Forward Looking Information

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The Future for Copper and Zinc

Copper demand boosted by new energy
- Supply growth constrained due to lack of investment
- Global synchronized growth today
- Electric efficiency & new energy will drive future growth

Zinc supply constrained
- Zinc market destocked for five years
- Supply growth but structural deficit remains
- New demand growth should support incentive pricing
Copper Market Outlook
Global Copper Mine Production Increasing Slowly

- Mine production set to increase 700 kmt by 2021, including:
  - Glencore's African mine restarts: 500 kmt
  - Cobre Panama: 350 kmt
  - Escondida: 300 kmt
  - China (maybe): 400 kmt
  - All others: 700 kmt

- Reductions & closures: (1,600 kmt)

- Mine production currently peaks in 2020

- Chinese mine production relatively flat at ~100 kmt per year

- Total probable projects: 545 kmt
Copper Disruptions Continue into 2018
~6-7 Mt of copper production under labour negotiations this year

Disruptions\(^1\)

In Q4 2017
~300kmt reduced from 2018 guidance

TC/RCs Spot and BM Falling\(^2\)

Spot Realised TC/RC
Copper Demand from De-Carbonization
Greatest demand impact from energy efficiency; Highest growth rate in EVs

Energy Efficiency & EVs Strong Growth¹

- Energy efficiency:
  - 4% CAGR
  - 80% of tonnage increase to 2035
- Power Distribution: 17% electricity loss
- Motors & Drives: 40% electricity loss
- Improving energy efficiency through copper intensity could add 5.2 Mt to demand by 2035
- Lower electricity loss, which reduces carbon emissions

Copper Intensity of EVs¹

- Electric vehicles/mobility: smaller today, larger growth potential; 14% CAGR
  - Battery range constraints require increased efficiency requiring additional copper
  - Rapid charging infrastructure will increase copper intensity
- Renewable energy generation & local distribution could see additional potential copper growth
Planned Copper Projects Will Not Meet Demand
Copper mine production peaks in 2020

At least 4.6 Mt needed from new projects by 2027
- Low Demand (1.6%): 4.6 Mt
- Base Demand (1.8%): 5.6 Mt
- High Demand (2.7%): 8.2 Mt

Mine projects set to increase 1.8 Mt by 2027
- Includes:
  - Quellaveco (330 kmt)
  - Kamoa/Kakula (300 kmt)
  - QB2 (275 kmt)
  - Golpu (110 kmt)
  - Rosemont (120 kmt)
  - Tominsky (90 kmt)
  - Manto Verde (80 kmt)
  - Mirador (60 kmt)
  - Los Pelambres Exp (55 kmt)
  - Iranian Small Mines (135kmt)
  - Others, e.g Oyu Tolgoi UG, Spence, Chuqui UG (225 kmt)

Highly Probable + Probable Projects Insufficient to Fill Gap

Existing and Fully Committed Supply

Mine projects set to increase 1.8 Mt by 2027

Includes: Quellaveco (330 kmt) Kamoa/Kakula (300 kmt) QB2 (275 kmt) Golpu (110 kmt) Rosemont (120 kmt) Tominsky (90 kmt) Manto Verde (80 kmt) Mirador (60 kmt) Los Pelambres Exp (55 kmt) Iranian Small Mines (135kmt) Others, e.g Oyu Tolgoi UG, Spence, Chuqui UG (225 kmt)
Zinc Market Outlook
Decline in mine production in 2016 (800 kmt)
2018 increase brings mine production back to 2015 levels
  Market living off refined stocks for the past four years
Mine production peaks in 2020
Mine production set to increase 840 kmt this year
  Dugald River (170 kmt)
  Gamsberg (250 kmt) to ramp up towards 2019
  Mount Isa (160 kmt)
  Zhairem (160 kmt) by mid-2020
  Several new small mines and restarts also planned
Estimate mine production will increase 3.7%/yr 2018-2021
  Limited Chinese mine growth (~100-150 kmt increase)
Zinc Treatment Charges Falling to Record Lows

Concentrate Stocks Seasonally Low

Not Enough to Prevent TCs Falling Further

Intrastate TCs ~US$25/t
Chinese Smelters Co-ordinated Cut

Domestic spot TCs
Imported spot TCs
• Global hidden stocks may have reached ~1.4 Mt in 2012, and total global stocks reached ~3.3 Mt
• Currently, hidden stocks are estimated to be <400 kmt
• Total stocks expected to reach critical levels in H1 2018, which will make the metal market very tight
If China were to galvanize crude steel at half the rate of the US using the same amount of zinc/tonne, a further 2.8 Mt would be added to global zinc consumption.
Defending / Expanding The Zinc Market

Giga Steel (+380 kmt)
Ultrahigh-strength & galvanizable competes well with aluminum.

Continuous Galv. Rebar (+132 kmt)
High productivity process which enables coated rebar to be shaped in the field.

Zinc Thermal Spray (New)
Portable technology to spray molten zinc onto a steel surface.

Zinc Micro-Nutrient (+400 kmt)
Zinc micronutrient in fertilizer well accepted and growing market.
Zinc Gap Forecast to Continue
Zinc mine production peaks in 2020

At least 3.4 Mt needed from new projects by 2027
Low Demand (1.8%): 5.0 Mt
High Demand (2.0%): 5.5 Mt

Includes:
- Tala Hamza (175 kmt)
- Huoshaoyun (400 kmt)
- Citronen (180 kmt)
- Mehdiabad (400 kmt)
- Ozemoe (350 kmt)
- Pavlovskoye (150 kmt)
- McArthur Exp (185 kmt)
- Aripuana (85 kmt)
- Selwyn (450 kmt)
- Kipushi (225 kmt)
- Asmara (75 kmt)
- Dairi (125 kmt)
- Iscaycruz (80 kmt)
- Aznalcollar (100 kmt)

Uncommitted Projects Insufficient to Fill Gap

Includes:
- Greenfield
- Brownfield/Restart

 GAP to low demand scenario

Includes:
- Tala Hamza (175 kmt)
- Huoshaoyun (400 kmt)
- Citronen (180 kmt)
- Mehdiabad (400 kmt)
- Ozemoe (350 kmt)
- Pavlovskoye (150 kmt)
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At least 3.4 Mt needed from new projects by 2027
Low Demand (1.8%): 5.0 Mt
High Demand (2.0%): 5.5 Mt

Uncommitted Projects Insufficient to Fill Gap
The Future for Copper and Zinc

Copper demand boosted by new energy
- Copper supply peaks in 2020, while current market is trending to deficit
- Copper limited supply response at current prices will likely lead to structural deficits
- Significant new metal demand growth for energy efficiency and EV applications

Zinc supply constrained
- Zinc mine production outside China is increasing but insufficient to meet demand
- Chinese mine production response impacted by environmental inspections
- Structural deficit is here with higher prices incentivizing new production
- Increasing metal demand from new applications and China galvanizing growth
Notes

Slide 5: Global Copper Mine Production Increasing Slowly

Slide 6: Copper Disruptions Continue into 2018

Slide 7: Copper Demand from De-Carbonization
1. Source: ICA.

Slide 8: Planned Copper Projects Will Not Meet Demand

Slide 10: Zinc Price Incentivizing New Mines

Slide 11: Zinc Treatment Charges Falling to Record Lows
2. Source: MyMetal, SMM, Teck.

Slide 12: Consecutive Deficits Decreasing Zinc Inventory

Slide 13: Chinese Zinc Demand to Remain Strong
1. Source: Wood Mackenzie, IZA, CRU, AISI.

Slide 14: Defending / Expanding Zinc Market

Slide 15: Zinc Gap Forecast to Continue
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## Demand Supporting Steelmaking Coal Prices

<table>
<thead>
<tr>
<th><strong>Synchronized global economic growth</strong></th>
<th><img src="image1.jpg" alt="Image" /></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Supports steel demand and pricing</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Healthy steel industry</strong></th>
<th><img src="image2.jpg" alt="Image" /></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stimulates global demand for seaborne coal</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capacity reductions in China continue</strong></th>
<th><img src="image3.jpg" alt="Image" /></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Steel: Improves financial condition and reduces exports</td>
<td></td>
</tr>
<tr>
<td>• Coal: Restricts domestic production and supports seaborne imports</td>
<td></td>
</tr>
</tbody>
</table>
Synchronized Global Growth
Strong steel production and improved steel pricing

Crude Steel Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Global</th>
<th>China</th>
<th>Ex-China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
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<td>2020</td>
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<tr>
<td>2021</td>
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<tr>
<td>2022</td>
<td></td>
<td></td>
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</tbody>
</table>

Solid 2017 Growth

<table>
<thead>
<tr>
<th>Region</th>
<th>Crude Steel Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>5.5%</td>
</tr>
<tr>
<td>China</td>
<td>5.7%</td>
</tr>
<tr>
<td>Ex. China</td>
<td>4.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>5.7%</td>
</tr>
<tr>
<td>JKTV</td>
<td>3.1%</td>
</tr>
<tr>
<td>India</td>
<td>6.2%</td>
</tr>
<tr>
<td>Brazil</td>
<td>9.9%</td>
</tr>
</tbody>
</table>
Strong Demand Fundamentals ex. China

Seaborne Steelmaking Coal Imports¹
(Change 2022 vs. 2017)

Includes:
- India: Urbanization, steel capacity expansion
- JKTV: 2020 Tokyo Olympics, steel capacity expansion
- Brazil: Improving economy
- Europe: Domestic coal supply issues, improving economy
- China: Currently stronger demand, coastal plants rely on imports

Mt

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>JKTV</th>
<th>Brazil</th>
<th>Europe</th>
<th>Others</th>
<th>2022, ex-China</th>
<th>China</th>
<th>2022</th>
</tr>
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<tbody>
<tr>
<td>2017</td>
<td>~280</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>~320</td>
<td>~305</td>
<td></td>
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</tbody>
</table>
Growing India Steelmaking Coal Imports
India plans to achieve 300 Mt of crude steel capacity by 2030-2031

Seaborne Steelmaking Coal Imports
Forecasted to increase by >25%¹

India’s Hot Metal Capacity;
Projects and Operations²
Capacity Reductions in China Support Pricing

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

### Steel Capacity Reduction Target

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<tbody>
<tr>
<td>Mt</td>
<td>140</td>
<td>65</td>
<td>50</td>
<td>30</td>
<td>0</td>
</tr>
</tbody>
</table>

### Coal Capacity Reduction Target

- **Coking coal**
- **Thermal coal**

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</tr>
</thead>
<tbody>
<tr>
<td>Mt</td>
<td>800</td>
<td>290</td>
<td>250</td>
<td>~60</td>
<td>~40</td>
</tr>
<tr>
<td>2016-2020</td>
<td>remaining target</td>
<td>~70</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Seaborne Steelmaking Coal Exports
Coal gap developing and market could be short due to typical disruptions

Supply & Demand from Existing Mines

- ~5-20 Mt needed from restarts and projects by 2022

Includes:
- Existing mines: expansion (~30 Mt) and depletion (~15 Mt)
- Expansions: Australia (~1/2); Mozambique (~1/5); Russia/USA/Canada/Indonesia (~1/3)
- Depletion: Australia

Possible Restarts and Projects

Includes:
- Committed projects: Australia
- Possible restarts: Australia
- Probable projects: Australia
- Possible projects: Indonesia (~4/5); Russia (~1/5)
- Speculative projects: Australia
Teck’s Pricing Mechanisms
Coal sales book generally moves with the market

Sales Mix
• ~40% quarterly contract price
• ~60% shorter than quarterly pricing mechanisms (including “spot”)

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

Key Factors Impacting Teck’s Average Realized Prices
• Variations in our product mix
• Timing of sales
• Direction and underlying volatility of the daily price assessments
• Spreads between various qualities of steelmaking coal
• Arbitrage between FOB Australia and CFR China pricing

Index Linked Sales
• Quarterly contract sales index linked
• Contract sales index linked
• Contract sales with index fallback
• Spot sales index linked

Fixed Price Sales
• Contract sales spot priced
• Contract sales with index fallback
• Spot sales with fixed price
Quality and Basis Spreads
Impact Teck’s average realized steelmaking coal prices

HCC / SHCC Prices and Spread¹

HCC FOB / CFR Prices and Spread²
North America
~5%

Europe
2013: ~15%
2015: ~20%
2017: ~20%

China
2013: ~ 30%
2015: ~20%
2017: ~15%

Asia excl. China & India
2013: ~40%
2015: ~45%
2017: ~45%

Latin America
~5%

India
2013: ~ 5%
2015: ~ 5%
2017: ~10%

2nd Largest Seaborne Steelmaking Coal Supplier
Competitively positioned to supply steel producers worldwide

Sales Distribution

28
**Demand Supporting Steelmaking Coal Prices**

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Notes:

Slide 21: Synchronized Global Growth
1. Source: WSA, CRU.
2. Source: WSA, NBS.

Slide 22: Strong Demand Fundamentals ex. China
1. Source: CRU.

Slide 23: Growing India Steelmaking Coal Imports
1. Source: WSA, Global Trade Atlas, Wood Mackenzie, CRU.
2. Source: Wood Mackenzie

Slide 24: Capacity Reductions in China Support Pricing
1. Source: Governmental announcements.
2. Breakdown of the remaining target for coal capacity reductions is calculated based on Fenwei estimates. Source: Fenwei, Teck.

Slide 25: Seaborne Steelmaking Coal Exports
1. Source: CRU

Slide 27: Quality and Basis Spreads
1. HCC price is average of the Argus Premium HCC Low Vol, Platts Premium Low Vol and TSI Premium Coking Coal assessments, all FOB Australia and in US dollars. SHCC price is average of the Platts HCC 64 Mid Vol and TSI HCC assessments, all FOB Australia and in US dollars. Source: Argus, Platts, TSI. Plotted to March 15, 2018.
Energy Marketing
April 4, 2018
Glenn Burchnell, Director, Energy Marketing and Logistics
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Oil Prices Improving

Benchmark Prices (US$/bbl)

North American Rig Count & US Production

World Liquid Fuels Production & Consumption

Imbalance

Demand

Supply
Heavy Oil Benchmark Differentials

WTI - Western Canadian Select (WCS) Differential

- Wider differentials in short term
  - Constrained pipeline capacity
  - Change in bunker fuel oil specifications
- Pipeline/rail capacity sufficient to meet export requirements
- Pipeline additions will improve differentials
- Price risk and volatility evident
Pipeline Development Constructive

WTI-WCS differentials forecast to improve with export pipeline capacity

Western Canada Heavy Supply/Demand Balance

Potential For Incremental 1.5M Barrels Per Day Export Pipeline Capacity

![Graph showing Western Canada Heavy Supply/Demand Balance with projected pipeline capacities.](image-url)
**Lower Carbon Intensity Product**

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

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>‘Fort Hills Reduced Carbon Dilbit Blend’</strong></td>
</tr>
<tr>
<td>• Utilizes Paraffinic Froth Treatment (PFT) solvent based secondary extraction process</td>
</tr>
<tr>
<td>‒ Removes fines &amp; asphaltines, upgrading the quality of our blended bitumen</td>
</tr>
<tr>
<td>‒ Used by Kearl and Albian mining projects</td>
</tr>
<tr>
<td>• Result:</td>
</tr>
<tr>
<td>‒ A product with a lower carbon intensity than around half of the oil refined in the US</td>
</tr>
<tr>
<td>‒ A superior refinery feedstock</td>
</tr>
<tr>
<td>‒ Lower pipeline diluent requirements</td>
</tr>
</tbody>
</table>
Fort Hills Diluted Bitumen (FRB) Sales

- First oil: January 27, 2018
- Facility and pipeline commissioning in February 2018
- First sales: March 2018
- Strong customer demand for FRB

Teck’s Commercial Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Sales (kbpd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bitumen production</td>
<td>38.3</td>
</tr>
<tr>
<td>+Diluent acquisition</td>
<td>11.2</td>
</tr>
<tr>
<td>=Bitumen blend sales</td>
<td>49.5</td>
</tr>
</tbody>
</table>
Hardisty Is A Major Heavy Oil Market Hub

• **Terminal storage**: 
  – 34 million barrels
  – 425 kbbls contracted by Teck
• **Export pipeline capacity**: 3.7 mbpd
  – Enbridge common carrier
  – Keystone & Express pipelines
  – Origination point for Keystone XL
• **Rail car loading capability**: 120 kbpd

Source: Gibson Energy
Energy Sales & Logistics Strategy
Based on diverse market access & risk mitigation

Market Profile

**Pipelines:**
- **10 kbdp**  
  Contracted capacity on existing Keystone pipeline to the US Gulf Coast
- **+12 kbdp**  
  Contracted capacity on proposed TransMountain (TMX) pipeline to the west coast of Canada
- **+27.5 kbdp**  
  Remainder at Hardisty via customer contracted pipeline capacity, or common carrier pipelines

= **49.5 kbdp blended bitumen**

Additional options available include:
- Increasing capacity on Keystone XL pipelines
- Selling additional product at Hardisty
- Shipping by rail, if required
US Midwest/Gulf Coast Key Markets

- US Midwest largest existing market
- US Gulf Coast exceptional growth opportunity
- Deep water port access via proposed TransMountain & Keystone XL pipelines

Blended Bitumen Pipelines

- Canadian Heavy Usage
- Additional Capacity Available for Canadian Heavy

Heavy Blend Processing

![Graph showing pipeline capacities from 2016 to 2020 for US Midwest and US Gulf Coast]
Illustrative Bitumen Netback At Mine Site
Assuming steady state operations (2019-2022)¹
Summary

• First sales in March

• Strong market acceptance of our high quality dilbit blend

• Well positioned with contracted storage at Hardisty market hub

• Developing a portfolio of market access opportunities to diversified markets\(^1\)

• Long life stable production to generate significant cashflow
Notes

Slide 33: Oil Prices Improving

Slide 34: Heavy Oil Benchmark Differentials
1. Export capacity includes pipeline and rail loading capacity. Actuals plotted to the April Production month 2018.

Slide 35: Pipeline Development Constructive

Slide 36: Lower Carbon Intensity Product

Slide 37: Fort Hills Diluted Bitumen (FRB) Sales
1. Annualized average at full production. Reflects 21.3% Fort Hills partnership interest. Photo source: Suncor.

Slide 38: Hardisty Is A Major Heavy Oil Market Hub
1. Photo source: Gibson Energy.

Slide 39: Energy Sales & Logistics Strategy
1. Annualized average at full production. Reflects 21.3% Fort Hills partnership interest.

Slide 41: Illustrative Bitumen Netback At Mine Site
1. Estimates are based Calendar NYMEX WTI, Canadian Benchmark heavy oil pricing and C$/US$ exchange rates as shown.

Slide 42: Summary
1. Photo source: Suncor.