in connection with the redemptions.

b) Notes Issued in 2011

In July 2011, we issued US$300 million of senior unsecured notes due January 2017, US$700 million of senior unsecured notes due January 2022, and US$1.0 billion of senior unsecured notes due July 2041. The 2017 notes bear interest at 3.15% per annum and were issued at 99.964% of face value. The 2022 notes bear interest at 4.75% per annum and were issued at 99.843% of face value. The 2041 notes bear interest at 6.25% and were issued at 99.715% of face value.

Net proceeds from these three issues were US$1.98 billion after underwriting discounts and issue costs.

c) Antamina Facility

The Antamina revolving credit facility is our proportionate share of Antamina's five-year revolving term bank facility with full repayment due at maturity in 2015 and is the obligation of Antamina. The facility, which is denominated in U.S. dollars, 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.

d) Optional Redemptions

All of our outstanding notes are callable at any time by repaying the greater of the principal amount plus accrued interest and the present value of the principal and interest amounts discounted at a comparable treasury yield plus a stipulated spread. The 2023, 2042 and 2043 notes issued in 2012 are callable at 100% at any time on or after November 1, 2022, September 1, 2041 and August 1, 2042 respectively. The 2022 and 2041 notes issued in 2011 are callable at 100% at any time on or after October 15, 2021 and January 15, 2041 respectively. The 2021 notes are callable at 100% on or after October 15, 2020 and the 2040 notes are callable at 100% on or after February 15, 2040.

e) Revolving Facilities

At December 31, 2012 we had committed revolving credit facilities aggregating $1.1 billion, of which $1.0 billion is available until 2016 and $100 million is available until 2013, and a $150 million uncommitted demand revolving credit facility. Net of $178 million of letters of credit issued, the unused portion of these credit facilities is $1.1 billion at December 31, 2012. In addition, we have issued stand-alone letters of credit for $685 million at December 31, 2012 in respect of environmental and other bonding requirements.

Any funds drawn under the $1.0 billion revolving credit facility are due in full at maturity and are guaranteed by TML. Any outstanding amounts under the facility bear interest at LIBOR plus an applicable margin based on our credit ratings. The facility requires a maximum total debt to total capitalization ratio of 0.5 to 1. As at December 31, 2012 we are in compliance with all debt covenants and default provisions.

f) Scheduled Principal Payments

At December 31, 2012 the scheduled principal payments during the next five years and thereafter are as follows:

($ in millions)	US$	Cdn$
2013	$ 35	$ 35
2014	6	6
2015	327	325
2016	3	3
2017	602	599
Thereafter	6,340	6,307
Total	$ 7,313	$ 7,275

18. Income and Resource Taxes

a) Provision for Income and Resource Taxes

(Cdn$ in millions)	**2012**	2011
Current		
Current taxes on profits for the year	**$ 524**	$ 702
Adjustments for current tax of prior periods	**(7)**	(5)
Total current tax	**$ 517**	$ 697
Deferred		
Origination and reversal of temporary differences	**$ 141**	$ 706
Adjustments to deferred tax of prior periods	**(52)**	8
Tax losses not recognized (recognition of previously unrecognized losses)	**6**	(13)
Effect of newly enacted change in tax rates	**3**	–
Total deferred tax	**98**	701
	$ 615	$ 1,398

18. Income and Resource Taxes (continued)

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

(Cdn$ in millions)	2012	2011
Tax expense at the Canadian statutory income tax rate of 25.15% (2011 – 26.68%)	**$ 374**	$ 1,111
Tax effect of:		
Resource taxes, net of resource and depletion allowances	**172**	253
Non-temporary differences including one-half of capital gains and losses	**47**	13
Tax losses not recognized (recognition of previously unrecognized losses)	**6**	(13)
Effect of newly enacted change in tax rates	**3**	–
Benefit of change in expected timing of temporary difference reversals	**–**	(42)
Withholding taxes	**24**	56
Difference in tax rates in foreign jurisdictions	**57**	38
Tax settlements and revisions to prior year estimates	**(59)**	3
Other	**(9)**	(21)
	$ 615	$ 1,398

The Canadian statutory tax rate decreased to 25.15% due to legislated changes.

c) The analysis of deferred tax assets and deferred tax liabilities is as follows:

(Cdn$ in millions)	2012	2011
Deferred tax assets		
Expected to be reversed after more than a year	**$ 124**	$ 316
Expected to be reversed within a year	**105**	(136)
	$ 229	$ 180
Deferred tax liabilities		
Expected to be reversed after more than a year	**5,465**	5,114
Expected to be reversed within a year	**(18)**	228
	5,447	5,342
Net deferred tax liabilities	**$ 5,218**	$ 5,162

d) The amount of deferred tax expense charged (credited) to the income statement is as follows:

(Cdn$ in millions)	2012	2011
Net operating loss carry forwards	**$ 119**	$ 24
Capital allowances in excess of depreciation	**207**	473
Decommissioning and restoration provisions	**(46)**	18
Amounts relating to non-coterminous partnership year-ends	**(236)**	80
Unrealized foreign exchange losses	**(42)**	(25)
Other temporary differences	**96**	131
	$ 98	$ 701

e) Temporary differences giving rise to deferred income and resource tax assets and liabilities are as follows:

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Net operating loss carry forwards	**$ 569**	$ 577
Property, plant and equipment	**(112)**	(19)
Decommissioning and restoration provisions	**29**	35
Amounts relating to non-coterminous partnership year-ends	**(215)**	(278)
Unrealized foreign exchange	**(23)**	(65)
Other temporary differences	**(19)**	(70)
Deferred income and resource tax assets	**$ 229**	$ 180
Net operating loss carry forwards	**$ (505)**	$ (615)
Property, plant and equipment	**5,934**	5,830
Decommissioning and restoration provisions	**(256)**	(204)
Amounts relating to non-coterminous partnership year-ends	**255**	428
Other temporary differences	**19**	(97)
Deferred income and resource tax liabilities	**$ 5,447**	$ 5,342

18. Income and Resource Taxes (continued)

f) The gross movement on the net deferred income tax account is as follows:

(Cdn$ in millions)	2012	2011
As at January 1	**$ 5,162**	$ 4,554
Income statement change	**98**	701
Tax charge (credit) relating to components of other comprehensive income	**(10)**	(76)
Foreign exchange and other differences	**(32)**	(17)
As at December 31	**$ 5,218**	$ 5,162

g) Deferred Tax Liabilities Not Recognized

Deferred tax liabilities of $370 million (2011 - $367 million) have not been recognized on the unremitted earnings of controlled subsidiaries, branches and interest in joint ventures as the timing of remittance for these earnings is in our control and it is probable that these earnings will not be repatriated for the foreseeable future.

We reduced our provision for withholding taxes by $26 million within the year based on our plans for repatriation or reinvestment of the earnings of foreign subsidiaries.

h) Loss Carry Forwards and Canadian Development Expenses

At December 31, 2012, we had $4.26 billion of Canadian federal net operating loss carry forwards (2011 - $4.74 billion). These loss carry forwards expire at various dates between 2013 and 2031. We also had $2.56 billion of cumulative Canadian development expenses at December 31, 2012 (2011 - $3.62 billion), which are deductible for income tax purposes on a declining balance basis at a maximum rate of 30% per year.

i) Deferred Tax Assets Not Recognized

We have not recognized $226 million (2011 - $237 million) of deferred tax assets in jurisdictions and entities that do not have established sources of taxable income.

j) Subsequent Event

Subsequent to year end, the Government of British Columbia announced a 1% increase in corporate income tax rates. If enacted, this would result in an approximately $65 million non-cash charge to earnings in respect of our existing deferred tax liabilities.

19. Retirement Benefit 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.

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. 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 34% of our accrued benefit obligation at December 31, 2012, was last actuarially evaluated on December 31, 2011. We also have several post-retirement plans, which provide post-retirement medical and life insurance benefits to certain qualifying employees.

a) Actuarial Valuation of Plans

(Cdn$ in millions)	2012		2011	
	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	**$ 1,821**	**$ 412**	$ 1,588	$ 377
Current service cost	**41**	**10**	33	9
Benefits paid	**(108)**	**(11)**	(94)	(11)
Interest cost	**82**	**19**	81	20
Obligation experience adjustments	**4**	**5**	15	(38)
Past service costs arising from plan improvements	**36**	**27**	56	14
Foreign currency exchange rate changes	**(2)**	**(1)**	2	2
Effect of change in actuarial assumptions	**110**	**38**	140	39
Balance at end of year	**1,984**	**499**	1,821	412
Plan assets				
Fair value at beginning of year	**1,543**	**–**	1,452	–
Expected return on plan assets	**102**	**–**	100	–
Asset experience adjustments	**51**	**–**	(27)	–
Benefits paid	**(108)**	**(11)**	(94)	(11)
Contributions by the employer	**142**	**11**	111	11
Foreign currency exchange rate changes	**(1)**	**–**	1	–
Fair value at end of year	**1,729**	**–**	1,543	–
Funding surplus (deficit)	**(255)**	**(499)**	(278)	(412)
Unvested past service costs	**–**	**16**	–	5
Net accrued retirement benefit liability	**$ (255)**	**$ (483)**	$ (278)	$ (407)
Represented by:				
Pension assets (Note 12)	**$ 5**	**$ –**	$ 6	$ –
Accrued retirement benefit liability	**(260)**	**(483)**	(284)	(407)
Net accrued retirement benefit liability	**$ (255)**	**$ (483)**	$ (278)	$ (407)

19. Retirement Benefit Plans (continued)

Additional information about our plans is as follows:

(Cdn$ in millions)	2010		2009		2008	
	Defined Benefit Pension Plans	Non-pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-pension Post-Retirement Benefit Plans	Defined Benefit Pension Plans	Non-pension Post-Retirement Benefit Plans
Accrued benefit obligation						
Obligation experience adjustments	$ (2)	$ 8	$ (3)	$ 13	$ 20	$ 3
Effect of change in actuarial assumptions	148	42	205	44	(257)	(65)
Accrued benefit obligation at year end	1,588	377	1,428	312	1,224	248
Plan assets						
Asset experience adjustments	70	–	54	–	(240)	–
Fair value of plan assets at year end	1,452	–	1,304	–	1,213	–
Funding surplus (deficit)	$ (136)	$ (377)	$ (124)	$ (312)	$ (11)	$ (248)

b) Funded Status

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

(Cdn$ in millions)	2012			2011		
	Plans Where Assets Exceed Retirement Benefit Obligations	Plans Where Retirement Benefit Obligations Exceed Assets	Total	Plans Where Assets Exceed Retirement Benefit Obligations	Plans Where Retirement Benefit Obligations Exceed Assets	Total
Plan assets	**$ 40**	**$ 1,689**	**$ 1,729**	$ 39	$ 1,504	$ 1,543
Retirement benefit obligations	**(35)**	**(1,949)**	**(1,984)**	(33)	(1,788)	(1,821)
Excess (deficit) of plan assets over retirement benefit obligations	**$ 5**	**$ (260)**	**$ (255)**	$ 6	$ (284)	$ (278)

The $260 million (2011 - $284 million) pension liability and $483 million (2011 - $407 million) post-retirement benefit liability include a current portion of $4 million (2011 - $4 million) and $12 million (2011 - $11 million), respectively, representing the expected benefits payable in the next 12 months under plans that are not pre-funded.

Our total cash payments for pension and other employee future benefits for 2012, including cash contributed to defined benefit and defined contribution pension plans and cash payments made directly to beneficiaries, were $186 million (2011 - $149 million). We expect to contribute $163 million to our defined contribution and defined benefit pension plans in 2013 based on minimum funding requirements.

c) Significant Assumptions

The assumptions used to calculate annual expenses are those used to calculate the accrued retirement benefit obligation at the end of the previous year. 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 expectations. The discount rate used to determine the accrued retirement benefit obligation is determined by reference to the market interest rates of high-quality debt instruments at the measurement date.

Weighted average assumptions used to calculate the accrued retirement benefit obligation at the end of each year are as follows:

	2012		2011	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Discount rate	**3.90%**	**3.90%**	4.41%	4.43%
Inflation rate	**2.00%**	**2.00%**	2.25%	2.25%
Assumed long-term rate of return on assets	**6.75%**	**–**	6.75%	–
Rate of increase in future compensation	**3.25%**	**3.25%**	3.50%	3.50%
Initial medical trend rate	**–**	**7.50%**	–	7.50%
Ultimate medical trend rate	**–**	**5%**	–	5%
Years to reach ultimate medical trend rate	**–**	**6**	–	6
Dental trend rates	**–**	**4%**	–	4%

d) Employee Future Benefits Expense

The amount of employee future benefits expense recognized in profit is as follows:

(Cdn$ in millions)	2012		2011	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Current service cost	**$ 41**	**$ 10**	$ 33	$ 9
Interest cost	**82**	**19**	81	20
Expected return on plan assets	**(102)**	**–**	(100)	–
Past service cost	**36**	**16**	56	9
	$ 57	**$ 45**	$ 70	$ 38

Of the total expense, $101 million (2011 - $103 million), $2 million (2011 - $4 million), and $(1) million (2011 - $1 million) was included in operating expenses, general and administration expenses and finance income and expenses, respectively.

The defined contribution expense for 2012 was $33 million (2011 - $27 million), of which $27 million is included in cost of sales (2011 - $20 million) and $6 million in general and administration expenses (2011 - $7 million).

19. Retirement Benefit Plans (continued)

The amounts recognized in other comprehensive income during the year are as follows:

(Cdn$ in millions)	2012		2011	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Actuarial losses	**$ 63**	**$ 43**	$ 182	$ 1
Total amount recognized in other comprehensive income	**63**	**43**	182	1
Total cumulative amount recognized in retained earnings	**$ 316**	**$ 92**	$ 253	$ 49

e) Health Care Sensitivity

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

	2012		2011	
(Cdn$ in millions)	**Increase (Decrease) in Service and Interest Cost**	**Increase (Decrease) in Obligation**	**Increase (Decrease) in Service and Interest Cost**	**Increase (Decrease) in Obligation**
Effect of 1% increase in medical trend rate	**$ 6**	**$ 87**	$ 5	$ 67
Effect of 1% decrease in medical trend rate	**(4)**	**(68)**	(4)	(52)

f) 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 a certain premium.

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, 2012 and 2011, and the weighted average target composition for 2013 are as follows:

	2013 Target	2012 Actual	2011 Actual
Equity securities	45%	**52%**	48%
Debt securities	40%	**35%**	39%
Real estate and other	15%	**13%**	13%
	100%	**100%**	100%

20. Other Liabilities and Provisions

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Provisions (a)	**$ 1,399**	$ 1,430
Derivative liabilities (net of current portion of $4 million, 2011 - $4 million)	**7**	3
Other	**64**	62
	$ 1,470	$ 1,495

a) Provisions

The following table summarizes the movements in provisions for the year ended December 31, 2012:

(Cdn$ in millions)	Decommissioning and Restoration Provisions	Other	Total
At January 1, 2012	$ 1,428	$ 61	$ 1,489
New provisions and changes to existing provisions expensed	1	2	3
Used during the year	(36)	(6)	(42)
New provisions and changes to existing capitalized provisions	(64)	–	(64)
Unwinding of discount	67	–	67
Exchange differences	(7)	(2)	(9)
At December 31, 2012	1,389	55	1,444
Less current provisions	(38)	(7)	(45)
Non-current provisions	**$ 1,351**	**$ 48**	**$ 1,399**

Decommissioning and Restoration Provisions

The decommissioning and restoration provision represents the present value of estimated costs for required future decommissioning and other site restoration activities. The majority of the decommissioning and site restoration expenditures occur at the end of the life of the related operation. Remaining lives of mines and infrastructure range from three years to over 100 years. Therefore, it is anticipated that these costs will be incurred over a period in excess of 100 years. In 2012, the decommissioning and restoration provision was calculated using discount rates between 4.95% and 5.95%. We also used an inflation rate of 2.00% in our cash flow estimates. The decommissioning and restoration provision includes $111 million (2011 - $126 million) in respect of closed operations.

20. Other Liabilities and Provisions (continued)

During the fourth quarter of 2012, we updated the cash flow estimates for our decommissioning and restoration provisions, primarily relating to selenium management at our coal mines, and an additional provision for closed mines. As a result of this change in estimate, the provision increased by $194 million compared to the third quarter.

The increase of $194 million in the fourth quarter was offset by a decrease of $179 million in the provision due to a change in the discount rate, resulting in a total increase to the provision of $15 million compared to the third quarter.

21. Equity

a) Authorized Share Capital

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

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

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

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

b) Class A Common Shares and Class B Subordinate Voting Shares Issued and Outstanding

Shares (in 000's)	**Class A Common Shares**	**Class B Subordinate Voting Shares**
At December 31, 2010	9,353	581,247
Options exercised (c)	–	245
Acquired and cancelled pursuant to a normal course issuer bid	–	(4,288)
At December 31, 2011	9,353	577,204
Options exercised (c)	–	188
Acquired and cancelled pursuant to a normal course issuer bid (e)	–	(4,479)
At December 31, 2012	9,353	572,913

c) Share Options

Under our current share option plan, 10 million Class B shares have been set aside for the grant of share options to full-time employees, of which 7.7 million remain available for grant. 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. Our share options are settled through the issuance of Class B shares.

During the year ended December 31, 2012, we granted 1,524,821 Class B share options at market prices to employees. These share options have a weighted average exercise price of $39.24, 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 $12.15 per option (2011 - $19.44) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2012	2011
Weighted average exercise price	**$ 39.24**	$ 58.71
Dividend yield	**2.04%**	1.02%
Risk-free interest rate	**1.38%**	2.63%
Expected option life	**4.2 years**	4.2 years
Expected volatility	**43%**	41%
Forfeiture rate	**2.50%**	2.13%

The expected volatility is based on a statistical analysis of daily share prices over the expected option life.

Outstanding share options are as follows:

	2012		**2011**	
	Shares (in 000's)	**Weighted Average Exercise Price**	**Shares (in 000's)**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**5,768**	**$ 30.51**	5,228	$ 24.79
Granted	**1,525**	**39.24**	910	58.71
Exercised	**(188)**	**8.27**	(245)	15.75
Forfeited	**(172)**	**43.23**	(122)	24.75
Expired	**(80)**	**39.21**	(3)	43.74
Outstanding at end of year	**6,853**	**$ 32.65**	5,768	$ 30.51
Vested and exercisable at end of year	**4,471**	**$ 27.00**	3,334	$ 27.56

The average share price during the year was $33.74 (2011 - $45.69).

21. Equity (continued)

Information relating to share options outstanding at December 31, 2012 is as follows:

Outstanding Share Options (in 000's)	Exercise Price Range	Weighted Average Remaining Life of Outstanding Options (months)
1,491	$ 4.15 – $ 12.35	74
6	$ 12.36 – $ 33.19	77
1,414	$ 33.20 – $ 35.53	32
3,096	$ 35.54 – $ 49.17	87
846	$ 49.18 – $ 58.80	98
6,853	$ 4.15 – $ 58.80	74

Total share option compensation expense recognized for the year was $16 million (2011 - $14 million).

d) 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 share at the time they are redeemed. DSUs vest immediately for directors and after three years for employees. RSUs vest no later than three years for employees and directors. On retirement the units are pro-rated to reflect the period of vesting completed. Units vest on a pro-rata basis should employees be terminated without cause and are forfeited if employees resign or are terminated with cause.

DSUs may only be redeemed within 12 months from the date a holder ceases to be an employee or director while RSUs must vest no later than three years measured from the date of 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 shares.

Total DSU and RSU activity is as follows:

	2012		2011	
	DSUs and RSUs (in 000's)	Weighted Average Grant Date Fair Value	DSUs and RSUs (in 000's)	Weighted Average Grant Date Fair Value
Total units at beginning of year	**1,957**	**$ 30.72**	3,683	$ 12.62
Granted	**683**	**39.03**	415	58.30
Forfeited	**(73)**	**43.62**	(91)	16.13
Redeemed	**(518)**	**29.33**	(2,101)	4.81
Dividends and other adjustments	**63**	**32.24**	51	21.50
Total units at end of year	**2,112**	**$ 33.35**	1,957	$ 30.72

In 2012, we recognized compensation costs of $18 million for our DSUs and RSUs (2011 - $35 million recovery recognized). The total liability for vested DSUs and RSUs as at December 31, 2012 was $55 million (2011 - $56 million). The fair value of the DSUs and RSUs is based on the December 31, 2012 closing price of our Class B shares.

At December 31, 2012, we had 1,293,778 DSUs (2011 - 1,241,662) and 818,314 RSUs outstanding (2011 - 714,862).

e) Normal Course Issuer Bid

Our normal course issuer bid, which commenced on June 28, 2012, allows us to purchase up to 20 million Class B shares until June 27, 2013 or an earlier date if we complete such purchases. At December 21, 2012, we had 16.2 million shares available to repurchase under this bid.

f) Accumulated Comprehensive Income

(Cdn$ in millions)	2012	2011
Accumulated other comprehensive income – beginning of year	**$ 14**	$ 45
Currency translation differences:		
Unrealized gains (losses) on translation of foreign subsidiaries	**(195)**	103
Foreign exchange differences on debt designated as a hedge of our investment in foreign subsidiaries (net of taxes of $(21) for 2012 and $3 for 2011)	**146**	(26)
	(49)	77
Available-for-sale financial assets:		
Unrealized gains (losses) (net of taxes of $(1) for 2012 and $13 for 2011)	**20**	(57)
Gains reclassified to profit (net of taxes of $3 for 2012 and $(1) for 2011)	**(23)**	(49)
	(3)	(106)
Derivatives designated as cash flow hedges:		
Unrealized gains (net of taxes of $(2) for 2012 and $nil for 2011)	**8**	7
Gains reclassified to profit on realization (net of taxes of $2 for 2012 and $2 for 2011)	**(9)**	(9)
	(1)	(2)
Actuarial loss on retirement benefit plans (net of taxes of $33 for 2012 and $59 for 2011)	**(73)**	(124)
Total other comprehensive loss	**(126)**	(155)
Less actuarial loss on retirement benefit plans recorded in retained earnings	**73**	124
Accumulated other comprehensive income (loss) – end of year	**$ (39)**	$ 14

21. Equity (continued)

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

(Cdn$ in millions)	2012	2011
Currency translation differences	$ (39)	$ 10
Unrealized gains on available for sale financial assets (net of taxes of $nil for 2012 and $(2) for 2011)	–	3
Unrealized gains on cash flow hedges (net of taxes of $nil for 2012 and $nil for 2011)	–	1
Accumulated other comprehensive income (loss)	$ (39)	$ 14
Accumulated other comprehensive income (loss) attributed to:		
Shareholders of the company	$ (35)	$ 16
Non-controlling interests	(4)	(2)
	$ (39)	$ 14

g) Earnings Per Share

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

(Cdn$ in millions, except per share data)	2012	2011
Net basic and diluted profit attributable to shareholders of the company	$ 811	$ 2,668
Weighted average shares outstanding (000’s)	585,522	590,424
Dilutive effect of share options	1,379	2,208
Weighted average diluted shares outstanding	586,901	592,632
Basic earnings per share	$ 1.39	$ 4.52
Diluted earnings per share	$ 1.38	$ 4.50

At December 31, 2012, there were 5,013,079 (2011 - 947,511) 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 $0.40 and $0.45 per share in the second and fourth quarters of 2012, and $0.30 and $0.40 per share in the second and fourth quarters of 2011, respectively. Dividends of $0.45 per share with a record date of December 14, 2012, were paid in January, 2013.

22. 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, 2012, or with respect to future claims, cannot be predicted with certainty. Significant contingencies not disclosed elsewhere in the notes to our financial statements are as follows:

Upper Columbia River Basin

TAI continues studies under the 2006 settlement agreement with the U.S. Environmental Protection Agency ("EPA") to conduct a remedial investigation on the Upper Columbia River in Washington State.

The Lake Roosevelt litigation involving TML in the Federal District Court for the Eastern District of Washington continues.

In September, TML entered into an agreement with the plaintiffs, agreeing that certain facts were established for purposes of the litigation. The agreement stipulates that some portion of the slag discharged from our Trail Operations into the Columbia River between 1896 and 1995, and some portion of the effluent discharged from Trail Operations, have been transported to and are present in the Upper Columbia River in the United States, and that some hazardous substances from the slag and effluent have been released into the environment within the United States. In October, the Federal District Court for the Eastern District of Washington heard argument with respect to personal jurisdiction and certain legal issues with respect to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). In December the court found in favour of the plaintiffs in phase one of the case, issuing a declaratory judgement that Teck is liable under CERCLA for response costs, the amount of which will be determined in a subsequent phase of the case. TML has filed a notice of appeal with respect to the decision. The subsequent hearing, with respect to claims for natural resource damages and costs, is expected to be deferred while the remedial investigation and feasibility study being undertaken by TAI are completed, which is currently expected to occur in 2015.

There is no assurance that we will ultimately be successful in our defence of the litigation or that we or our affiliates will not be faced with further liability in relation to this matter. Until the studies contemplated by the EPA settlement 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.

23. Commitments

a) Capital Commitments

As at December 31, 2012, we had contracted for $478 million (2011 - $115 million) of capital expenditures that have not yet been incurred for the purchase of property, plant and equipment.

b) Operating Lease Commitments

We lease office premises, mobile equipment and rail cars under operating leases. The lease terms are between one year and 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(Cdn$ in millions)	2012	2011
Less than one year	**$ 55**	$ 43
1 to 5 years	**74**	91
Thereafter	**19**	26
	$ 148	$ 160

Lease rentals amounting to $9 million (2011 - $9 million) for office premises, $26 million (2011 - $29 million) for mobile equipment and $8 million (2011 - $5 million) for rail cars are included in the statement of income.

c) Red Dog Commitments

In accordance with the operating agreement governing the Red Dog mine, TAK pays a royalty to NANA Regional Corporation Inc. (“NANA”) on the net proceeds of production. A 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 occurred in the fourth quarter of 2012. An expense of US$137 million was recorded in 2012 (2011 – US$129 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 operation. The lease requires TAK to pay a minimum annual user fee of US$18 million, but has no minimum tonnage requirements.

TAK has also entered into agreements for the transportation and handling of concentrates from the mill site. These agreements have varying terms expiring at various dates through 2015 and include provisions for extensions. There are minimum tonnage requirements and the minimum annual fees amount to approximately US$4 million for 2013 and 2014 and US$2 million for 2015 with adjustment provisions based on variable cost factors.

d) Antamina Royalty

Our interest in the Antamina mine is subject to a net profits royalty equivalent to 7.4% of our share of the mine’s free cash flow. An expense of $7 million was recorded in 2012 (2011 - $19 million) in respect of this royalty.

e) Forward Purchase Commitments

We have a number of forward purchase commitments for the purchase of concentrates, for shipping and distribution of products and for other process inputs, which are incurred in the normal course of business. During the year, we entered into arrangements for the purchase of power in future periods for the expansion of our Quebrada Blanca Operations. The majority of these contracts are subject to *force majeure* provisions.

f) Sale of Interest in Gold Reserves and Resources

In 2010, Carmen de Andacollo sold an interest in the gold reserves and resources of the Carmen de Andacollo Operation to Royal Gold. Under the agreement, Royal Gold is entitled to 75% of the payable gold produced until total cumulative production reaches 910,000 ounces of gold, and 50% thereafter.

24. Segmented Information

Based on the primary products we produce and our development projects, we have five reportable segments - copper, coal, zinc, energy and corporate - which is the way we report information to our Chief Executive Officer. 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 operating expenses include general and administration costs, exploration, research and development, and other operating income (expense). Sales between segments are carried out at arm's length prices.

(Cdn$ in millions)			December 31, 2012			
	Copper	**Coal**	**Zinc**	**Energy**	**Corporate**	**Total**
Segment revenues	$ 3,142	$ 4,647	$ 2,764	$ 4	$ –	$ 10,557
Less: Inter-segment revenues	–	–	(214)	–	–	(214)
Revenues	3,142	4,647	2,550	4	–	10,343
Gross profit	1,129	1,563	373	1	–	3,066
Other operating income (expenses)	(39)	(2)	(14)	–	(226)	(281)
Profit from operations	1,090	1,561	359	1	(226)	2,785
Net finance expense	(6)	(24)	(23)	–	(389)	(442)
Non-operating income (expenses)	–	–	–	–	(848)	(848)
Share of losses of associates	–	–	–	(6)	(4)	(10)
Profit before tax	1,084	1,537	336	(5)	(1,467)	1,485
Capital expenditures	865	641	213	60	30	1,809
Goodwill	434	1,203	–	–	–	1,637
Total assets	8,054	17,332	4,632	1,828	2,771	34,617

24. Segmented Information (continued)

(Cdn$ in millions)	December 31, 2011					
	Copper	Coal	Zinc	Energy	Corporate	Total
Segment revenues	$ 3,108	$ 5,641	$ 3,015	$ –	$ –	$ 11,764
Less: Inter-segment revenues	–	–	(250)	–	–	(250)
Revenues	3,108	5,641	2,765	–	–	11,514
Gross profit	1,369	2,800	708	–	–	4,877
Other operating income (expenses)	(102)	(10)	(76)	–	(233)	(421)
Profit from operations	1,267	2,790	632	–	(233)	4,456
Net finance expense	(5)	(31)	(19)	–	(427)	(482)
Non-operating income (expenses)	–	–	–	–	197	197
Share of losses of associates	–	–	–	(2)	(3)	(5)
Profit before tax	1,262	2,759	613	(2)	(466)	4,166
Capital expenditures	538	524	106	49	19	1,236
Goodwill	444	1,203	–	–	–	1,647
Total assets	7,538	17,186	4,952	1,152	3,391	34,219

The geographical distribution of our non-current assets are as follows:

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Canada	**$ 20,639**	$ 19,460
Chile	**4,727**	4,565
United States	**788**	883
Other	**688**	604
	$ 26,842	$ 25,512

Non-current assets attributed to geographical locations exclude deferred tax assets and financial and other assets.

Revenues are attributed to regions based on the location of the customer and are as follows:

(Cdn$ in millions)	2012	2011
Asia		
China	**$ 2,615**	$ 1,724
Japan	**1,762**	2,145
South Korea	**909**	1,416
Other	**719**	1,029
Americas		
United States	**1,159**	1,673
Canada	**890**	678
Latin America	**428**	707
Europe		
Germany	**463**	803
Bulgaria	**338**	221
Finland	**260**	210
Other	**800**	908
	$ 10,343	$ 11,514

25. Joint Ventures

Our Antamina operation, in which we have a 22.5% interest, and Galore Creek, in which we have a 50% interest, are the primary entities accounted for using the proportionate consolidation method. We also proportionately consolidate the Waneta Dam (66.7%) and Wintering Hills Wind Power Facility (30%), which are assets that we jointly control. Our share of the assets, liabilities, revenues, expenses and cash flows of these operations is as follows:

(Cdn$ in millions)	December 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	**$ 85**	$ 59
Other current assets	**230**	219
Long-term assets	**1,333**	1,237
	$ 1,648	$ 1,515
Liabilities and equity		
Current liabilities	**$ 101**	$ 245
Long-term debt	**22**	24
Other long-term liabilities	**185**	184
Equity	**1,340**	1,062
	$ 1,648	$ 1,515

25. Joint Ventures (continued)

(Cdn$ in millions)		2012		2011
Profit				
Revenues	**$**	**901**	$	800
Operating and other expenses		**(317)**		(302)
Provision for income and resource taxes		**(212)**		(165)
Profit	**$**	**372**	$	333
Cash flow				
Operating activities	**$**	**367**	$	406
Investing activities		**(155)**		(201)
Financing activities		**(110)**		(10)
Distributions to Teck		**(74)**		(219)
Effect of exchange rates on cash		**(2)**		2
Increase (decrease) in cash	**$**	**26**	$	(22)

We have purchase and shipping commitments of approximately $235 million over the next five years relating to our interests in joint ventures.

26. 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, commodity price and interest rate contracts to manage exposure to fluctuations in these variables. We do not have a practice of trading derivatives. Our use of derivatives is based on established practices and parameters to mitigate risk and is 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 17 details our available credit facilities as at December 31, 2012.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2012 are as follows:

(Cdn$ in millions)		Less Than 1 Year		2–3 Years		4–5 Years		More Than 5 Years		Total
Trade accounts payable, accrued liabilities and dividends payable	$	1,730	$	–	$	–	$	–	**$**	**1,730**
Debt (Note 17(f))		35		331		602		6,307		**7,275**
Estimated interest payments on debt		345		686		644		4,776		**6,451**

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 U.S. dollar and to a lesser extent, the Chilean peso. Our cash flows from Canadian and Chilean operations are exposed to foreign exchange risk as commodity sales are denominated in U.S. dollars, and the majority of operating expenses are denominated in local currencies.

We hedge a portion of our U.S. dollar denominated future cash flows on a quarterly basis with U.S. dollar forward sales contracts. We have elected not to actively manage other foreign exchange exposures at this time.

We also have various investments in U.S. dollar foreign operations, whose net assets are exposed to foreign currency translation risk. This currency exposure is managed in part through our U.S. dollar denominated debt as a hedge against net investments in foreign operations. As at December 31, 2012, $7.2 billion of U.S. dollar debt was designated in this manner.

U.S. dollar financial instruments subject to foreign exchange risk are as follows:

(US$ in millions)		2012		2011
Cash	$	17	$	792
Accounts receivable		547		588
Accounts payable		(305)		(269)
U.S. dollar forward sales contracts		(552)		(185)
Long-term debt, net of discounts and prepayment rights		(7,162)		(6,605)
Net investment in self-sustaining foreign operations		8,959		8,450
Net U.S. dollar assets (liabilities) exposed	$	1,504	$	2,771

As at December 31, 2012, with other variables unchanged, a $0.10 strengthening (weakening) of the Canadian dollar against the U.S. dollar would have a $71 million effect (2011 – $7 million) on profit before tax resulting from our financial instruments. There would also be a $30 million (2011 – $19 million) decrease (increase) in other comprehensive income from our U.S. dollar forward sales contracts designated as cash flow hedges.

Interest Rate Risk

Our interest rate risk mainly arises from our cash and cash equivalents. Our interest rate management policy is generally to borrow at fixed rates. However, floating rate funding may be used to fund short-term operating cash flow requirements or, in conjunction with fixed to floating interest rate swaps, be used to offset interest rate risk from our cash. 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 U.S. dollars, do not.

We separately valued the prepayment options on our 2016 and 2019 notes prior to their redemption in 2012 (discussed in Note 26(c) below). The value of these options fluctuated with both market interest rates and our credit spread.

Cash and cash equivalents have short terms to maturity and receive interest based on market interest rates.

As at December 31, 2012, with other variables unchanged, a 1% change in the LIBOR rate would have a minimal effect (2011 – $2 million) on profit. There would be no effect on other comprehensive income.

26. Accounting for Financial Instruments (continued)

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 as described in Note 26(c) below.

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

The following represents the effect on pre-tax profit attributable to shareholders from a 10% increase to commodity prices, based on the pricing adjustments at December 31, 2012. There is no effect on other comprehensive income.

	Price on December 31,		**Increase in Profit Attributable to Shareholders**	
(Cdn$ in millions, except for US$/lb data)	**2012**	**2011**	**2012**	**2011**
Copper	US$3.59/lb	US$3.43/lb	**$ 39**	$ 34
Zinc	US$0.93/lb	US$0.83/lb	**1**	2
Lead	US$1.06/lb	US$0.90/lb	**2**	1

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Our primary counterparties related to our cash, 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. The only significant concentration of credit risk with any single counterparty or group of counterparties is with the U.S. Government. Our maximum exposure to credit risk at the reporting date is the carrying value of our cash and cash equivalents, receivables and derivative assets. While we are exposed to credit losses due to the non-performance of our counterparties, we do not consider this to be a material risk.

b) Factoring of Trade Receivables

There were no outstanding receivables sold at December 31, 2012. In 2012, we renewed a US$150 million facility with a third-party for sales of certain trade receivables from export coal sales. Total receivables sold during the year were nil (2011 – US$422 million). The 2011 transactions were recorded as a sale since we had transferred the risks and rewards of ownership over the receivables. Accordingly, we derecognized the receivables at the date of the transaction. No gain or loss was recognized on the 2011 transactions.

c) Derivative Financial Instruments and Hedges

Sale and Purchase Contracts

Sales and purchases of metals in concentrates and cathodes are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which usually occurs on shipment. However, the final pricing for the product sold and purchased is not determined at that time as it is contractually linked to market prices at a subsequent date. These arrangements have the characteristics of a derivative instrument as the value of our receivables and payables will vary as prices for the underlying commodities vary in the metal markets. These pricing adjustments result in gains (losses from purchases) in a rising price environment and losses (gains for purchases) in a declining price environment and are recorded as other operating income (expense). The profit effect of gains and losses on these contracts is mitigated by smelter price participation, royalty interests, taxes and non-controlling interests. It should be noted that while these effects arise on the sale of concentrates, we also purchase concentrates at our Trail Operation where the opposite effects occur.

The table below outlines our outstanding receivable and payable positions, which were provisionally valued at December 31, 2012 and at December 31, 2011, respectively.

	Outstanding at December 31, 2012		**Outstanding at December 31, 2011**	
(pounds in millions)	Pounds	US$/lb	Pounds	US$/lb
Receivable positions				
Copper	**179**	**3.59**	164	3.43
Zinc	**143**	**0.93**	184	0.83
Lead	**64**	**1.06**	41	0.90
Payable positions				
Zinc payable	**92**	**0.93**	108	0.83
Lead payable	**20**	**1.06**	10	0.90

At December 31, 2012, total outstanding settlement receivables were $705 million and total outstanding settlement payables were $68 million, which are included in trade accounts receivable and trade accounts payable, respectively, on the consolidated balance sheet.

Economic Hedge Contracts

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

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

26. Accounting for Financial Instruments (continued)

The fair value of our fixed commodity forward sale and purchase contracts is calculated using a discounted cash flow method based on forward metal prices. A summary of our free-standing derivative contracts and related fair values as at December 31, 2012 is as follows:

	Quantity	Average Price	Fair Value Asset (Liability) (Cdn$ in millions)
Derivatives not designated as hedging instruments			
Forward sales contracts			
Zinc	12.5 million lbs	US$0.91/lb	$ (1)
Lead	27.4 million lbs	US$1.01/lb	(2)
U.S. dollar	US$257 million	Cdn$/US$0.99	(1)
U.S. dollar	US$2.3 million	CLP/US$644	1
Forward purchase contracts			
Zinc	14.2 million lbs	US$0.91/lb	1
Lead	9.3 million lbs	US$1.00/lb	1
			$ (1)
Derivatives designated as cash flow hedges			
U.S. dollar forward sales contracts	US$295 million	Cdn$/US$0.99	$ –

All free-standing derivative contracts mature in 2013.

Derivatives not designated as hedging instruments are recorded in trade accounts receivable of $3 million and trade accounts payable and accrued liabilities of $4 million on the consolidated balance sheet.

In addition to the above, one of our road and port contracts contains a contingent zinc escalation payment that is considered to be an embedded derivative. The fair value of this embedded derivative was $7 million at December 31, 2012 (2011 - $3 million), and is included in other liabilities and provisions on the consolidated balance sheet.

Prepayment Rights on Notes Due 2016 and 2019

Our 2016 and 2019 notes (Note 17(a)) included prepayment rights that were considered to be embedded derivatives. These notes were redeemed in 2012 so there is no value for the embedded derivatives at December 31, 2012. At December 31, 2011, these prepayment rights were recorded as other assets (Note 12) on the balance sheet at a fair value of $313 million based on then-current market interest rates for similar instruments and our credit spread.

Derivatives Not Designated as Hedging Instruments

(Cdn$ in millions)	2012						
	Zinc Forward Sales and Purchases	**Copper Forward Sales**	**U.S. Dollar Forward Sales**	**Debt Prepayment Rights**	**Settlements Receivable and Payable**	**Other**	**Total**
Amount of gain (loss) recognized in other operating income (expense)	**$ (2)**	**$ 8**	**$ –**	**$ –**	**$ 45**	**$ (6)**	**$ 45**
Amount of gain recognized in non-operating income	**$ –**	**$ –**	**$ 4**	**$ 116**	**$ –**	**$ 3**	**$ 123**

(Cdn$ in millions)	2011						
	Zinc Forward Sales and Purchases	**Copper Forward Sales**	**U.S. Dollar Forward Sales**	**Debt Prepayment Rights**	**Settlements Receivable and Payable**	**Other**	**Total**
Amount of gain (loss) recognized in other operating income (expense)	$ 7	$ –	$ –	$ –	$ (210)	$ –	$ (203)
Amount of gain recognized in non-operating income	$ –	$ –	$ –	$ 146	$ –	$ –	$ 146

Gains and losses on U.S. dollar forward sales are included in foreign exchange gains (losses) in non-operating income (expense) (Note 9).

Hedges

Cash flow hedges

At December 31, 2012, U.S. dollar forward sales contracts with a notional amount of US$295 million remained outstanding. The contracts matured in early 2013. These contracts have been designated as cash flow hedges of a portion of our future cash flows from anticipated U.S. dollar coal sales. We have determined that they are highly effective hedges from inception to December 31, 2012.

Unrealized gains and losses on our U.S. dollar forward sales contracts designated as cash flow hedges are recorded in other comprehensive income. Realized gains and losses on these settled contracts are recorded in revenue.

26. Accounting for Financial Instruments (continued)

The following table provides information regarding the effect of U.S. dollar forward sales contracts that are derivative instruments designated as cash flow hedges on our consolidated statements of income and comprehensive income in 2012 and 2011:

(Cdn$ in millions)	2012	2011
Gains recognized in other comprehensive income (effective portion)	**$ 8**	$ –
Gains reclassified from accumulated other comprehensive income into income (effective portion)	**9**	6
Location of gains reclassified from accumulated other comprehensive income into income	Revenue	Revenue

Net investment hedge

Our hedges of net investments in foreign operations were effective, and no ineffectiveness was recognized in profit for the period.

27. 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.

Marketable equity securities are valued using quoted market prices in active markets. 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, 2012 and 2011 are summarized in the following table:

(Cdn$ in millions)	**2012**				**2011**			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Marketable equity securities	$ 671	$ –	$ –	**$ 671**	$ 511	$ –	$ –	$ 511
Marketable debt securities	–	–	16	**16**	–	–	14	14
Settlements receivable	–	705	–	**705**	–	559	–	559
Derivative instruments	–	3	–	**3**	–	318	–	318
	$ 671	$ 708	$ 16	**$ 1,395**	$ 511	$ 877	$ 14	$ 1,402
Financial liabilities								
Derivative instruments	$ –	$ 11	$ –	**$ 11**	$ –	$ 7	$ –	$ 7
Settlements payable	–	68	–	**68**	–	35	–	35
	$ –	$ 79	$ –	**$ 79**	$ –	$ 42	$ –	$ 42

For our non-financial assets and liabilities measured at fair value on a non-recurring basis, no fair value measurements were made during the years ended December 31, 2012 or 2011.

28. Capital Risk Management

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

As at December 31, 2012, our debt to debt-plus-equity ratio was 29% (2011 – 28%) and our debt to EBITDA ratio was 2.6 (2011 – 1.3).

We manage the risk of not meeting our financial targets through the issuance and repayment of debt and issuance of equity capital as well as through the ongoing management of operations, investments and capital expenditures.

29. Key Management Compensation

The compensation for key management, which includes our directors and senior vice presidents, in respect of employee services is as follows:

(Cdn$ in millions)	**2012**	2011
Salaries, director fees and other short-term benefits	**$ 16**	$ 12
Post-employment benefits	**3**	3
Share-based compensation	**12**	(8)
	$ 31	$ 7

30. Supplemental Guarantor Condensed Consolidating Financial Information

Teck Metals Ltd. ("Teck Metals"), a wholly owned subsidiary of Teck Resources Limited ("Teck," or "our"), provides a full and unconditional guarantee or the equivalent in respect of substantially all of our outstanding indebtedness for borrowed money.

The following tables set forth condensed consolidating financial information for Teck Metals as at December 31, 2012 and December 31, 2011. The information is presented with separate columns for: (i) Teck; (ii) Teck Metals; (iii) our other subsidiaries on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. The investments in subsidiaries held by Teck, Teck Metals and other non-guarantor subsidiaries have been accounted for using the equity method of accounting. Compañia Minera Antamina ("Antamina") is not considered a subsidiary and, as such, our share of Antamina's results and balances are included in consolidation adjustments in the following tables.

As at December 31, 2012

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	$ (18)	$ 7	$ 3,209	$ 69	**$ 3,267**
Current income and resource taxes receivable	30	21	90	–	**141**
Trade accounts and intergroup receivables	5,798	142	12,092	(16,747)	**1,285**
Inventories	19	450	1,358	53	**1,880**
	5,829	620	16,749	(16,625)	**6,573**
Financial and other assets	1,671	966	443	(2,107)	**973**
Investments in associates	27,930	24,830	740	(52,672)	**828**
Property, plant and equipment	226	1,069	22,092	990	**24,377**
Deferred income and resource tax assets	–	–	26	203	**229**
Goodwill	–	–	1,637	–	**1,637**
	$ 35,656	$ 27,485	$ 41,687	$ (70,211)	**$ 34,617**
Trade accounts and intergroup payables and other liabilities	$ 8,098	$ 7,061	$ 3,037	$ (16,728)	**$ 1,468**
Dividends payable	262	–	–	–	**262**
Current income and resource taxes payable	–	1	33	21	**55**
Debt	–	–	22	13	**35**
	8,360	7,062	3,092	(16,694)	**1,820**
Debt	8,134	837	347	(2,158)	**7,160**
Deferred income and resource tax liabilities	1,289	1,966	1,909	283	**5,447**
Retirement benefit liabilities	37	318	388	–	**743**
Other liabilities and provisions	35	204	1,203	28	**1,470**
	17,855	10,387	6,939	(18,541)	**16,640**
Equity					
Attributable to shareholders of the company	17,801	17,098	34,572	(51,670)	**17,801**
Attributable to non-controlling interests	–	–	176	–	**176**
	17,801	17,098	34,748	(51,670)	**17,977**
	$ 35,656	$ 27,485	$ 41,687	$ (70,211)	**$ 34,617**

30. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2012

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Statement of Income Information					
Revenues	$ 134	$ 1,872	$ 7,655	$ 682	**$ 10,343**
Cost of sales	(117)	(1,856)	(5,213)	(91)	**(7,277)**
Gross profit	17	16	2,442	591	**3,066**
Other operating expenses					
General and administration	(105)	(8)	(26)	3	**(136)**
Exploration	(20)	–	(83)	1	**(102)**
Research and development	(7)	(12)	–	–	**(19)**
Other operating income (expense)	(12)	(7)	5	(10)	**(24)**
Profit (loss) from operations	(127)	(11)	2,338	585	**2,785**
Finance income	177	128	95	(265)	**135**
Finance expense	(537)	(215)	(137)	312	**(577)**
Non-operating income (expense)	(681)	3	11	(181)	**(848)**
Share of profit (losses) of associates	1,918	1,180	398	(3,506)	**(10)**
Profit before tax	750	1,085	2,705	(3,055)	**1,485**
Provision for income and resource taxes	61	(207)	(268)	(201)	**(615)**
Profit for the year	$ 811	$ 878	$ 2,437	$ (3,256)	**$ 870**
Profit attributable to:					
Shareholders of the company	$ 811	$ 878	$ 2,378	$ (3,256)	**$ 811**
Non-controlling interests	–	–	59	–	**59**
Profit for the year	$ 811	$ 878	$ 2,437	$ (3,256)	**$ 870**

Year Ended December 31, 2012

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	$ 1,857	$ 280	$ 2,756	$ (2,098)	**$ 2,795**
Investing activities					
Purchase of property, plant and equipment	(85)	(164)	(1,405)	(155)	**(1,809)**
Purchase of financial investments and other assets	(300)	–	(26)	–	**(326)**
Proceeds from the sale of investments and other assets	33	10	8	–	**51**
Acquisition of SilverBirch Energy Corporation	(432)	–	–	–	**(432)**
	(784)	(154)	(1,423)	(155)	**(2,516)**
Financing activities					
Issuance of debt	2,700	–	67	–	**2,767**
Repayment of debt	(2,822)	–	(113)	(92)	**(3,027)**
Debt interest paid	(423)	–	(3)	(2)	**(428)**
Issuance of Class B subordinate voting shares	2	–	–	–	**2**
Purchase and cancellation of Class B subordinate voting shares	(129)	–	–	–	**(129)**
Dividends paid	(469)	–	–	–	**(469)**
Distributions to non-controlling interests	–	–	(50)	–	**(50)**
Interdivision distributions	–	(1,105)	(1,238)	2,343	**–**
	(1,141)	(1,105)	(1,337)	2,249	**(1,334)**
Effect of exchange rate changes on cash and cash equivalents	(3)	(16)	(62)	(2)	**(83)**
Increase (decrease) in cash and cash equivalents	(71)	(995)	(66)	(6)	**(1,138)**
Cash and cash equivalents at beginning of year	53	1,002	3,275	75	**4,405**
Cash and cash equivalents at end of year	$ (18)	$ 7	$ 3,209	$ 69	**$ 3,267**

30. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

As at December 31, 2011

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	$ 53	$ 1,002	$ 3,275	$ 75	$ 4,405
Current income and resource taxes receivable	7	12	82	–	101
Trade accounts and intergroup receivables	6,743	144	10,106	(15,751)	1,242
Inventories	21	406	1,162	52	1,641
	6,824	1,564	14,625	(15,624)	7,389
Financial and other assets	2,124	1,200	1,717	(3,903)	1,138
Investments in associates	27,142	23,907	459	(50,793)	715
Property, plant and equipment	558	940	20,761	891	23,150
Deferred income and resource tax assets	–	–	31	149	180
Goodwill	–	–	1,647	–	1,647
	$ 36,648	$ 27,611	$ 39,240	$ (69,280)	$ 34,219
Trade accounts and intergroup payables and other liabilities	$ 9,185	$ 6,193	$ 2,145	$ (16,088)	$ 1,435
Dividends payable	235	–	–	–	235
Current income and resource taxes payable	–	–	59	34	93
Debt	203	–	40	116	359
	9,623	6,193	2,244	(15,938)	2,122
Debt	7,887	1,802	216	(3,229)	6,676
Deferred income and resource tax liabilities	1,349	1,789	2,138	66	5,342
Retirement benefit liabilities	36	284	371	–	691
Other liabilities and provisions	32	209	1,210	44	1,495
	18,927	10,277	6,179	(19,057)	16,326
Equity					
Attributable to shareholders of the company	17,721	17,334	32,889	(50,223)	17,721
Attributable to non-controlling interests	–	–	172	–	172
	17,721	17,334	33,061	(50,223)	17,893
	$ 36,648	$ 27,611	$ 39,240	$ (69,280)	$ 34,219

Year Ended December 31, 2011

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Income Information					
Revenues	$ 142	$ 2,002	$ 8,821	$ 549	$ 11,514
Cost of sales	(108)	(1,793)	(4,752)	16	(6,637)
Gross profit	34	209	4,069	565	4,877
Other operating expenses					
General and administration	(90)	(15)	(19)	(1)	(125)
Exploration	(18)	(1)	(85)	(1)	(105)
Research and development	(4)	(13)	–	–	(17)
Other operating income (expense)	18	13	(104)	(101)	(174)
Profit (loss) from operations	(60)	193	3,861	462	4,456
Finance income	117	136	56	(196)	113
Finance expense	(578)	(172)	(77)	232	(595)
Non-operating income (expense)	(169)	211	(41)	196	197
Share of profit (losses) of associates	3,538	2,013	388	(5,944)	(5)
Profit before tax	2,848	2,381	4,187	(5,250)	4,166
Provision for income and resource taxes	(180)	(513)	(541)	(164)	(1,398)
Profit for the year	$ 2,668	$ 1,868	$ 3,646	$ (5,414)	$ 2,768
Profit attributable to:					
Shareholders of the company	$ 2,668	$ 1,868	$ 3,546	$ (5,414)	$ 2,668
Non-controlling interests	–	–	100	–	100
Profit for the year	$ 2,668	$ 1,868	$ 3,646	$ (5,414)	$ 2,768

30. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2011

As Reported in IFRS (Cdn$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	$ (532)	$ 488	$ 6,031	$ (2,030)	$ 3,957
Investing activities					
Purchase of property, plant and equipment	(77)	(51)	(936)	(172)	(1,236)
Purchase of financial investments and other assets	(378)	(5)	(80)	–	(463)
Proceeds from the sale of investments and other assets	47	17	225	–	289
	(408)	(39)	(791)	(172)	(1,410)
Financing activities					
Issuance of debt	1,907	–	–	–	1,907
Repayment of debt	(54)	–	(42)	(8)	(104)
Debt interest paid	(370)	–	(5)	(2)	(377)
Issuance of Class B subordinate voting shares	4	–	–	–	4
Purchase and cancellation of Class B subordinate voting shares	(171)	–	–	–	(171)
Dividends paid	(354)	–	–	–	(354)
Distributions to non-controlling interests	–	–	(54)	–	(54)
Interdivision distributions	–	420	(2,648)	2,228	–
	962	420	(2,749)	2,218	851
Effect of exchange rate changes on cash and cash equivalents	16	138	20	1	175
Increase in cash and cash equivalents	38	1,007	2,511	17	3,573
Cash and cash equivalents at beginning of year	15	(5)	764	58	832
Cash and cash equivalents at end of year	$ 53	$ 1,002	$ 3,275	$ 75	$ 4,405

Board of Directors

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

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

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

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

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

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

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

Felix P. Chee
Director Since: 2010 (4)

Jack L. Cockwell
Director Since: 2009 (7)

Edward C. Dowling
Director Since: September 2012

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

Takeshi Kubota
Director Since: April 2012 (6) (7)

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

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

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

Notes:

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

More information on our directors 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 (SEDAR) and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Teck's Board of Directors

(left to right sitting) Donald Lindsay, Norman Keevil (left to right standing) Takeshi Kubota, Jalynn Bennett, Warren Seyffert, Chris Thompson, Mayank Ashar, Edward Dowling, Norman Keevil III, Hugh Bolton, Janice Rennie, Jack Cockwell, Brian Aune, Takashi Kuriyama. Not shown: Felix Chee.

Officers

Norman B. Keevil
Chairman of the Board

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

Donald R. Lindsay
President and Chief
Executive Officer

Michael E. Agg
Senior Vice President

Roger J. Higgins
Senior Vice President, Copper

Douglas H. Horswill
Senior Vice President

Ian C. Kilgour
Senior Vice President, Coal

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

Raymond A. Reipas
Senior Vice President, Energy

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

Robert G. Scott
Senior Vice President, Zinc

Marcia M. Smith
Senior Vice President,
Sustainability and External Affairs

Ronald J. Vance
Senior Vice President,
Corporate Development

Timothy C. Watson
Senior Vice President,
Project Development

Michael J. Allan
Vice President, Engineering

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

David R. Baril
Vice President, Copper,
Chile Operations

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

Anne J. Chalmers
Vice President, Risk and Security

Alex N. Christopher
Vice President, Exploration

Michael P. Davies
Vice President, Environment

Karen L. Dunfee
Corporate Secretary

William A. Fleming
Vice President, Engineering, Projects
and Business Improvement

Réal Foley
Vice President, Coal Marketing

John F. Gingell
Vice President and
Corporate Controller

M. Colin Joudrie
Vice President,
Business Development

Robert J. Kelly
Vice President, Health and
Safety Leadership

Ralph J. Lutes
Vice President, Asian Affairs and
Chief Representative, China

David R. Parker
Vice President, Sustainability

Douglas J. Powrie
Vice President, Tax

Robin B. Sheremeta
Vice President, Operations, Coal

Keith G. Stein
Vice President, Project Development

Andrew A. Stonkus
Vice President, Base Metals
Marketing

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

David Welbourne
Vice President, Audit and
Operational Review

Scott R. Wilson
Vice President and Treasurer

Dean C. Winsor
Vice President, Human Resources

Anthony A. Zoobkoff
Senior Counsel and
Assistant Secretary

Officers listed as at February 20, 2013. More information on our directors and officers can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are available on our website at www.teck.com, or on the Canadian Securities Administrators website at www.sedar.com (SEDAR) and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Corporate Information

2012 Share Prices and Trading Volume

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

	High	Low	Close	Volume
Q1	$ 44.00	$ 33.61	$ 35.61	152,259,135
Q2	$ 37.57	$ 29.20	$ 31.53	126,080,217
Q3	$ 33.60	$ 26.02	$ 29.01	138,443,343
Q4	$ 36.39	$ 28.86	$ 36.15	122,792,669
				539,575,364

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

	High	Low	Close	Volume
Q1	$ 43.99	$ 33.61	$ 35.66	186,622,683
Q2	$ 38.09	$ 28.42	$ 30.94	199,155,534
Q3	$ 34.68	$ 26.12	$ 29.45	149,758,654
Q4	$ 36.79	$ 29.34	$ 36.35	132,563,057
				668,099,928

Class A common shares–TSX–Cdn$/share

	High	Low	Close	Volume
Q1	$ 44.99	$ 35.90	$ 37.30	174,535
Q2	$ 39.47	$ 31.03	$ 32.60	92,485
Q3	$ 35.10	$ 28.18	$ 31.00	114,568
Q4	$ 37.56	$ 30.85	$ 36.46	94,849
				476,437

For 100 years, generations of our employees have worked to build a leading resource company, committed to sustainability and responsible development. Looking ahead, we will continue to provide the products needed to build a better quality of life in communities around the world.

Pictured above: Jeff Zmurchyk, Loss Prevention Officer, views the Cougar North Wall at Greenhills Operations

Stock Exchanges

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

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

Dividends declared on Class A and B shares

Amount per share	Payment Date
$0.40	July 3, 2012
$0.45	January 2, 2013

These dividends are eligible for both the federal and provincial enhanced dividend tax credits.

Shares Outstanding at December 31, 2012

Class A common shares	9,353,470
Class B subordinate voting shares	572,913,051

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

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

Shareholder Relations

Karen L. Dunfee, Corporate Secretary

Annual Meeting

Our annual meeting of shareholders will be held at 11:00 a.m. on Wednesday, April 24, 2013, in the Waterfront Ballroom, Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

Transfer Agents

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

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

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

Toll-free in Canada and the U.S.
1.800.387.0825
Outside Canada and the U.S.
1.416.643.5500
Email: inquiries@canstockta.com

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York
11219
1.800.937.5449 or 718.921.8124

Email: info@amstock.com
Website: www.amstock.com
TTY: 866.703.9077 or 718.921.8386

Auditors

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

Annual Information Form

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

For 100 years, generations of our employees have worked to build a leading resource company, committed to sustainability and responsible development. Looking ahead, we will continue to provide the products needed to build a better quality of life in communities around the world.

Pictured above: Jeff Zmurchyk, Loss Prevention Officer, views the Cougar North Wall at Greenhills Operations

Looking Forward To The Next 100 Years

Teck Resources Limited
Suite 3300, 550 Burrard Street
Vancouver, British Columbia, Canada
V6C 0B3
+1.604.699.4000 Tel
+1.604.699.4750 Fax
www.teck.com

Setting Possibilities in Motion

Environmental Benefits Statement

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

trees	water	energy	solid waste	greenhouse gases
186	328,122	82	2,629	7,241
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Paper Network Calculator. For more information visit http://calculator.environmentalpaper.org

zero 100% carbon neutral by Hemlock Printers www.hemlock.com/zero

FSC www.fsc.org MIX Paper from responsible sources FSC® C014956