Teck

RBC Capital Markets®

# Global Mining & Materials Conference

June 14, 2016

# Forward Looking Information

Teck

Both these slides and the accompanying oral presentations contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario). Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include statements relating to the long-life our assets and estimated resource life, estimated profit and estimated EBITDA, production guidance, our expectation regarding market supply and demand in the commodities we produce, 2016 cost guidance, expectation that we will achieve further unit cost reductions in 2016, the sensitivity of EBITDA to foreign exchange movements, the effect of US dollar oil price changes on our Canadian dollar cost savings, our goal to maintain the core of our business at least free cash flow neutral, our expectation that we will end 2016 with at least $500 million in cash, expectation that we will not draw on our US$3B facility in 2016, the availability of options to strengthen our liquidity and our ability to take advantage of any of those options, 2016 production and cost guidance, 2016 capital expenditure guidance, our statements regarding the Fort Hills capital expenditures and our ability to fund those, our statements regarding our liquidity, 2016 total spending reduction expectations, expectation of an additional $300M in operating cost reductions in 2016; total of greater than $1B of annualized savings identified and included in the 2016 plan; capital and operating cost savings, our level of liquidity, statements regarding our credit rating, the availability of or credit facilities and other sources of liquidity, statements regarding our coal growth potential, the conceptual future production profile for coal, the potential benefits of LNG use in haul trucks, all projections for Project Corridor and statements made on the "Corridor Project Summary" slide, statements regarding the production and economic expectations for the Fort Hills project, including but not limited to operating and sustaining cost projections, sustaining capital projection, free cash flow projections, netback assumptions and calculations, operating margin, Alberta oil royalty, net margin, Teck's share of go-forward capex, mine life, capital cost projections, transportation capacity and our ability to secure transport for our Fort Hills production, and management's expectations with respect to production, demand and outlook in the markets for coal, copper, zinc and energy.

These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially, which are described in Teck's public filings available on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). In addition, the forward-looking statements in these slides and accompanying oral presentation are also based on assumptions, including, but not limited to, 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, our ongoing relations with our employees and business partners and joint venturers. Management's expectations of mine life are based on the current planned production rates and assume that all resources described in this presentation are developed. Certain forward-looking statements are based on assumptions regarding the price for Fort Hills product and the expenses for the project, as disclosed in the slides. Our estimated profit and EBITDA statements are based on budgeted commodity prices and a 1.40 CAD/USD exchange rate. Our estimated year-end cash balance assumes current commodity prices and exchange rates, our 2016 guidance for production, costs and capital expenditures, existing US$ debt levels and no unusual transactions. Cost statements are based on assumptions noted in the relevant slide. Assumptions regarding liquidity are based on the assumption that Teck's current credit facilities remain fully available. Assumptions regarding Fort Hills also include the assumption that project development and funding proceed as planned, as well as assumptions noted on the relevant slides discussing Fort Hills. Assumptions regarding our potential reserve and resource life assume that all resources are upgraded to reserves and that all reserves and resources could be mined. The foregoing list of assumptions is not exhaustive. Assumptions regarding the Corridor project include that the project is built and operated in accordance with the conceptual preliminary design from a preliminary economic assessment.

# Forward Looking Information

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Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties 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 of environmental impact assessments, and changes or further deterioration in general economic conditions. We will not achieve the maximum mine lives of our projects, or be able to mine all reserves at our projects, if we do not obtain relevant permits for our operations. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners. The Corridor project is jointly owned. The effect of the price of oil on operating costs will be affected by the exchange rate between Canadian and U.S. dollars.

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

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

# Agenda

Teck Overview & Strategy

Commodity Market Observations

Teck Update

# Attractive Portfolio of Long-Life Assets in Low Risk Jurisdictions

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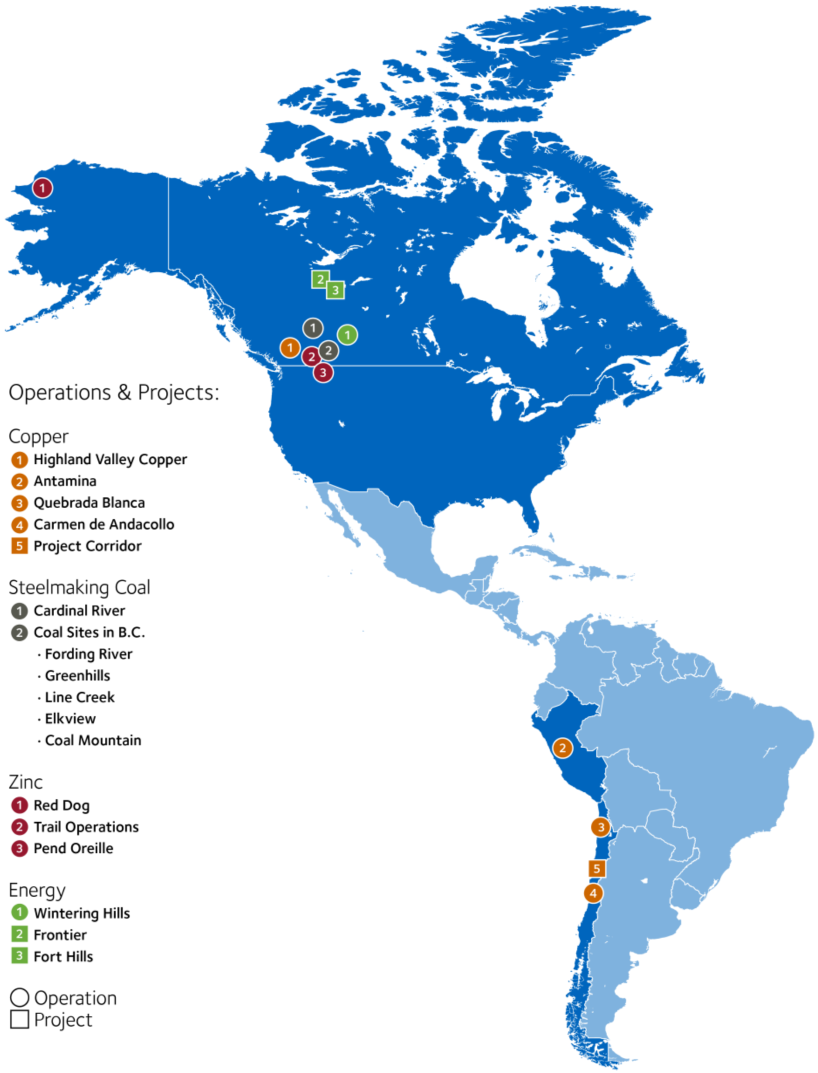
- Americas-centered strategy focused on long-life assets in stable jurisdictions
  - Canada, U.S., Peru and Chile are favorable regions in which to operate with well-known mining codes
- High-quality assets: All business units are cash flow positive
- Sustainability: Key to managing risks and developing opportunities

| Strong Resource Position[1] With Sustainable Long-Life Assets | |
|---|---|
| Coal Resources | ~100 years |
| Copper Resources | ~30 years |
| Zinc Resources | ~15 years |
| Energy Resources | ~50 years |




1. *Reserve and resource life estimates refer to the mine life of the longest lived resource in the relevant commodity assuming production at planned rates and in some cases development of as yet undeveloped projects. See the reserve and resource disclosure in our most recent Annual Information Form, available on SEDAR and EDGAR, for additional detail regarding underlying assumptions.*

# Consistent Long-Term Strategy

- Diversified business model
- Attractive portfolio of long life assets
- Low half of the cost curve
- Appropriate scale
- Low risk jurisdictions

# Financial Results Overview

Teck

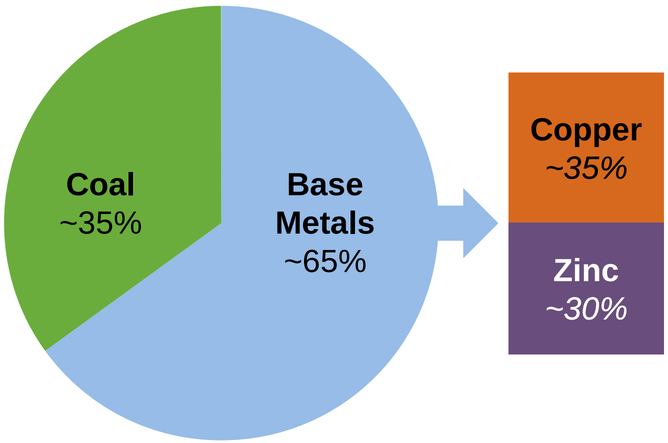
| | 2015 | Q1 2016 |
|---|---|---|
| Revenue | $8.3 billion | $1.7 billion |
| Assets | $34.7 billion | $ 33.8 billion |
| Gross profit<br>before depreciation & amortization | $2.6 billion | $464 million |
| Profit (loss)<br>attributable to shareholders | ($2.5 billion) | $94 million |
| Adjusted EBITDA* | $2.0 billion | $517 million |
| Adjusted profit*<br>attributable to shareholders | $188 million<br>$0.33/share | $18 million<br>$0.03/share |

*Non-GAAP financial measure. See 'Use of Non-GAAP Financial Measures' in news release for additional information.

# The Value of Our Diversified Business Model

Teck

## Cash Operating Profit 2015[3]




## 2016 Leverage to Commodities & FX

| | Production Guidance[1] | Unit of Change | Effect on Estimated Profit [2] | Effect on Estimated EBITDA[2] |
|---|---|---|---|---|
| $C/$US | | C$0.01 | C$21M /$.01∆ | C$32M /$.01∆ |
| Coal | 25.5 Mt | US$1/tonne | C$21M /$1∆ | C$33M /$1∆ |
| Copper | 312 kt | US$0.01/lb | C$5M /$.01∆ | C$9M /$.01∆ |
| Zinc | 940 kt | US$0.01/lb | C$9M /$.01∆ | C$14M /$.01∆ |

Teck has leverage to stronger zinc and copper markets, and benefits from the weaker Canadian dollar

1. *Based on midpoint of 2016 guidance ranges. Zinc includes 645 kt of zinc in concentrate and 295 kt of refined zinc.*
2. *Based on budgeted commodity prices and C$/US$ exchange rate of 1.30. The effect on our profit and EBITDA will vary with commodity price and exchange rate movements, and sales volumes.*
3. *Reflects gross profit before depreciation and amortization, a non-GAAP financial measure. See Appendix for reconciliation.*

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# Change in Direction in Key Commodity Markets

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Improved outlook for steelmaking coal

Small surplus in copper could shift into deficit

Growing deficit and shrinking inventories in zinc

Oil market to rebalance

# Improved Outlook for Steelmaking Coal

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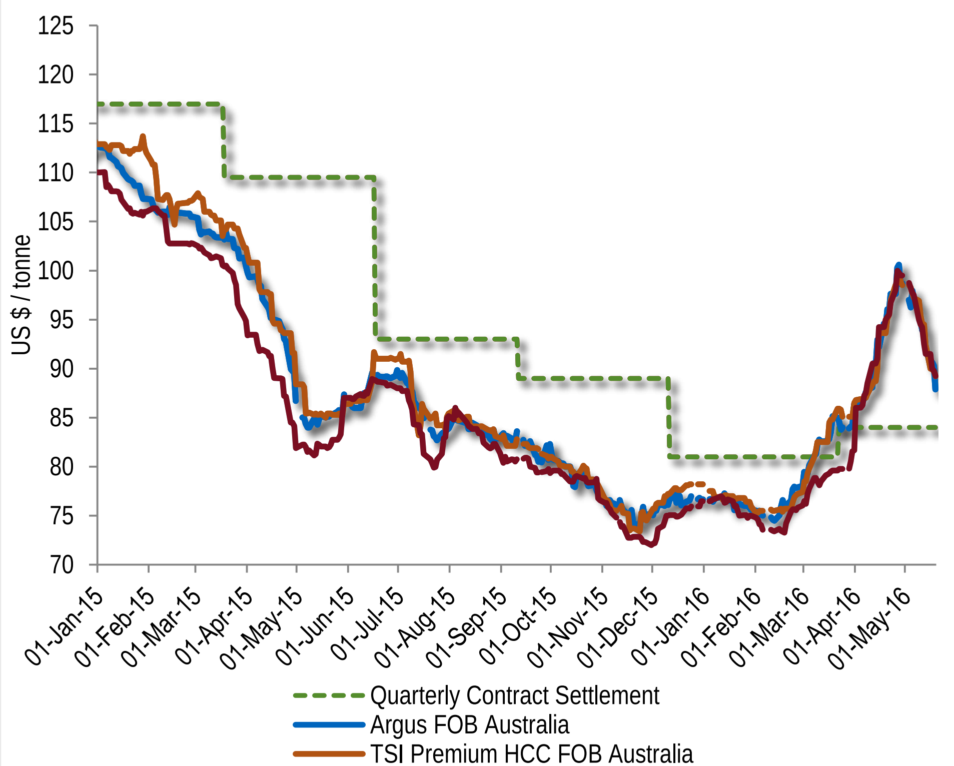
- Price volatility but well off the lows
- Demand improving
- Closures continue
- Supply curtailment in China

## Coal Price Assessments



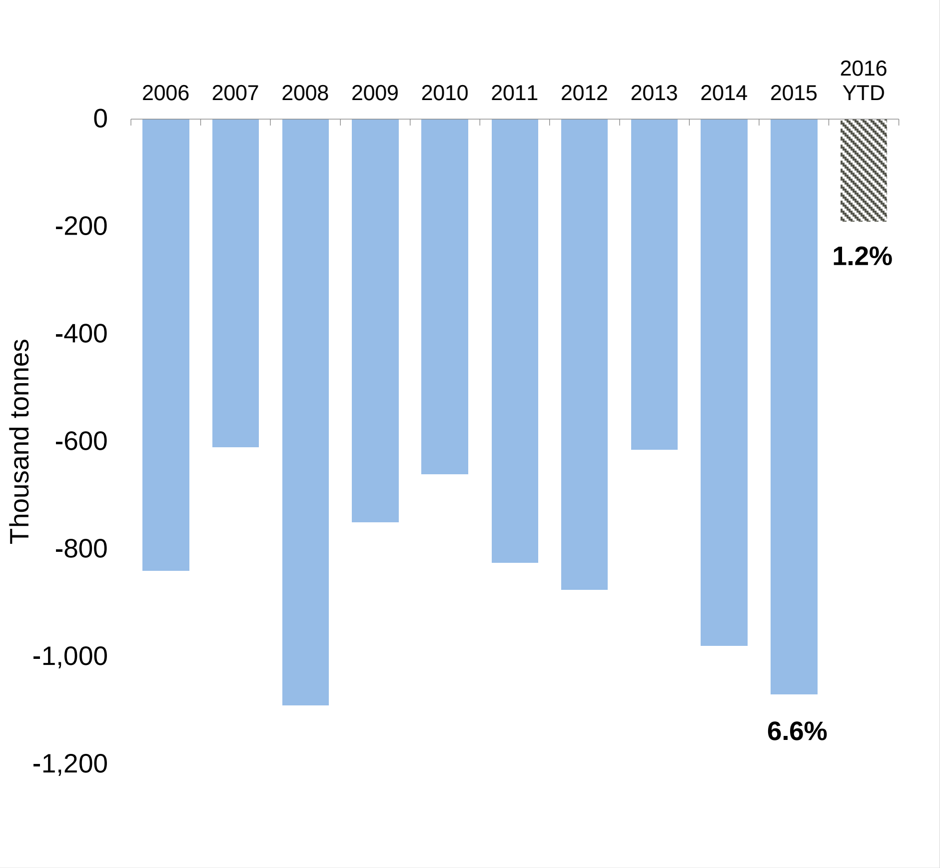

*Source: Platts, Argus, The Steel Index*

**Spot prices well above the Q2 quarterly contract price of US$84/t**

# Small Surplus in Copper Could Shift Into Deficit

Teck

2007-2015 disruptions to concentrate production averaged 5.8%[1]




- Currently a slight oversupply in a ~20 Mt market
- Additional ~2% disruption could balance market
- Post-2016, new supply minimal
- Exchange stocks represent <2 weeks of supply

*Source: Wood Mackenzie*

*1. Relative to initial expectations*

# Growing Deficit & Shrinking Inventories in Zinc

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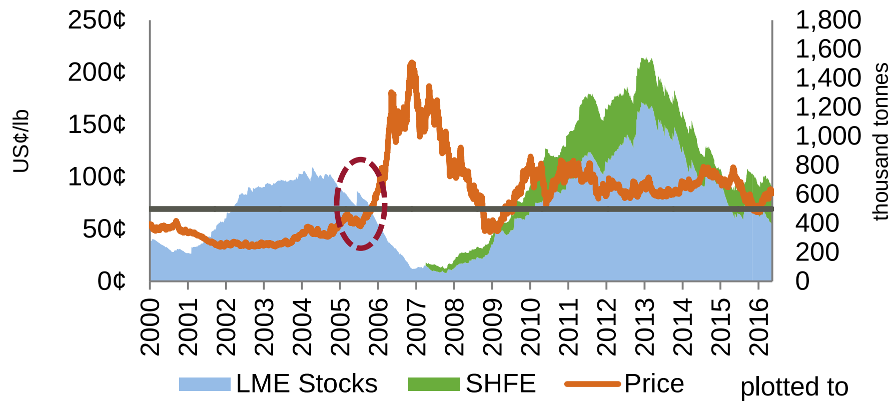
- Mine closures tightening concentrate supply
- Growing demand expected to outpace supply curtailments
- Declining inventories
- Chinese imports of zinc metal are increasing
- Treatment charges moving significantly in favour of the mines

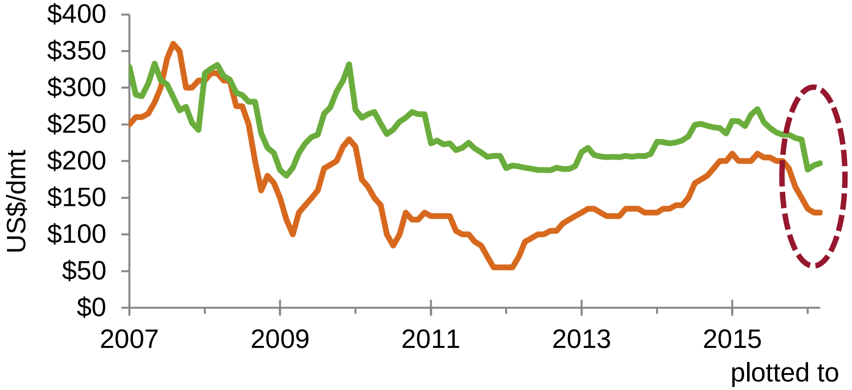
**Daily Zinc Prices & Stocks**




plotted to May 13, 2016

Source: LME, SHFE, CRU

**Spot TCs vs. Realized Annual TCs**



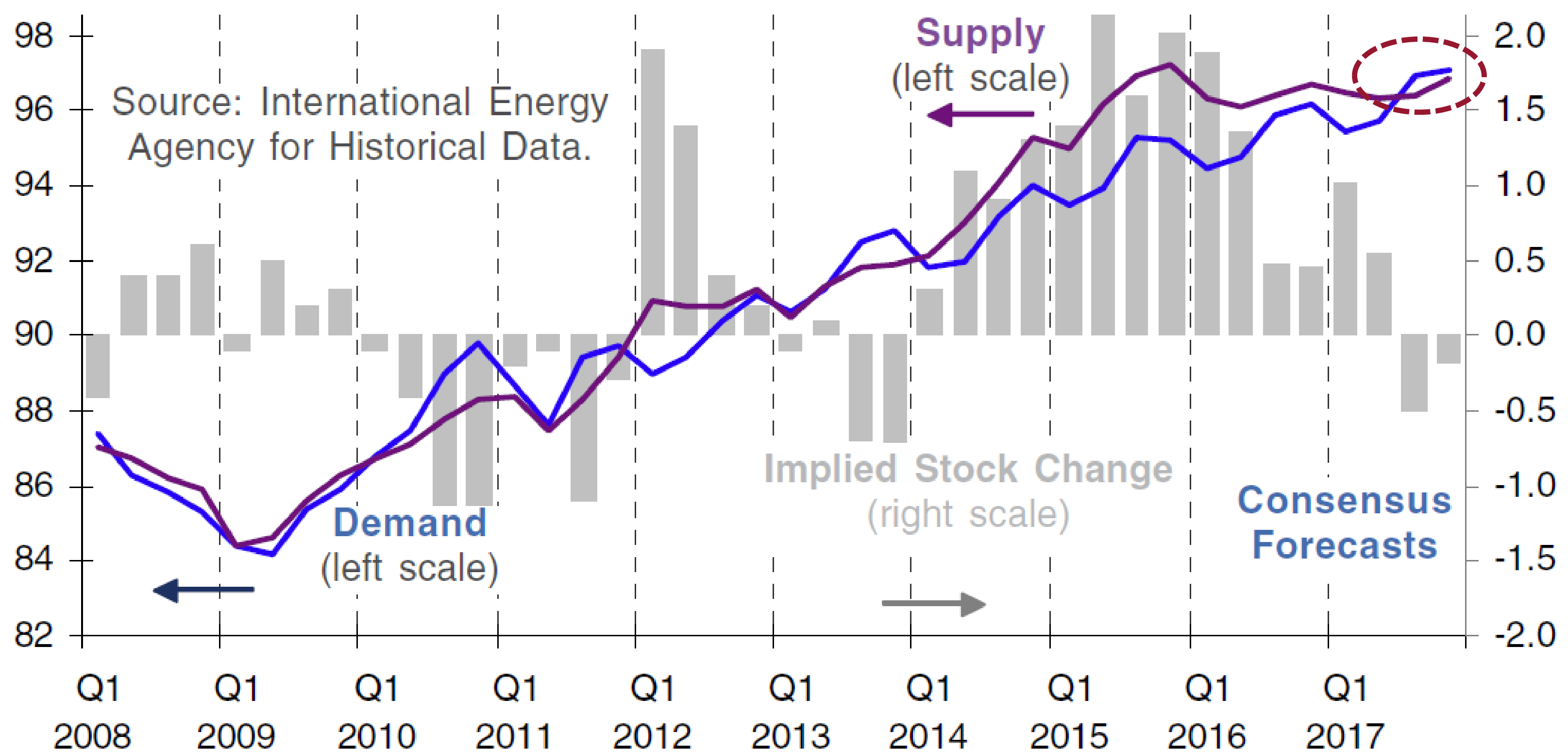

plotted to April 2016

Source: CRU, Teck

# Oil Market to Rebalance

Teck

## Global Crude Oil Supply and Demand Balances




**Fort Hills first production may coincide with forecasted supply deficit**



*Source: Consensus Economics, May 2016*

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# Near-Term Priorities

Teck

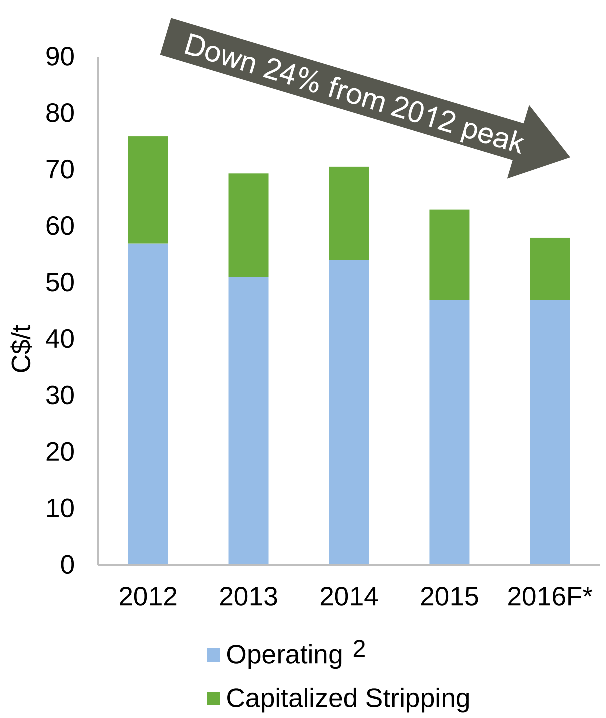
- Keeping operations cash flow positive
- Funding Fort Hills from internal sources
  - Remaining Fort Hills capital expenditure of C$915M[1]
- Maintaining a strong financial position
  - Target for US$3B credit facility to remain undrawn in 2016
  - Expect year-end cash balance of >C$500M[1]
- Ensure access to multiple sources of capital
- Reduce near term maturities
  - Extend maturity of 2017 revolver
- Evaluating opportunities to further strengthen liquidity

1. *Teck's share of sanction capital as of May 18, 2016.*
2. *Assumes current commodity prices and exchange rates, Teck's 2016 guidance for production, costs and capital expenditures, existing US$ debt levels and no unusual transactions.*

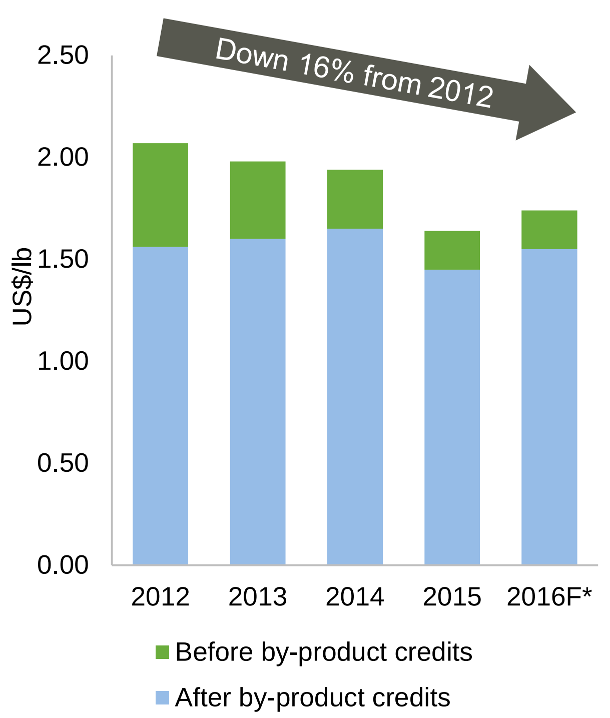
# Track Record of Successfully Lowering Cash Costs Over Time

Teck

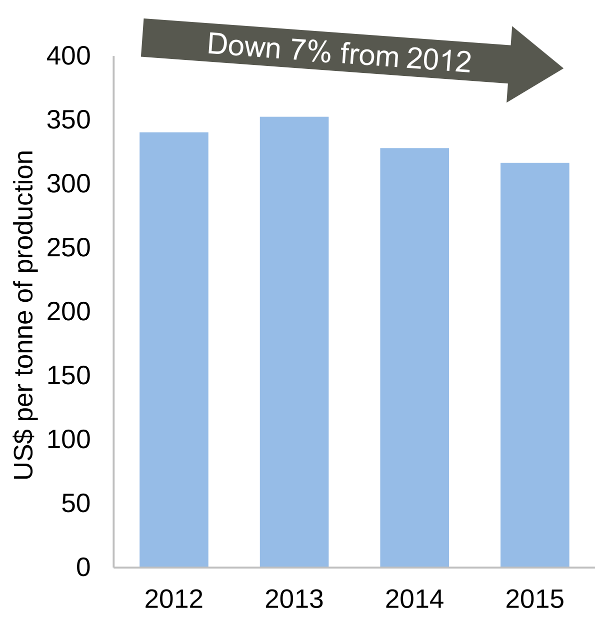
## Steelmaking Coal Total Site Costs[1]




## Copper Cash Costs[3]




## Red Dog Zinc/Lead Site Costs[4]



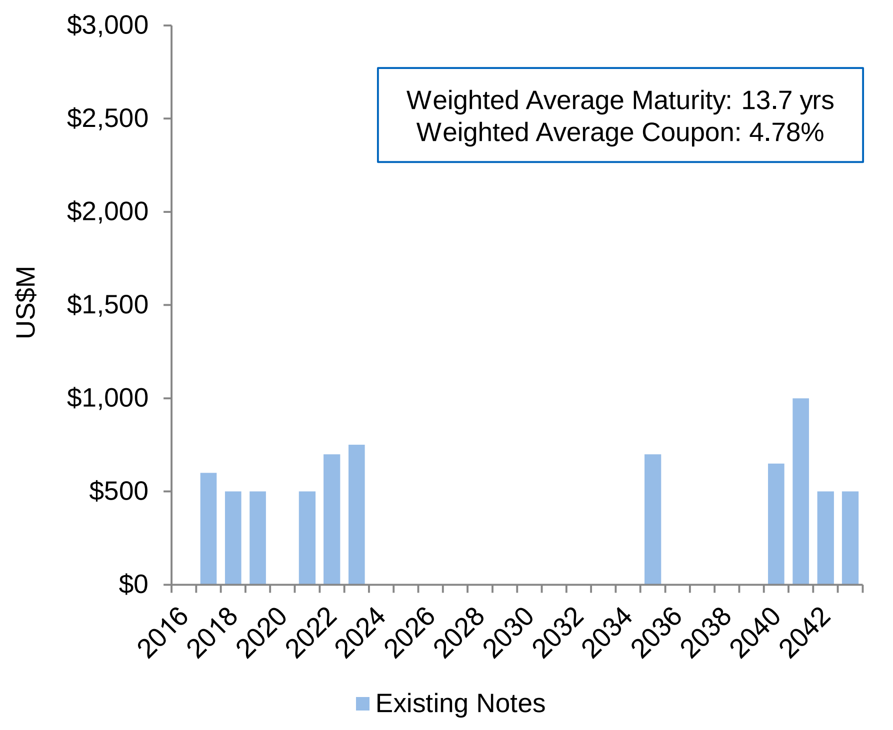

**Achieved significant unit cost reductions, and expect further reductions in 2016**

1. *Total site costs are site costs, inventory write-downs and capitalized stripping, excluding depreciation.*
2. *Operating costs include site costs and inventory write-downs.*
3. *By-product credits reduced cash costs by US$0.19/lb in 2015. Assumes US$0.19/lb in 2016.*
4. *Red Dog zinc/lead site costs are Red Dog site costs per tonne of combined zinc and lead production.*

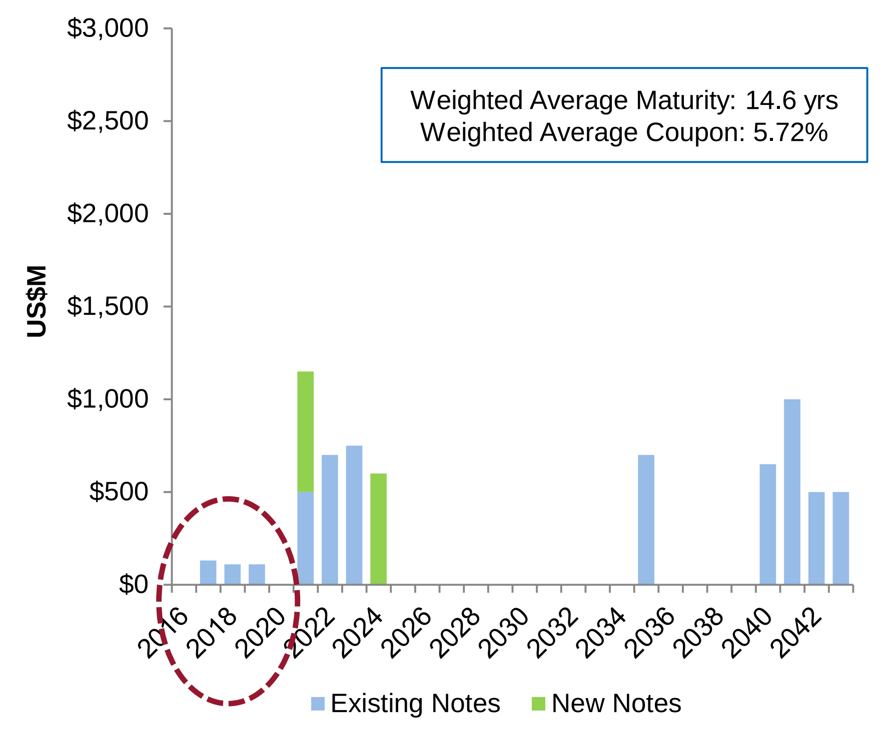
** 2016F based on mid-point of guidance range.*

# Extending Near Term Debt Maturities

## Current Debt Maturity Profile[1]




## Pro-Forma Debt Maturity Profile[2]




**Call features on new notes provide deleveraging opportunities**

1. *As at May 30, 2016.*
2. *Teck announced on May 26, 2016 that it will issue US$1.25 billion aggregate principal amount of five-year and US$600 million aggregate principal amount of eight-year senior secured notes. The transaction is expected to close on June 7, 2016. Please see press release dated May 23, 2016 for offering announcement and May 26, 2016 for pricing details. Teck also announced on May 23, 2016 that it has commenced cash tender offers to purchase up to US$1 billion aggregate principal amount of series of notes issued by Teck in the 2017-2019 maturity period. The pro-forma table presents maturities on the assumption that noteholders tender US$1.25 billion and that equal amounts of notes due 2017, 2018 and 2019 are tendered and taken up.*

# Strong Financial Position; Liquidity of >C$5.1B[1]

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- Cash balance of ~C$1.3B[1]
- Substantial credit facilities[1]:

| Amount ($M) | Commitment | Maturity | Letters of Credit Limit ($M) | Letters of Credit Issued ($M) | Total Available ($M) |
|---|---|---|---|---|---|
| US$3,000 | Committed | July 2020 | US$1,000 | **Undrawn** | US$3,000 |
| US$1,000[2] | Committed | June 2019[2] | US$1,000[2] | US$785[1] | US$215[2] Expect to keep available for letter of credit requirements |
| ~C$1,650 | Uncommitted | n/a | n/a | ~C$1,450 | ~C$200 |

- Only financial covenant is debt to debt-plus-equity of <50%; excludes issued letters of credit
- Availability not affected by commodity price changes or credit rating actions
- Available for general corporate purposes

**Expect to achieve year-end cash balance of >C$500M[3] and to keep our US$3B facility undrawn in 2016**

1. *As of April 25, 2016. Assumes a 1.30 CAD/USD exchange rate.*
2. *Teck announced on May 23, 2016 that it has received commitments from a majority of its lenders to extend the maturity of its US$1.2 billion revolving credit facility from June 2017 to June 2019. As part of the extension, Teck has agreed to certain amendments to the credit facility and has also agreed to provide guarantees for the benefit of the credit facility. Lenders holding aggregate commitments of US$200 million have declined to extend and as result the size of the facility will reduce to US$1B in June 2017. Effectiveness of the amendments is subject to definitive documentation.*
3. *Assumes current commodity prices and exchange rates, Teck's 2016 guidance for production, costs and capital expenditures, existing US$ debt levels and no unusual transactions.*

# Summary

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Diversified business model

Attractive portfolio of long-life assets in low risk jurisdictions

Good exposure to strengthening commodities – metallurgical coal & zinc

Target to keep major mines cash flow positive after sustaining capital and capitalized stripping

Strong financial position, with liquidity >$5.1B[1]



1. *Includes cash balance of C$1.3B and undrawn US$3B credit facility as of April 25, 2016.*

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# Global Mining & Materials Conference

June 14, 2016

# Additional Information

# Prices Finding a Bottom?

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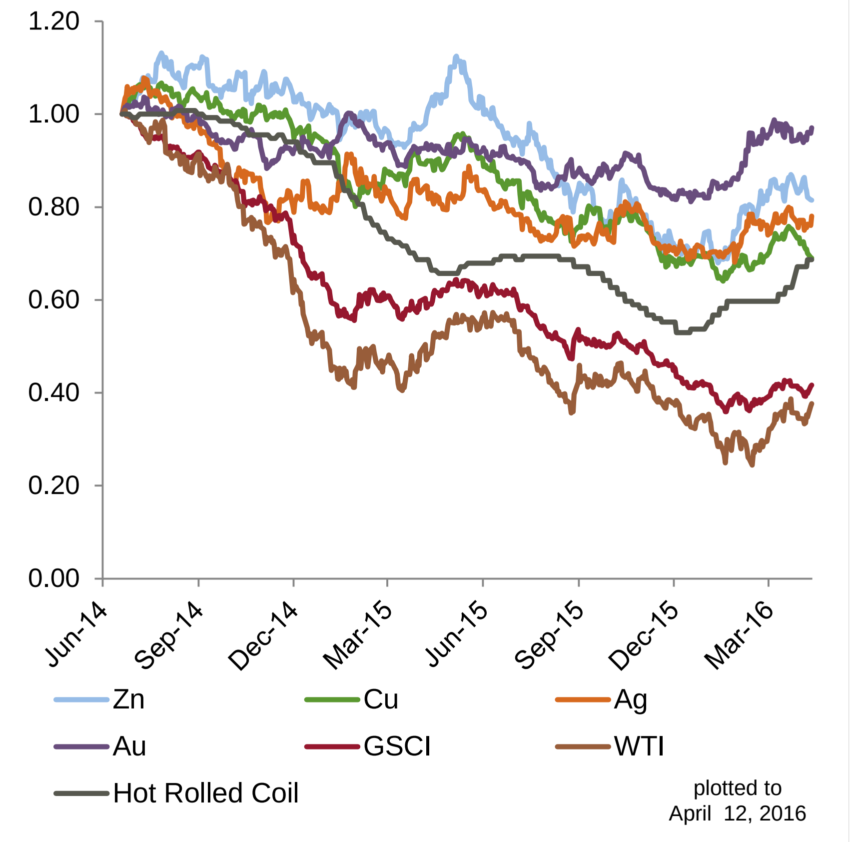
| | Peak | Since Peak | Since January 2016 |
|---|---|---|---|
| Oil | $108/bbl | -61% | +14% |
| GSCI | 5,185 | -57% | +3% |
| Zinc | $1.10/lb | -26% | +16% |
| Copper | $3.37/lb | -37% | +2% |
| Gold | $1,385/oz | -9% | +16% |
| Silver | $22/oz | -28% | +14% |
| Steel | $690/st | -33% | +24% |

Relative Price Changes




**Commodity prices remain under pressure but off recent lows**



*Source: LME, GSCI, BEA, LBMA, Teck*

# Canadian Dollar Impacts Stock Price

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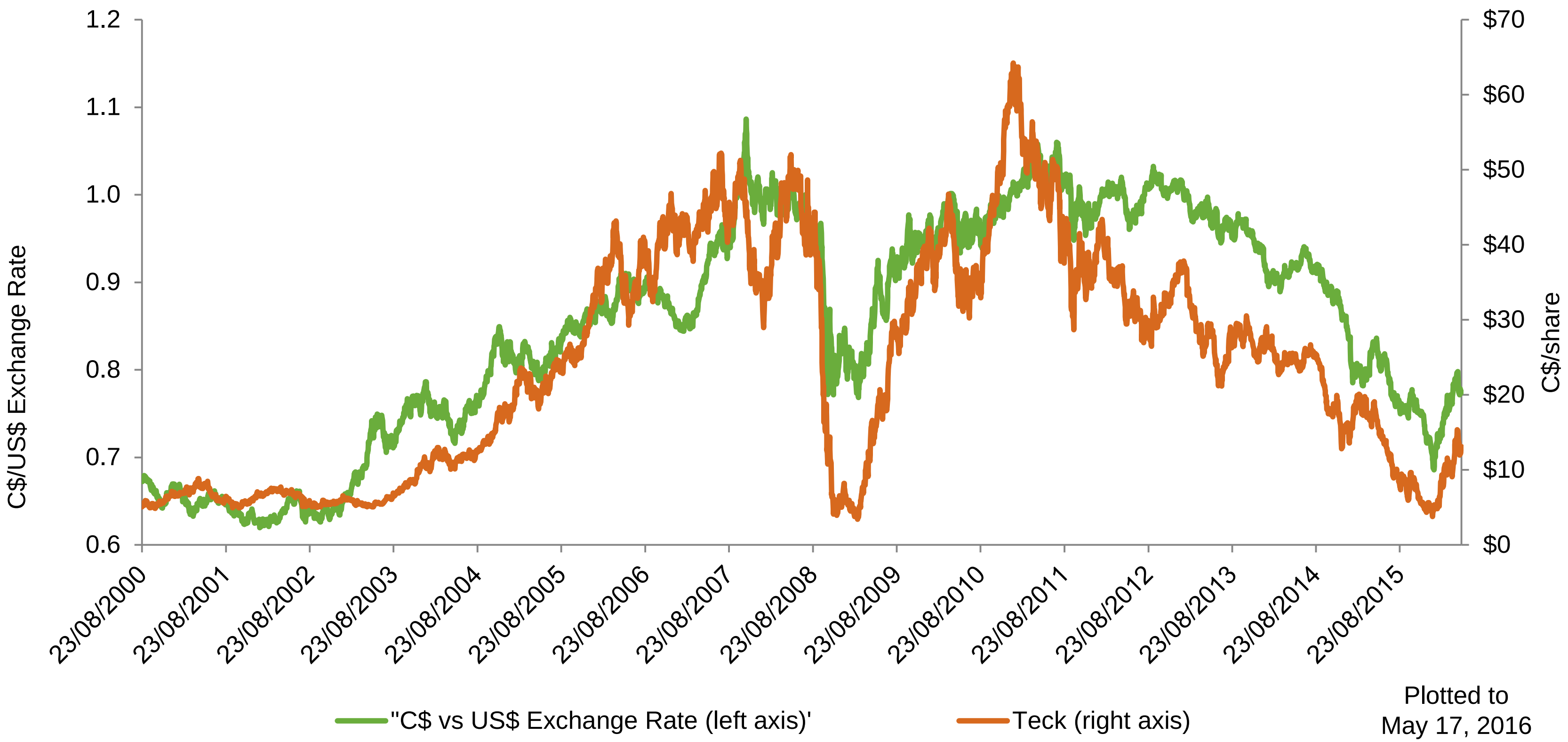
TCK B Stock Price vs. C$/US$ Exchange Rate (2000-present)




Plotted to May 17, 2016

Canadian dollar exchange rate is highly correlated with commodity prices

# Commodity Price Correlation With Stock Price

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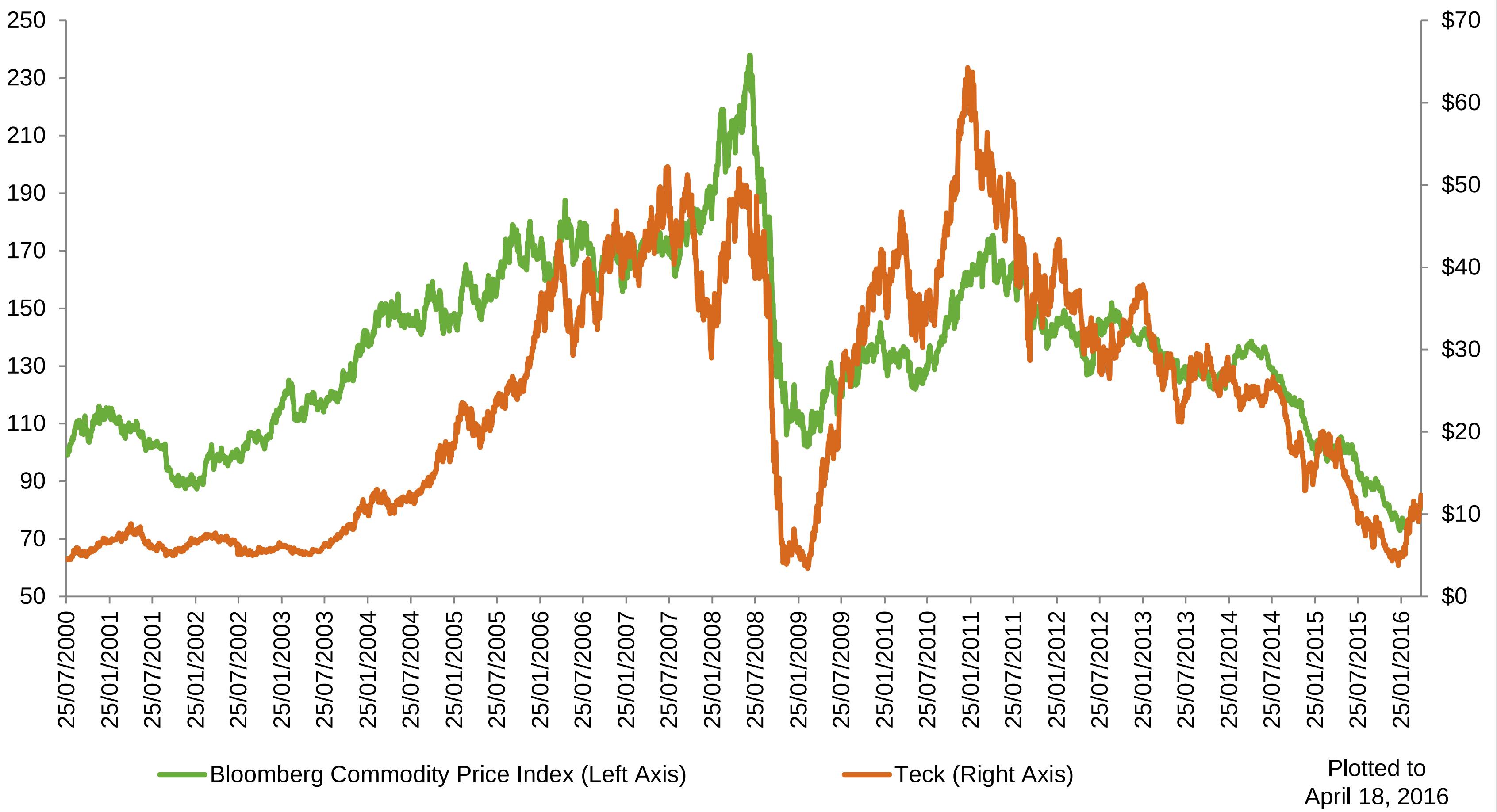
## Teck Stock Price vs. Bloomberg Commodity Price Index (2000-present)




Plotted to
April 18, 2016

# Diversified Business Mix

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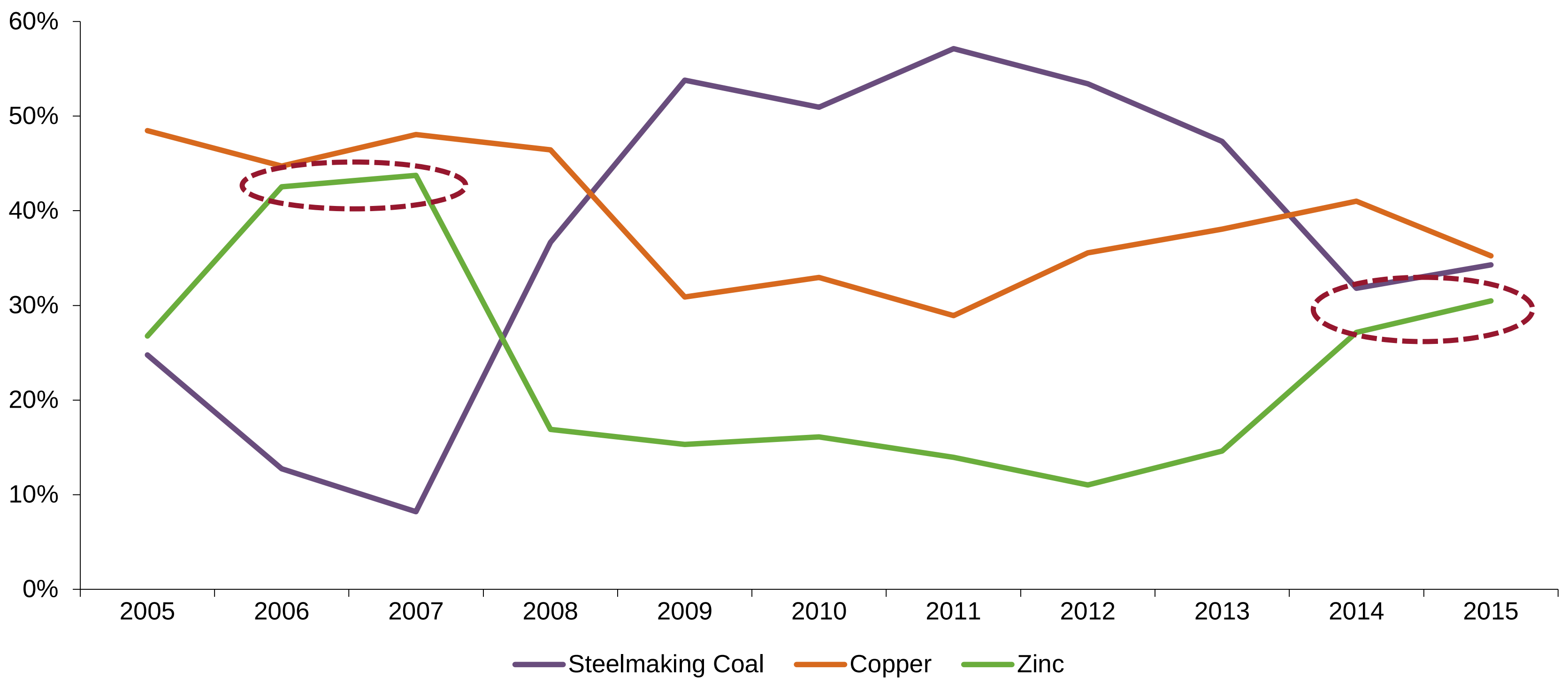
## Gross Profit Before Depreciation and Amortization

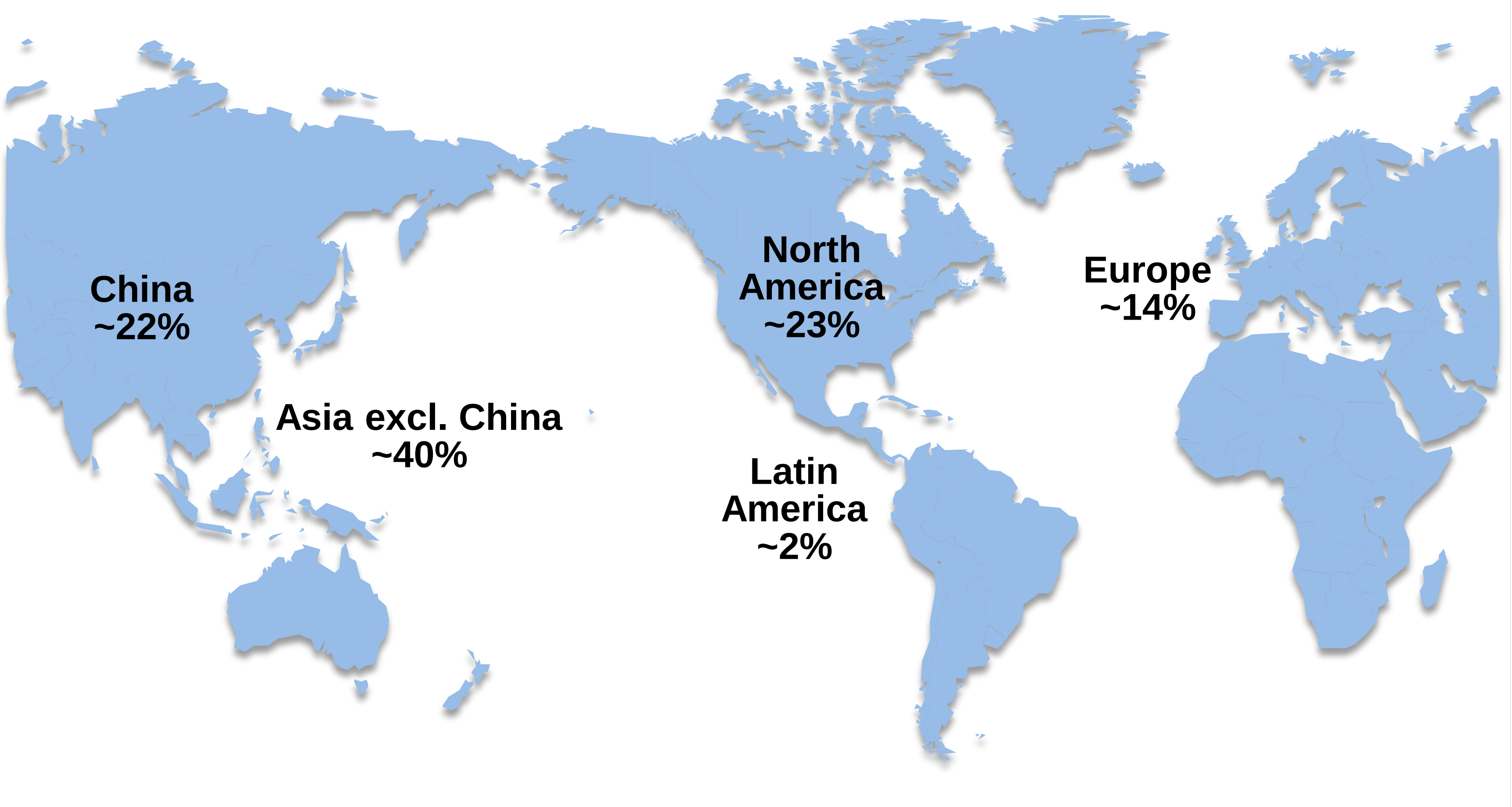



**Zinc generated almost half of profit in the past and could do so again**

# Diversified Global Customer Base

*Exposure to Recovery in Developed Markets as well as Growing Emerging Markets*

Revenue contribution from diverse markets






*Note: Teck percentage split based on 2015 revenue.*

# Consistent Delivery Against Guidance

*In 2015, Met or Beat Guidance across Key Benchmarks*

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## Solid Delivery Against 2015 Guidance

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| | Guidance | | Results | |
|---|---|---|---|---|
| **Steelmaking Coal** | | | | |
| Production[1] | 25-26 Mt | ✓ | 25.3 Mt | |
| Site costs | C$49-53/t | ✓ | C$45/t | |
| Transportation costs | C$37-40/t | ✓ | C$36/t | |
| Combined costs[2] | C$86-93/t | ✓ | C$83/t<br>US$64/t | Lower unit costs at all mines |
| **Copper** | | | | |
| Production | 340-360 kt | ✓ | 358 kt | Record mill throughput at Antamina |
| Cash unit costs[3] | US$1.45-1.55 /lb | ✓ | US$1.45/lb | Lower unit costs at all mines |
| **Zinc** | | | | |
| Metal in concentrate production[4] | 635-665 kt | ✓ | 658 kt | |
| Refined production | 280–290 kt | ✓ | 307 kt | Record production at Trail |
| **Capital Expenditures[5]** | $2.3B | ✓ | $2.2B | Lower capex |

1. *Reflects mid-year revision for temporary shutdowns.*
2. *Combined coal costs are site costs, inventory adjustments and transportation costs.*
3. *Net of by-product credits.*
4. *Including co-product zinc production from our copper business unit.*
5. *Including capitalized stripping.*

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## Solid Delivery Against 2014 Guidance

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| | Original Guidance | | Actual Results | |
|---|---|---|---|---|
| **Steelmaking Coal** | | | | |
| Coal production | 26–27 Mt | ✓ | 26.7 Mt | **Record coal production** |
| Coal site costs | C$55-60 /t | ✓ | C$54 /t[1] | |
| Coal transportation costs | C$38-42 /t | ✓ | C$38 /t | |
| Combined coal costs | C$93-102 /t | ✓ | C$92 /t | |
| Combined coal costs | US$84-92 /t | ✓ | US$84 /t | |
| **Copper** | | | | |
| Copper production | 320–340 kt | ✓ | 333 kt | **Record thru-put at Antamina** |
| Copper cash unit costs[2] | US$1.70-190 /lb | ✓ | US$1.65 /lb | |
| **Zinc** | | | | |
| Zinc in concentrate production[3] | 555-585 kt | ✓ | 660 kt | **Record at Red Dog** |
| Refined zinc production | 280–290 kt | x | 277 kt | **Higher production 2H14**<br>*(1H14: 133 kt; 2H14 143 kt)* |
| **Capital Expenditures[4]** | $1,905M | ✓ | $1,498M | **Significant capex reduction** |

1. *Including inventory adjustments.*
2. *Net of by-product credits.*
3. *Including co-product zinc production from our copper business unit.*
4. *Excluding capitalized stripping.*

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## Delivered on Guidance & Continuing to Drive Cost Reductions



| | 2013 Guidance | 2013 Results |
|---|---|---|
| **Steelmaking Coal** | | |
| Coal production | | ✓ |
| Coal site costs | | ✓ |
| **Copper** | | |
| Copper production | | ✓ |
| **Zinc** | | |
| Zinc in concentrate production | | ✓ |
| Refined zinc production | | ✓ |

**Cost Reduction Program**

- Identified >380M of annual, ongoing potential cost savings
- Implemented ~360M by year-end
- Additional ~150M of one-time cost savings and deferrals also identified & implemented

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# 2016 Production & Site Cost Guidance

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| | 2015 Results | 2016 Guidance |
|---|---|---|
| **Steelmaking Coal** | | |
| Production | 25.3 Mt | 25-26 Mt |
| Site costs | $45/t | $45-49/t |
| Capitalized stripping | $16/t | $11/t[1] |
| Transportation costs | $36/t | $35-37/t |
| Total cash costs[2] | $99/t<br>US$76/t | $91-97/t<br>US$65-69/t |
| **Copper** | | |
| Production | 358 kt | 305-320 kt |
| C1 unit costs[3] | US$1.45/lb | US$1.50-1.60/lb |
| Capitalized stripping | US$0.21/lb | US$0.21/lb[1] |
| Total cash costs[4] | US$1.66/lb | US$1.71-1.81/lb |
| **Zinc** | | |
| Metal in concentrate production[5] | 658 kt | 630-665 kt |
| Refined production | 307 kt | 290-300 kt |

1. *Approximate, based on capitalized stripping guidance and mid-point of production guidance range.*
2. *Steelmaking coal unit cost of sales include site costs, inventory adjustments and transport costs. Total cash costs are unit cost of sales plus capitalized stripping.*
3. *Net of by-product credits.*
4. *Copper total cash costs Include cash C1 unit costs (after by-product margins) and capitalized stripping.*
5. *Including co-product zinc production from our copper business unit.*

# 2016 Capital Expenditures Guidance

Teck

| ($M) | Sustaining | Major Enhancement | New Mine Development | Sub-total | Capitalized Stripping | Total |
|---|---|---|---|---|---|---|
| Coal | $50 | $40 | $ - | $90 | $290 | $380 |
| Copper | 120 | 5 | 80 | 205 | 190 | 395 |
| Zinc | 130 | 10 | - | 140 | 60 | 200 |
| Energy | 5 | - | 1,000 | 1,005 | - | 1,005 |
| **TOTAL** | **$305** | **$55** | **$1,080** | **$1,440** | **$540** | **$1,980** |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2015A | $397 | $64 | $1,120 | $1,581 | $663 | $2,244 |

Total capex of ~$1.4B, plus capitalized stripping

# Significant Cost Reductions

*Unit Costs Reduced at all of our Operations in 2015, Preserving Margins in a Volatile Commodity Environment*

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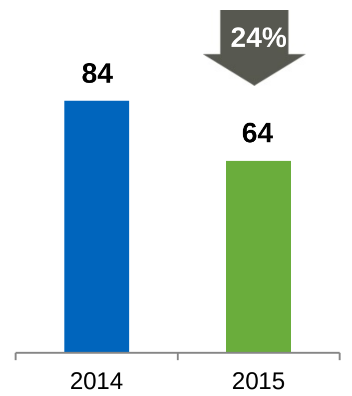
**Steelmaking Coal[1]**

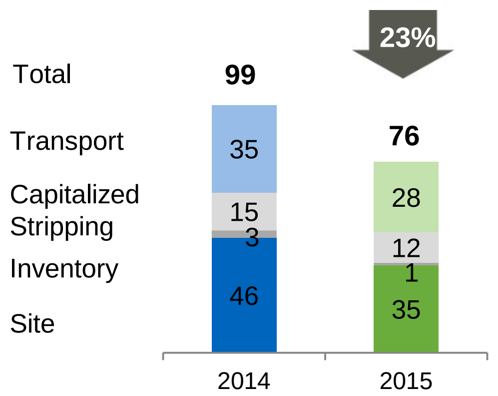
**Unit Cost of Sales**
**down US$20/t**

**Total Cash Costs**
**down US$23/t**

Unit Cost of Sales (US$/tonne)[1]




Total Cash Costs (US$/tonne)[1]

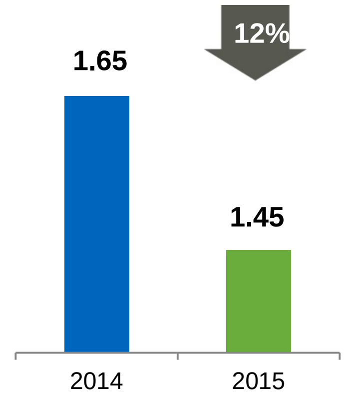



**Copper[2]**

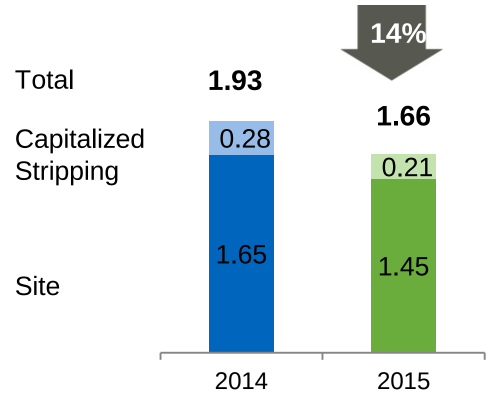
**C1 Unit Costs**
**down US$0.20/lb**

**Total Cash Costs**
**down US$0.27/lb**

C1 Unit Costs (US$/lb)[2]




Total Cash Costs (US$/lb)[2]



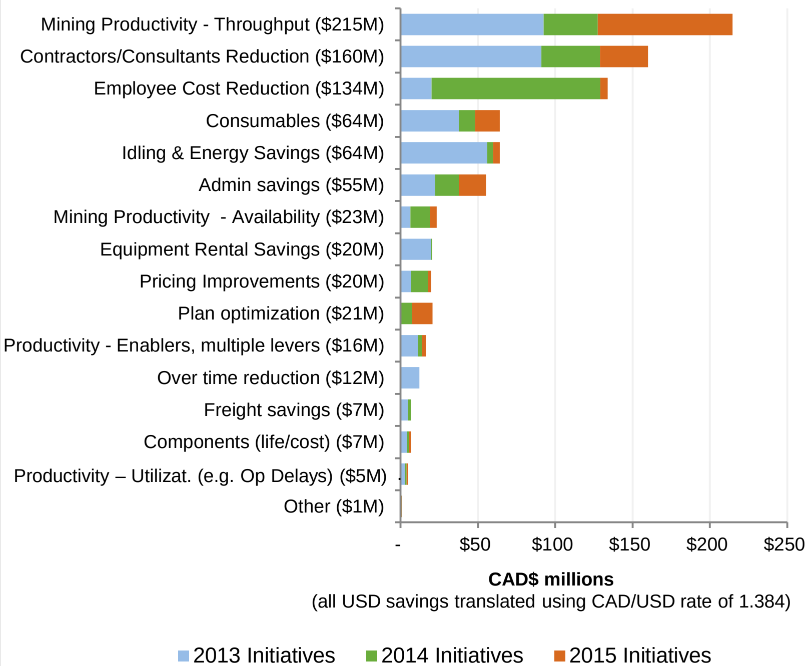

1. *Non-GAAP financial measure. Steelmaking coal unit cost of sales include site costs, inventory adjustments and transport costs. Total cash costs are unit cost of sales plus capitalized stripping. See Appendix for definition.*
2. *Non-GAAP financial measure. Copper C1 unit costs are net of by-product margins. Total cash costs are C1 unit costs plus capitalized stripping. See Appendix for definition.*

# Meaningful Savings and Capital Spending Reductions Achieved

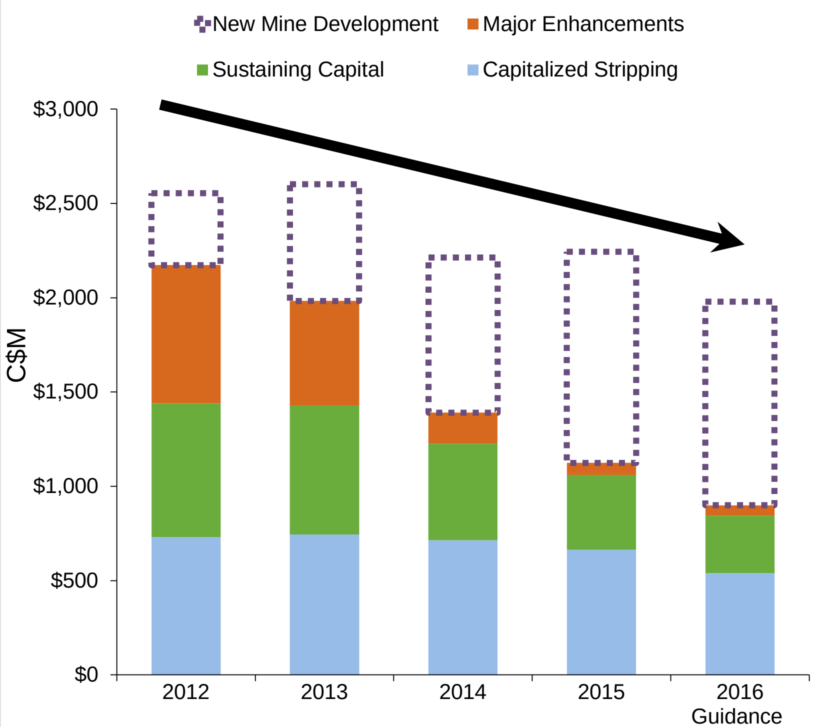
Teck

## Annualized 2015 Savings from Major Cost Reduction Program Initiatives (C$M)

**~C$820M of Annualized Savings in 2015, from Major Cost Reduction Initiatives in 2013-2015**




## Total Capital Expenditures 2012-2016F




Targeting an additional C$300M in operating cost reductions in 2016;
A total of >C$1B of annualized savings identified and included in 2016 plan

# Collective Agreements

| Operation | Expiry Dates |
|---|---|
| Elkview | *In Negotiations* - October 31, 2015 |
| Fording River | April 30, 2016 |
| Highland Valley Copper | September 30, 2016 |
| Trail | May 31, 2017 |
| Cardinal River | June 30, 2017 |
| Quebrada Blanca | October 30, 2017<br>November 30, 2017<br>December 31, 2017 |
| Quintette | April 30, 2018 |
| Antamina | July 31, 2018 |
| Coal Mountain | December 31, 2018 |
| Line Creek | May 31, 2019 |
| Carmen de Andacollo | September 30, 2019<br>December 31, 2019 |

# Staged Growth/Value Pipeline

Teck

| | Completed | In Construction | Pre-Sanction | Medium-term Growth Options | Future Options |
|---|---|---|---|---|---|
| **Copper**<br>Strong platform with substantial growth options | HVC Mill Optimization | | QB Phase 2 | Corridor<br>HVC Brownfield<br>Antamina Brownfield | Galore/Schaft Creek<br>Mesaba<br>Zafranal<br>San Nicolas (Cu-Zn) |
| **Zinc**<br>World-class resource combined with integrated assets | Trail #1 Acid Plant<br>Pend Oreille Restart | | | Red Dog Satellite Deposit – Anarraaq<br>Trail #2 Acid Plant | Red Dog Satellite Deposits<br>Cirque |
| **Coal**<br>Well established with capital efficient growth options | Elk Valley Brownfield (4 Mpta) | | | Elk Valley Brownfield (Replacement 4Mpta)<br>Neptune Terminals to 18Mtpa | Quintette/Mt. Duke<br>Elk Valley Brownfield |
| **Energy**<br>Building a new business through partnership | | Fort Hills | | | Frontier<br>Lease 421 |

**Strong platform combined with diverse portfolio of options allows us to be selective in terms of commodity and timing**

# Credit Ratings

Teck

| | S&P | Moody's | Fitch | DBRS |
|---|---|---|---|---|
| Investment Grade | BBB- | Baa3 | BBB- | BBB (low) |
| | BB+ | Ba1 | BB+ | **BB (high) negative** |
| | **BB** | Ba2 | BB | BB |
| | BB- | Ba3 | BB- | BB (low) |
| Non-Investment Grade | **B+ negative** | B1 | **B+ negative** | B (high) |
| | B | B2 | B | B |
| | B- | **B3 negative** | B- | B (low) |

**Supported by:**

- Diversified business model
- Low risk jurisdictions
- Low cost assets
- Conservative financial policies
- Significant cost reductions
- Capital discipline
- Achieving production guidance
- Production curtailments in coal
- Dividend cut
- Streaming transactions

**Constrained by:**

- Debt-to-EBITDA metric, due to weak prices

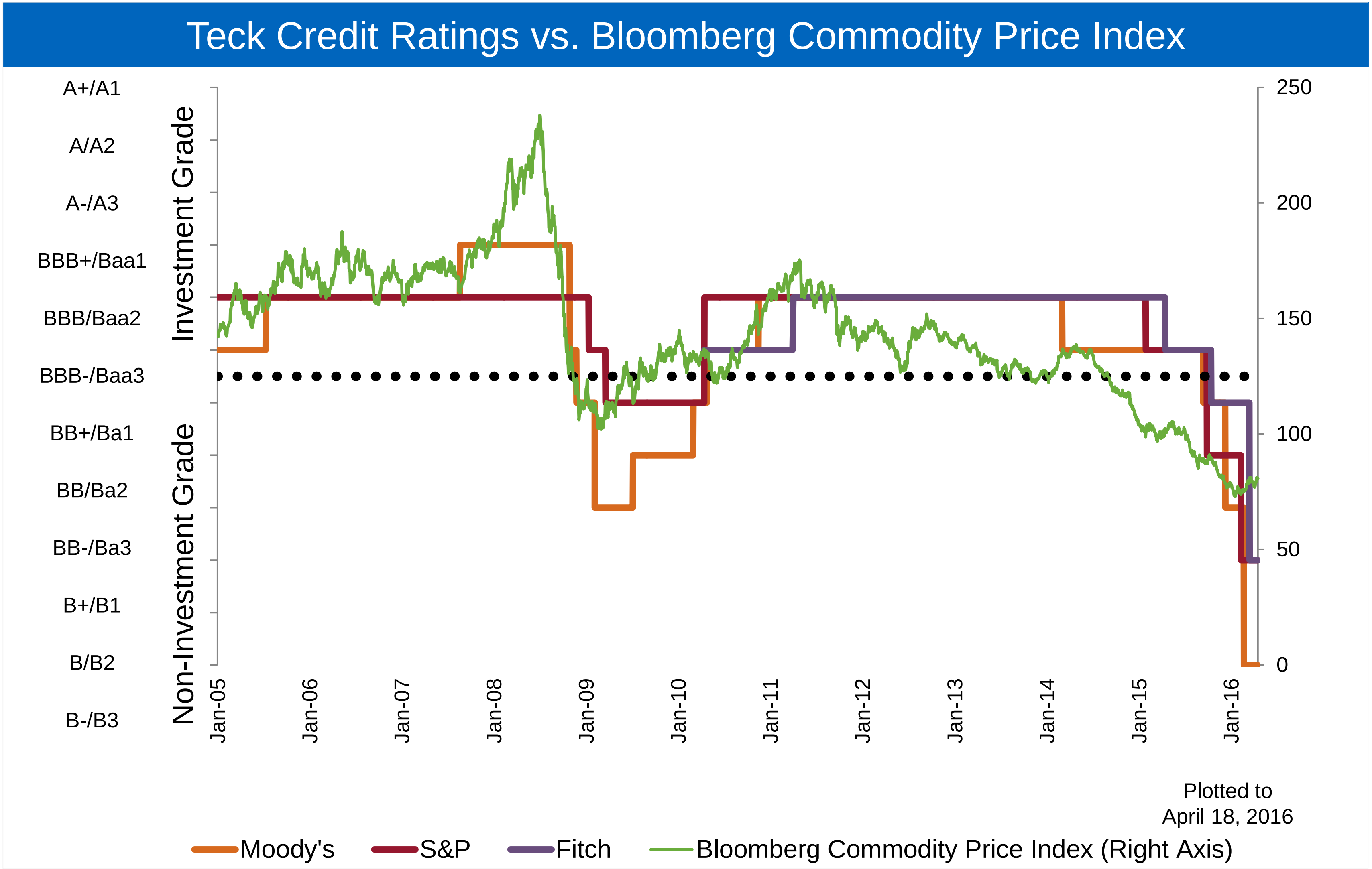
Ratings reflect the current economic environment



*As at April 19, 2016.*

# Credit Ratings Reflect Commodity Prices

Teck



# Core Business Free Cash Flow Positive[1]; Funding Fort Hills From Internal Resources

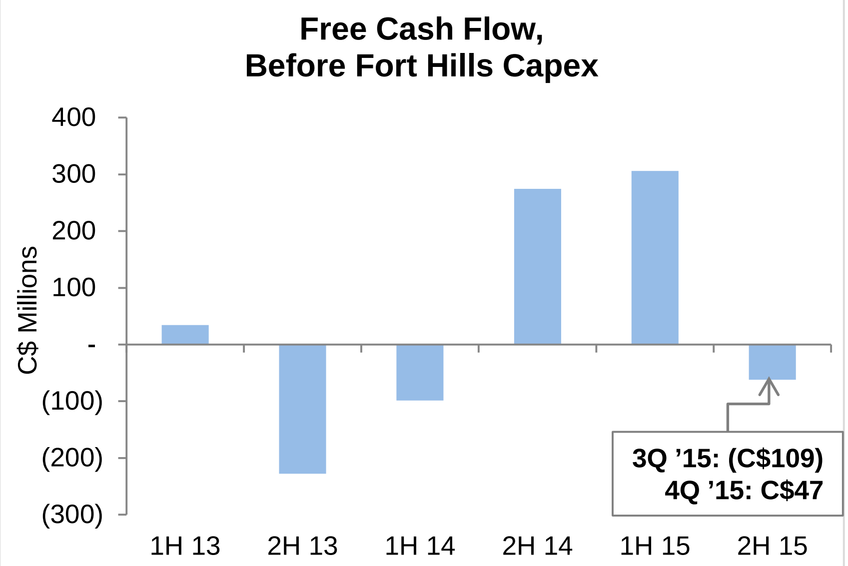
Teck

## Fort Hills' capital expenditures are fully funded[2]

| | |
|---|---|
| Teck's total share of capital | C$2.94B |
| **Remaining capital** (as of May 18th, 2016) | **~C$915M** |
| **Teck cash balance** (as of March 31st, 2016) | **~C$1.5B** |

- ✓ **On time, on budget, and >55% completed**
- ✓ **Target for first oil in late 2017**

## Cost management delivering improvements in Free Cash Flow[1], despite weakening prices



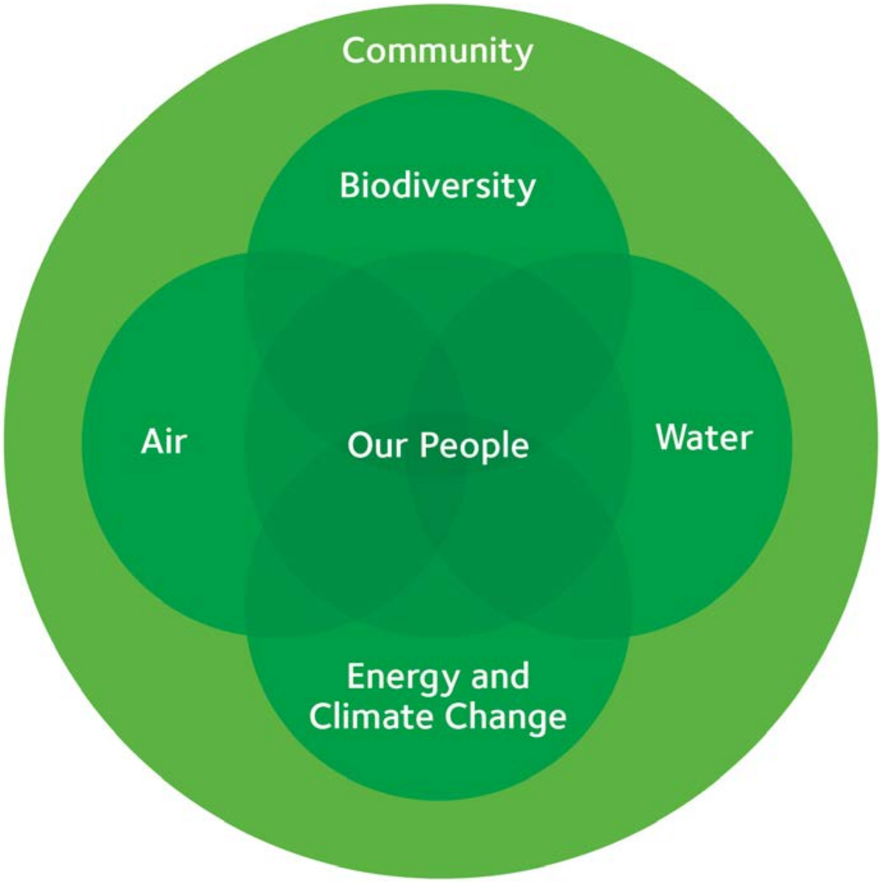

## Potential future free cash flow following project completion

## Target to be at least cash flow neutral

1. *Free Cash Flow is a non-GAAP financial measure calculated as Net Cash from Operations, before changes in Working Capital, less Investing activity excluding Fort Hills capital expenditures, not including proceeds from sales of investments, less interest paid, distributions to minority interests and effect of exchange rate changes on cash and cash equivalents. See Appendix for reconciliation.*
2. *As of March 31, 2016. Based on Suncor's planned project spending. Sanction capital is the go-forward amount from the date of the Fort Hills sanction decision (October 30, 2013), denominated in Canadian dollars and on a fully-escalated basis.*

# Our Sustainability Strategy

Teck




- Six focus areas
  - Community
  - Biodiversity
  - Our People
  - Water
  - Air
  - Energy and Climate Change
- Achieved all 2015 goals
- Set new short-term 2020 goals
- Working towards long-term 2030 goals

# Our External Recognition

Teck

Best 50 Corporate Citizens in Canada 2015

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

On the Dow Jones Sustainability World Index six years in a row

One of top 100 most sustainable companies in the world and one of Canada's most sustainable companies

Top 50 Socially Responsible Corporations in Canada

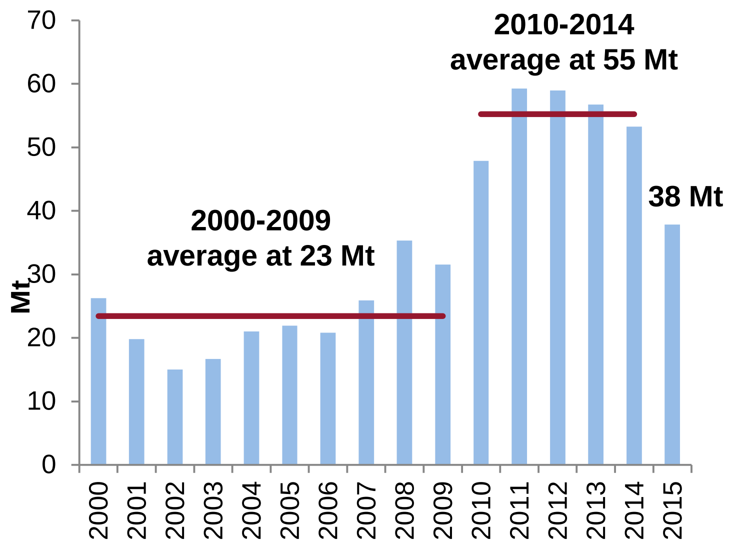
Listed on FTSE4Good Index in 2015

Teck

# Steelmaking Coal Business Unit & Markets

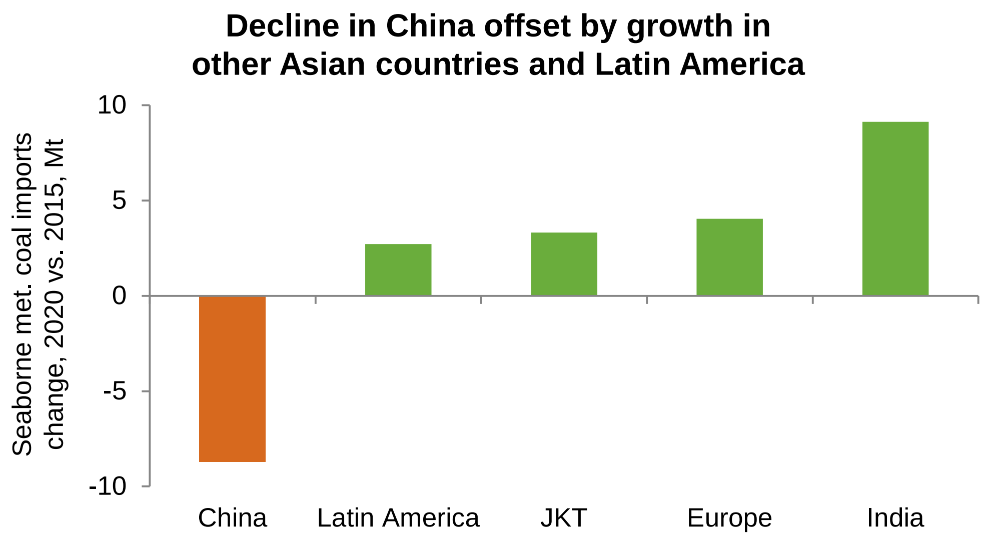
# Steelmaking Coal Will Slowly Rebalance

## US Steelmaking Coal Exports (ex. Canada)




*Source: GTIS*

## Tighter Market ex-China




*Source: Average of Wood Mackenzie & CRU*

- Excess supply continues to pressure prices & margins
- US exports declining but still >1.5 times above historical average levels
- Reduced imports into China, although some evidence of destocking
- Stronger fundamentals ex-China

# Global Hot Metal Production

Teck

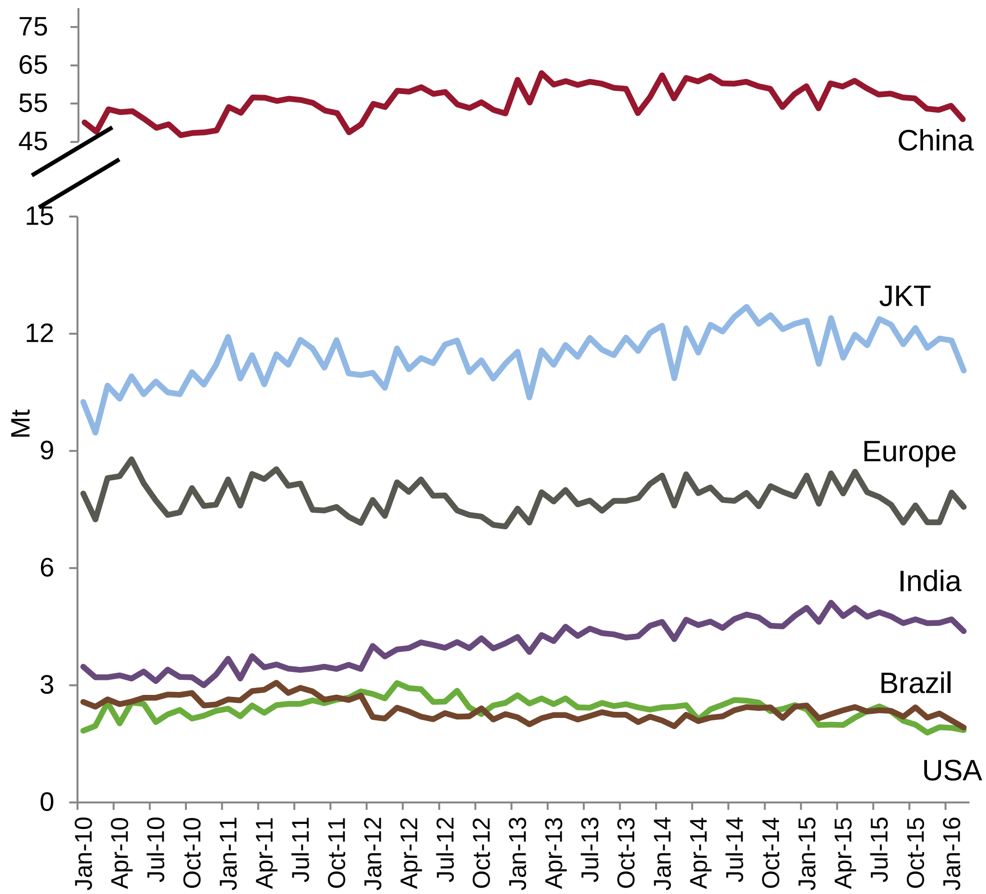
**Traditional Steel Markets**

- China slowing
- JKT slowing
- EU stable

**Rest of the World**

- India good growth
- Brazil stable
- US slowing

Monthly Hot Metal Production




Update to February 2016



*Source: WSA, based on data reported by countries monthly*

# Status of Relocation of Chinese Steel Industry To the Coast

Teck


***Ansteel Bayuquan Project***
- Phase 1 (~ 5.4 Mt pig iron, 5.2 Mt crude steel and 5 Mt steel products) in 2013
- Phase 2 (5.4 Mt BF) planned but no progress yet

***Capital Steel Caofeidian Project***
- Phase 1 (10 Mt) completed in 2010.
- Phase 2, planned with the investment of ~US$7 billion, kicked off in Aug 2015 and scheduled to be completed by 2018 Capacity: hot metal 8.9 Mt, crude steel 9.4 Mt, steel products 9.0 Mt

***Shandong Steel Rizhao Project***
- Capacity: hot metal 8.1 Mt (2 BFs), crude steel 8.5 Mt, steel products 7.9 Mt
- BF #1 started construction in Sep 2015; scheduled to be completed by the end of 2016

***Ningde Steel Base***
- Proposed but no progress yet

***WISCO Fangchenggang Project***
- Planned capacity: hot metal 8.5 Mt, crude steel 9.2Mt, steel products 8.6 Mt
- Cold roll line (2.1 Mt) commissioned in Jun 2015
- No timeline for BFs yet

***Baosteel Zhanjiang Project***
- Capacity: hot metal 8.2 Mt, crude steel 8.7 Mt, steel products 8.2 Mt, coke 3.2 Mt
- BF #1 commissioned in Sep 2015
- BF #2 preheating to be commissioned in Aug 2016

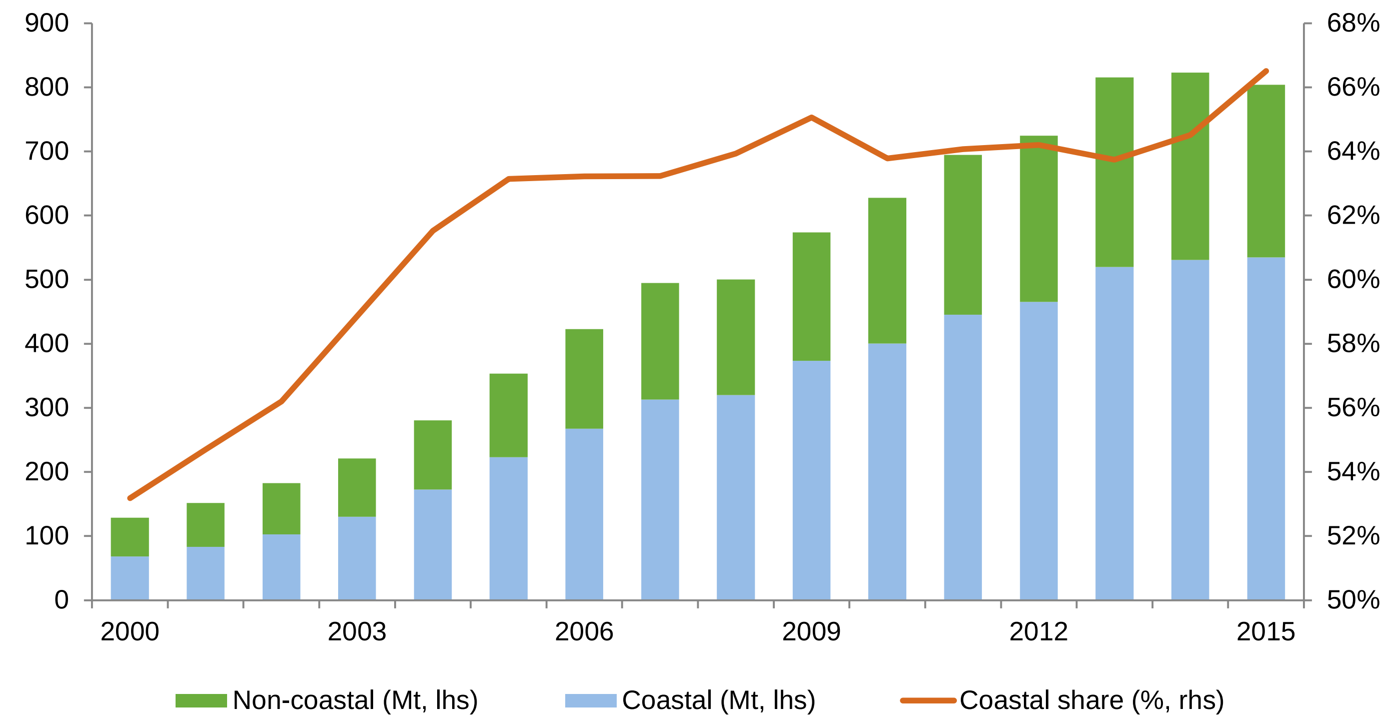
Facilitates access to seaborne raw materials



*Sources: NBS, CISA*

# Growing Share of Chinese Steel Industry Production on the Coast

Chinese Steel Industry Production



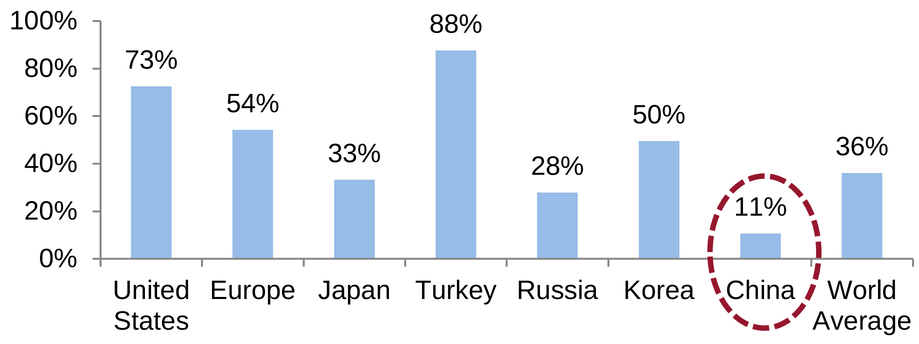



*Sources: NBS, CISA*

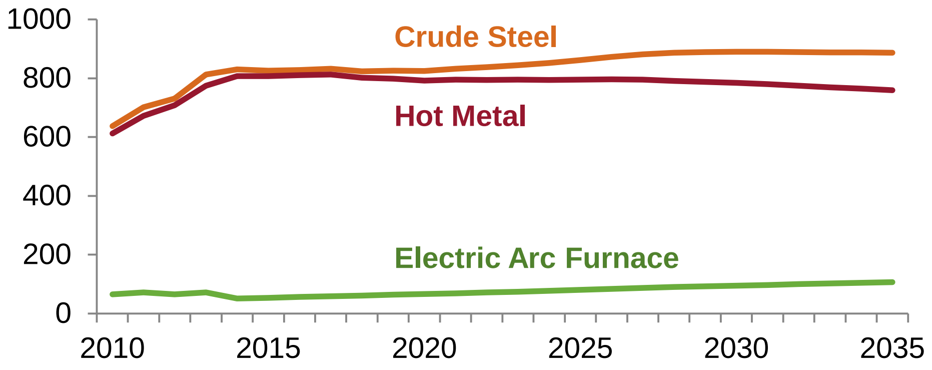
# China Scrap Use to Increase Slowly

Teck

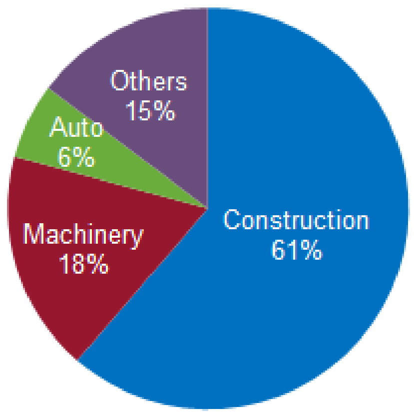
## China's Scrap Ratio Low vs. Other Countries




## Crude Steel and Hot Metal Production




China Steel Use By Sector (2000-14)



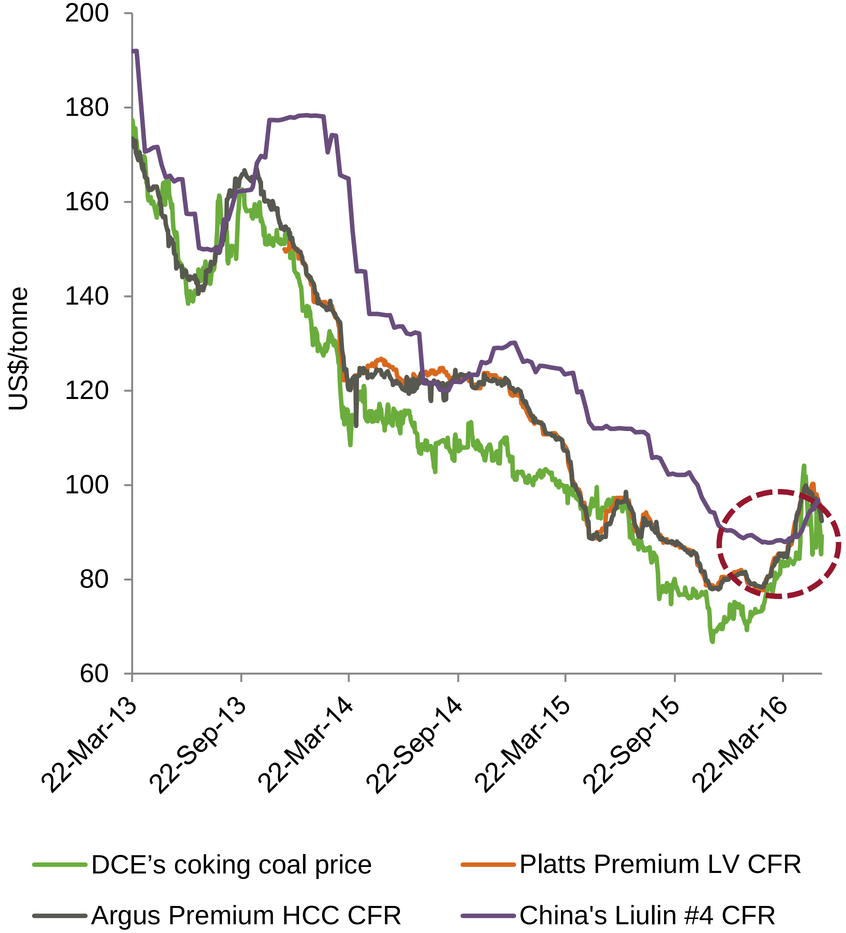

**Hot metal / crude steel ratio to remain >90% and EAF share of crude steel production <10% until ~2028**

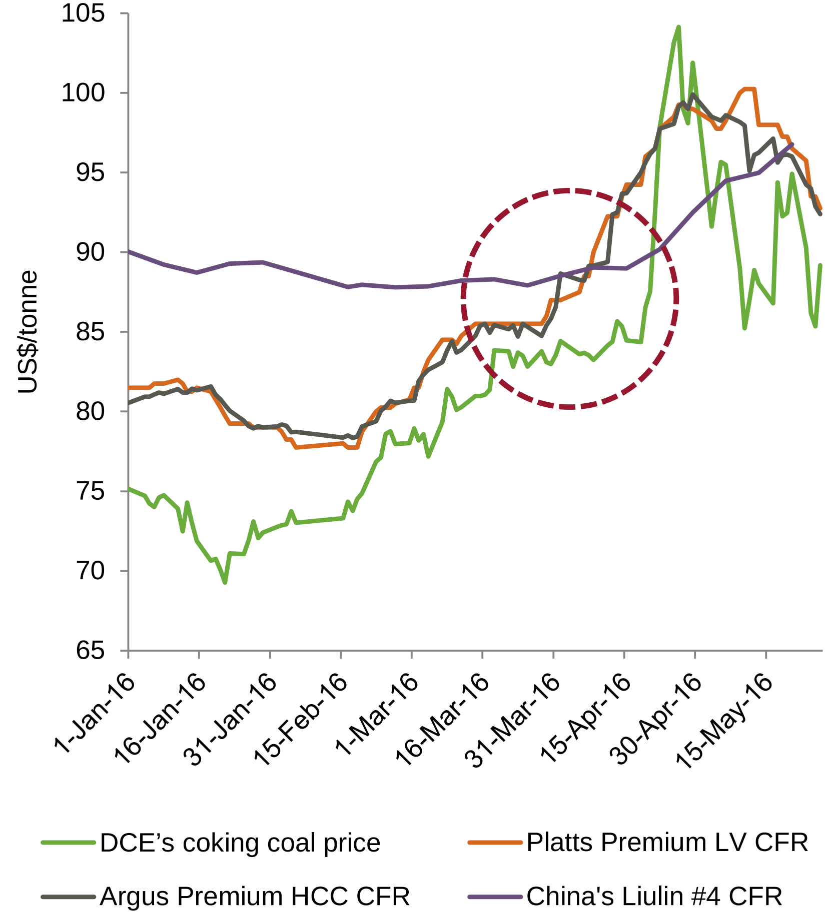


*Source: WSA, China Association of Metalscrap Utilization, Wood Mackenzie*

# Dalian Coking Coal Futures Follow Seaborne Prices and Fundamentals

Teck



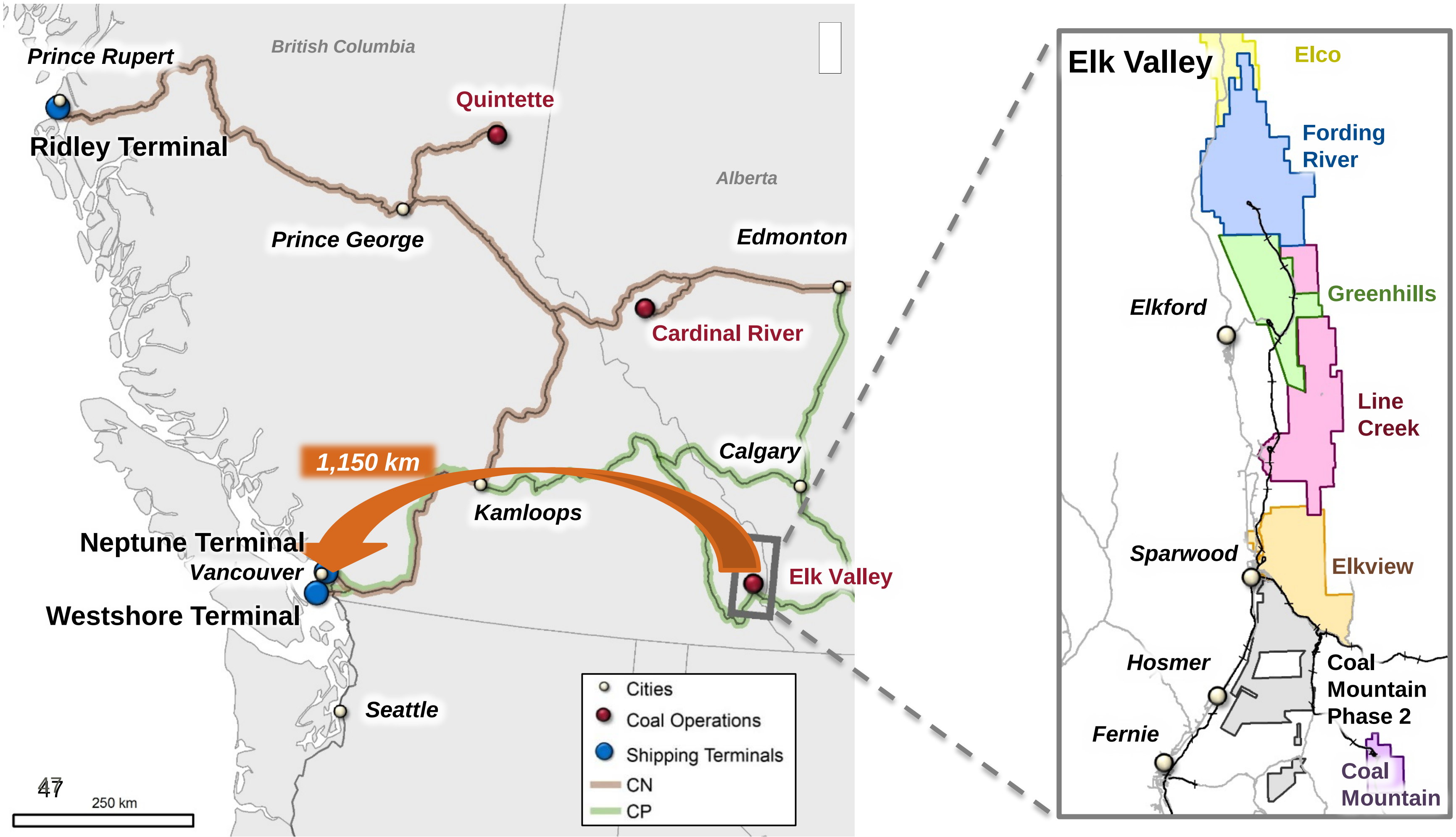



*Source: Wind, Platts, Argus*

# An Integrated Long Life Coal Business

Teck

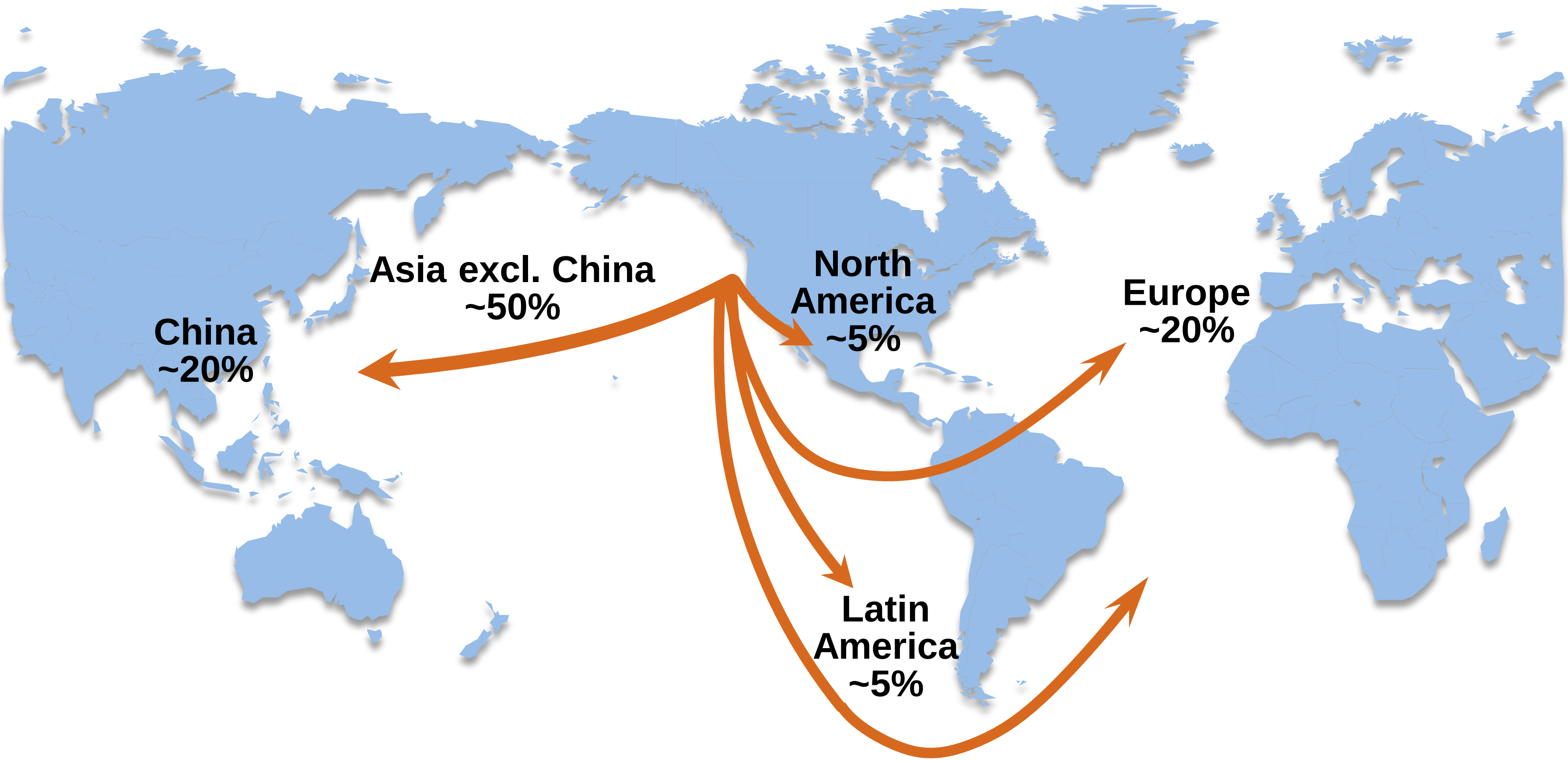
- >1 billion tonnes of reserves support 26 Mt of production for many years
- Geographically concentrated in the Elk Valley
- Established infrastructure and capacity with mines, railways and terminals
- Only steelmaking coal mines still operating in Canada; competitive globally



# We Are a Leading Steelmaking Coal Supplier To Steel Producers Worldwide

Teck

## High quality, consistency, reliability, long-term supply




## Proactively realigning sales with changing market



*Source: Teck, based on 2015 sales volumes.*

# Average Realized Price in Steelmaking Coal

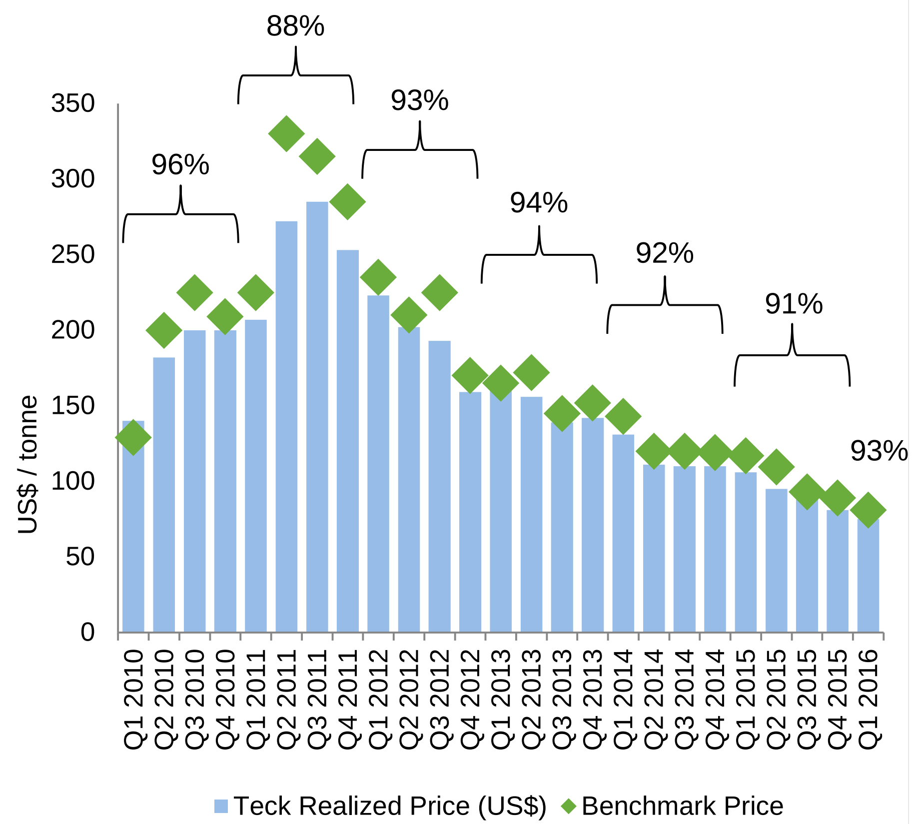
Teck

**Average realized price discount: ~8-9%**

**Discount to the benchmark price is a function of:**

1. Product mix: >90% hard coking coal
2. Direction of quarterly benchmark prices and spot prices
   - Q2 2016 benchmark for premium products is US$84/t

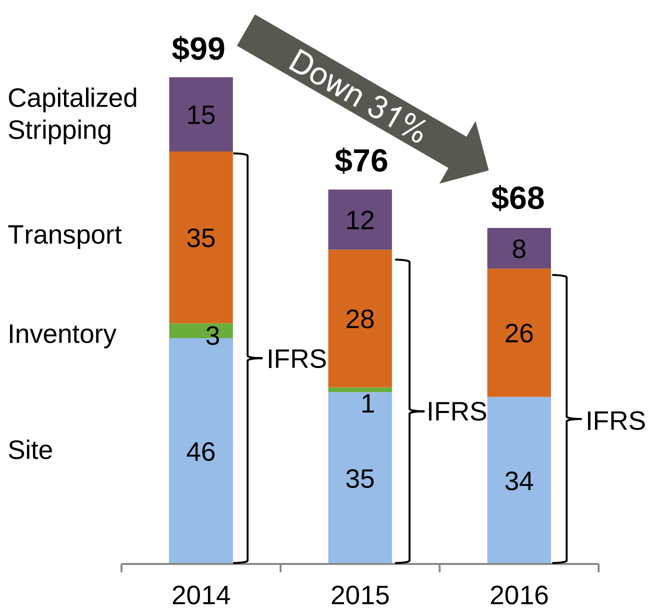
## Historical Average Realized Prices




Average realized % of benchmark: 91-92% (range: 88%-96%);
Expect Q2 2016 realized price >95% of benchmark

# Steelmaking Coal Costs[1]

## Total Cash Costs[2]



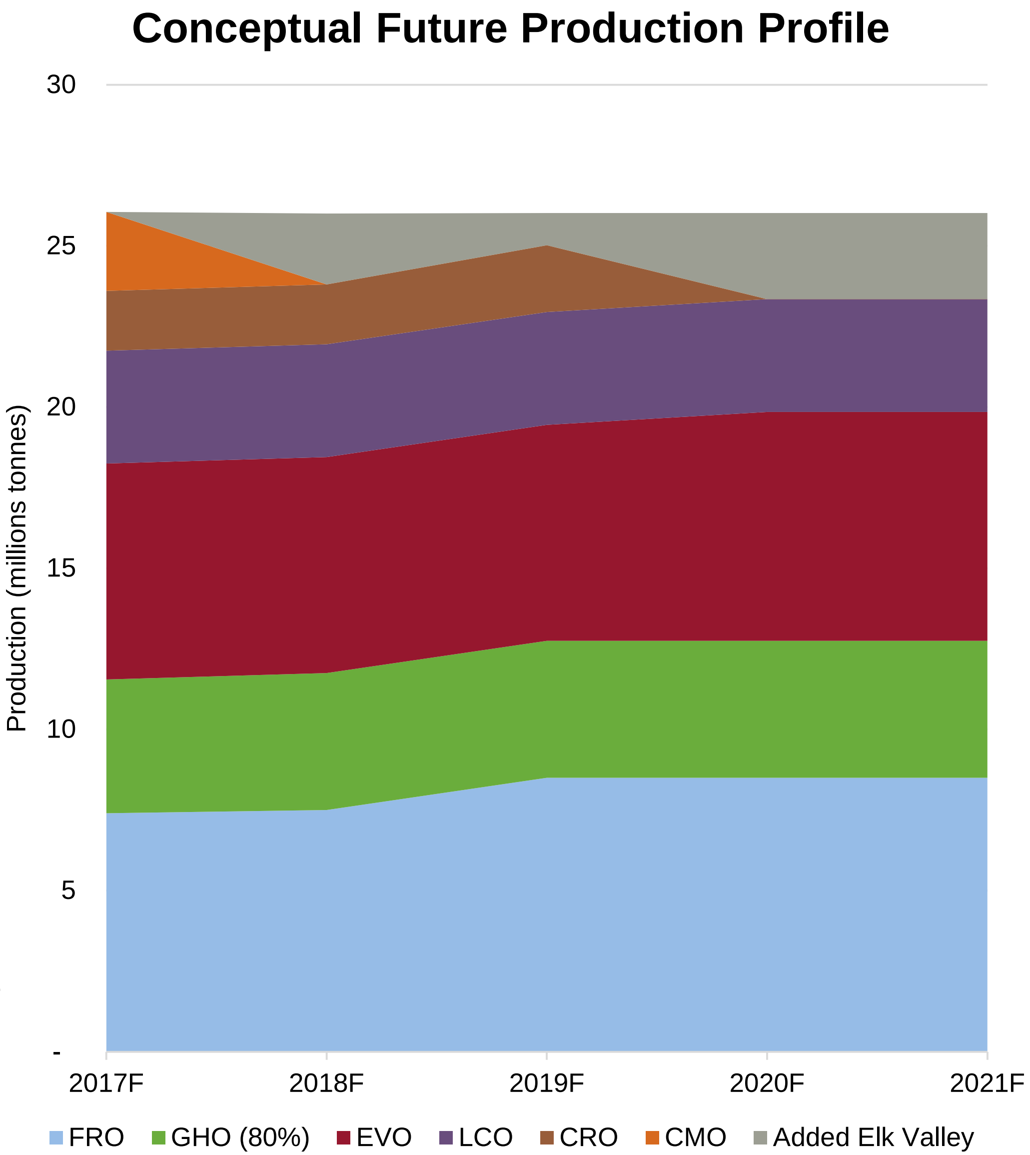

| US$/t | 2014 | 2015 | 2016[3] | Change |
|---|---|---|---|---|
| Site | $46 | $35 | $34 | -26% |
| Inventory Adjustments | $3 | $1 | $0 | -100% |
| Transportation | $35 | $28 | $26 | -25% |
| **Unit Cost of Sales (IFRS)** | **$84** | **$64** | **$60** | **-28%** |
| Capitalized Stripping | $15 | $12 | $8[4] | -45% |
| **Total Cash Costs[2]** | **$99** | **$76** | **$68** | **-31%** |
| Sustaining Capital | $6 | $2 | $1[4] | -76% |
| **All In Sustaining Costs** | **$105** | **$78** | **$69** | **-34%** |

**Total cash costs down 31% from 2014 to 2016F[2]**

1. *In US dollars per tonne. Assumes a Canadian dollar to US dollar exchange rate of 1.10 in 2014, 1.28 in 2015 and 1.38 in 2016.*
2. *Steelmaking coal unit cost of sales include site costs, inventory adjustments and transport costs. Total cash costs are unit cost of sales plus capitalized stripping. All in sustaining costs are total cash costs plus sustaining capital.*
3. *Based on the mid-point of guidance ranges.*
4. *Approximate, based on capital expenditures guidance and mid-point of production guidance ranges.*

# Steelmaking Coal: 5 Year Planning Objectives 2016

- Evaluating options to maintain 26 Mt of annual production
  - Despite the closure of CMO and CRO in the 5 year horizon
  - Exploring lowest cost options at remaining 4 Elk Valley operations
  - Utilize assets available from closed operations
- Maintain all operations cash positive throughout the plan
  - Embed continuous cost improvement in each year
  - Ensure plans meet short term goals without sacrificing the long term viability of the operations
- Future growth options remain available but dependent on stronger coal prices



# >75 Mt of West Coast Port Capacity Planned

## Teck Portion at 40 Mt

Teck

### Westshore Terminals

- Teck is largest customer at 19 Mt
- Large stockpile area
- Recently expanded to 33 Mt
- Planned growth to 36 Mt
- Contract expires March 2021

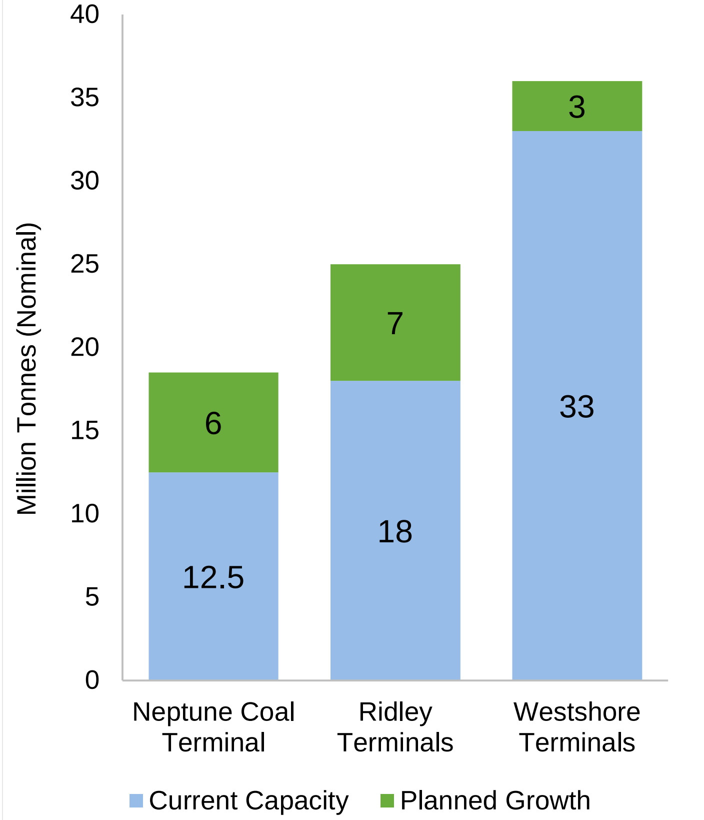
### Neptune Coal Terminal

- Exclusive to Teck
- Recently expanded to 12.5 Mt
- Planned growth to 18.5 Mt

### Ridley Terminals

- Current capacity: 18 Mt
- Expandable to 25 Mt
- Teck contracted at 3 Mt

### West Coast Port Capacity




**Teck's share of capacity exceeds current production plans, including Quintette**

# LNG Haul Trucks – Status Update

- Six pilot trucks have been converted to “dual-fuel” - LNG and diesel (four 830E’s, two 930E’s); first in Canada
- Current substitution rates achieved: 25 – 40% (target >35%)
- Pilot objective is to confirm the business case (cost and sustainability) for a Teck wide application; focus is on safety, sustainability and operability
    - Establishing reliability of the LNG systems
    - Optimizing LNG substitution rates and monitoring GHG emissions

# High Grade Hard Coking Coal Is A Niche Market

Teck

**Global Coal Production[1]: 7.9 billion tonnes**

**Steelmaking Coal Production[2]: ~1,185 million tonnes**

**Export Steelmaking Coal[2]: ~325 million tonnes**

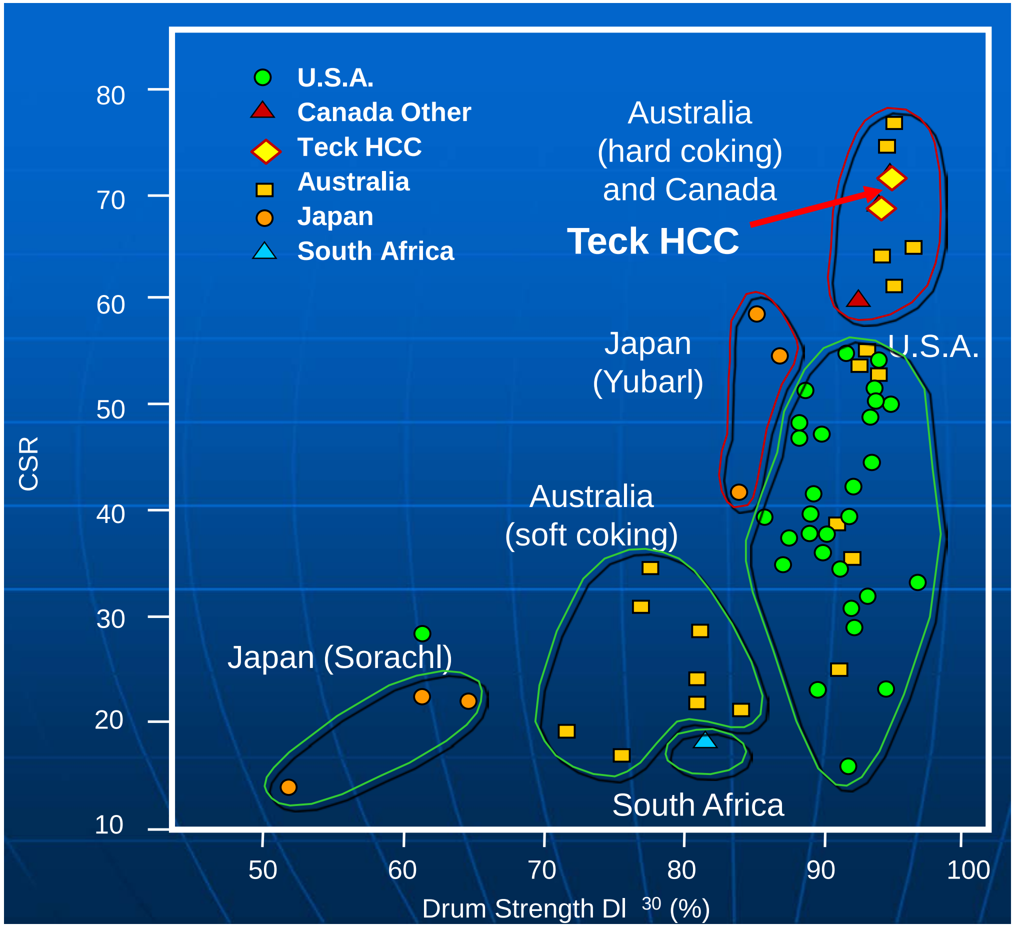
**Seaborne Steelmaking Coal[2]: ~290 million tonnes**

Our Market - Seaborne Hard Coking Coal[2]: ~200 million tonnes

1. *Source: International Energy Agency 2014 data*
2. *Source: CRU*

# Coking Coal Strength

## High Quality Hard Coking Coal

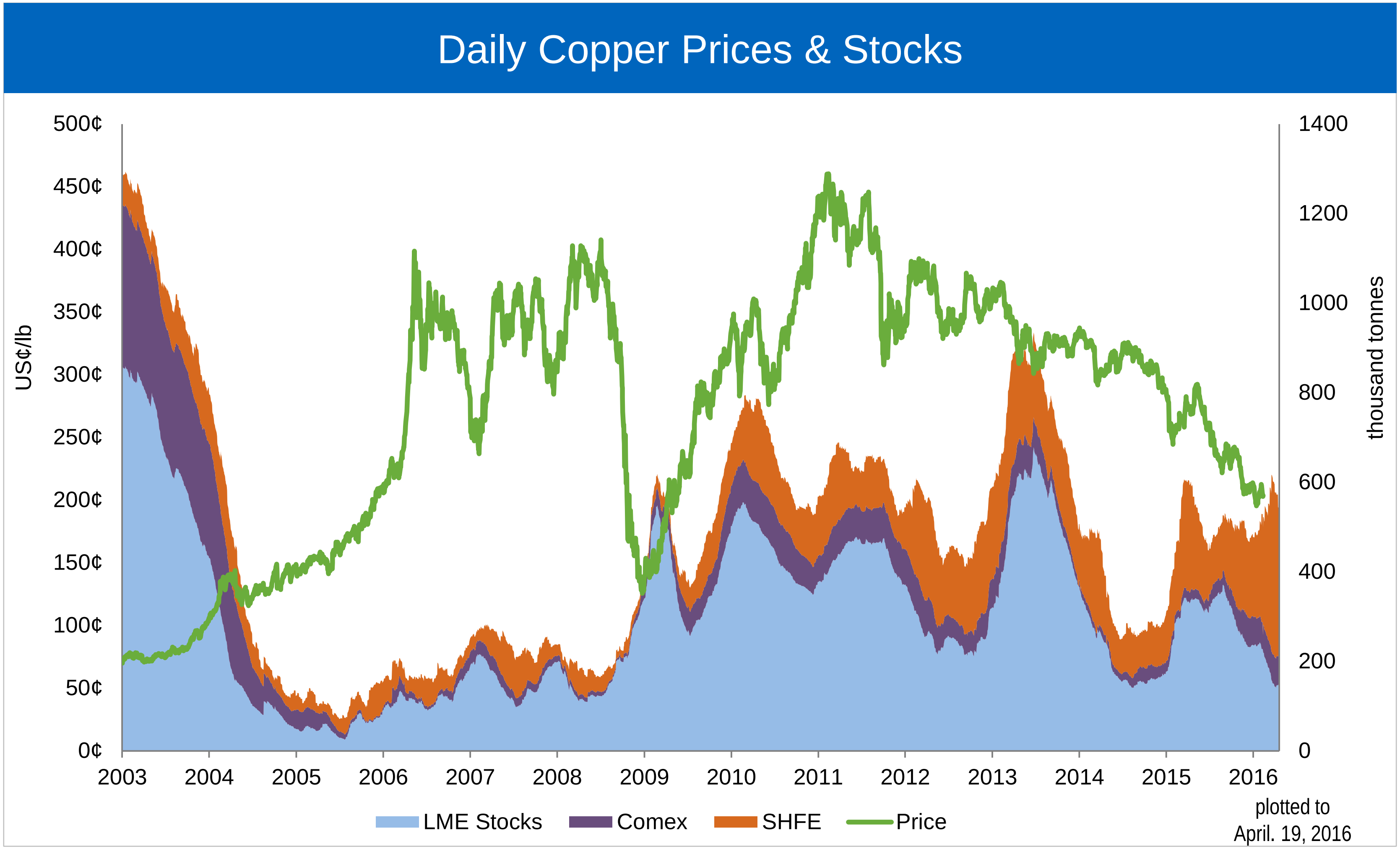



- Around the world, and especially in China, blast furnaces are getting larger and increasing PCI rates
- Coke requirements for stable blast furnace operation are becoming increasingly higher
- Teck coals with high hot and cold strength are ideally suited to ensure stable blast furnace operation
- Produce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

Teck

# Copper
# Business Unit & Markets

# Copper Metal Prices & Stocks



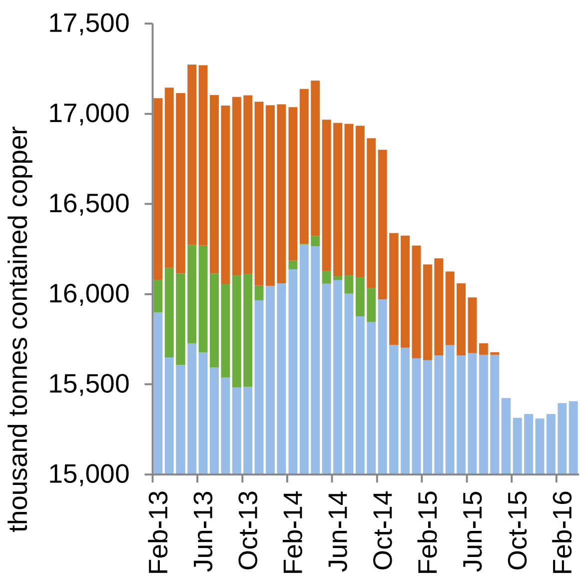



*Source: LME, ICSG, ILZSG*

# Copper Mine Production
## Forecasts Continue to Decline

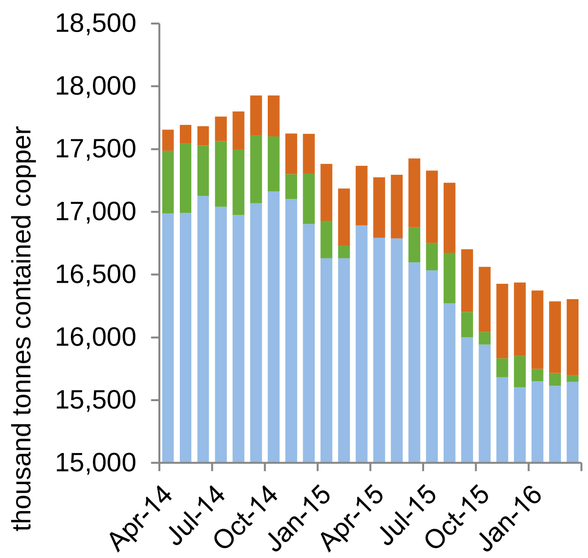
Teck

### 2015



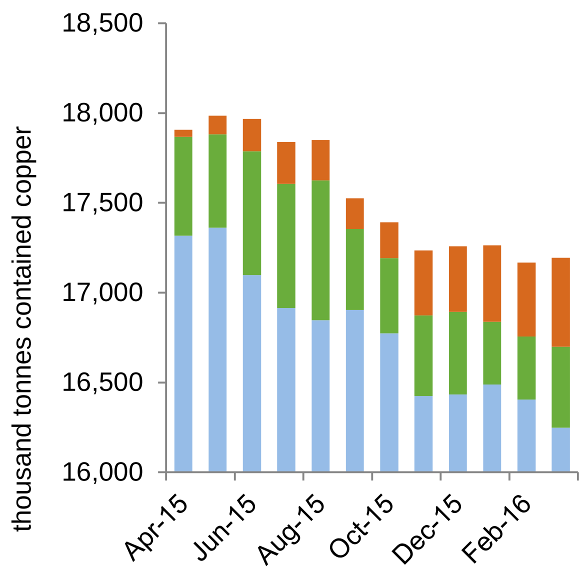

- Down 588 kmt from 2013 net estimates
- Down 1.8 million tonnes from guidance

### 2016




- Down 1.3 million from 2014 estimates
- Projects down by 80%
- Net Mine Production Growth in 2016 now only 1.6%, less than 250 kmt

### 2017




- Down 1,068 kt from April 2015 estimates
- Projects down by 60% or 510 kmt

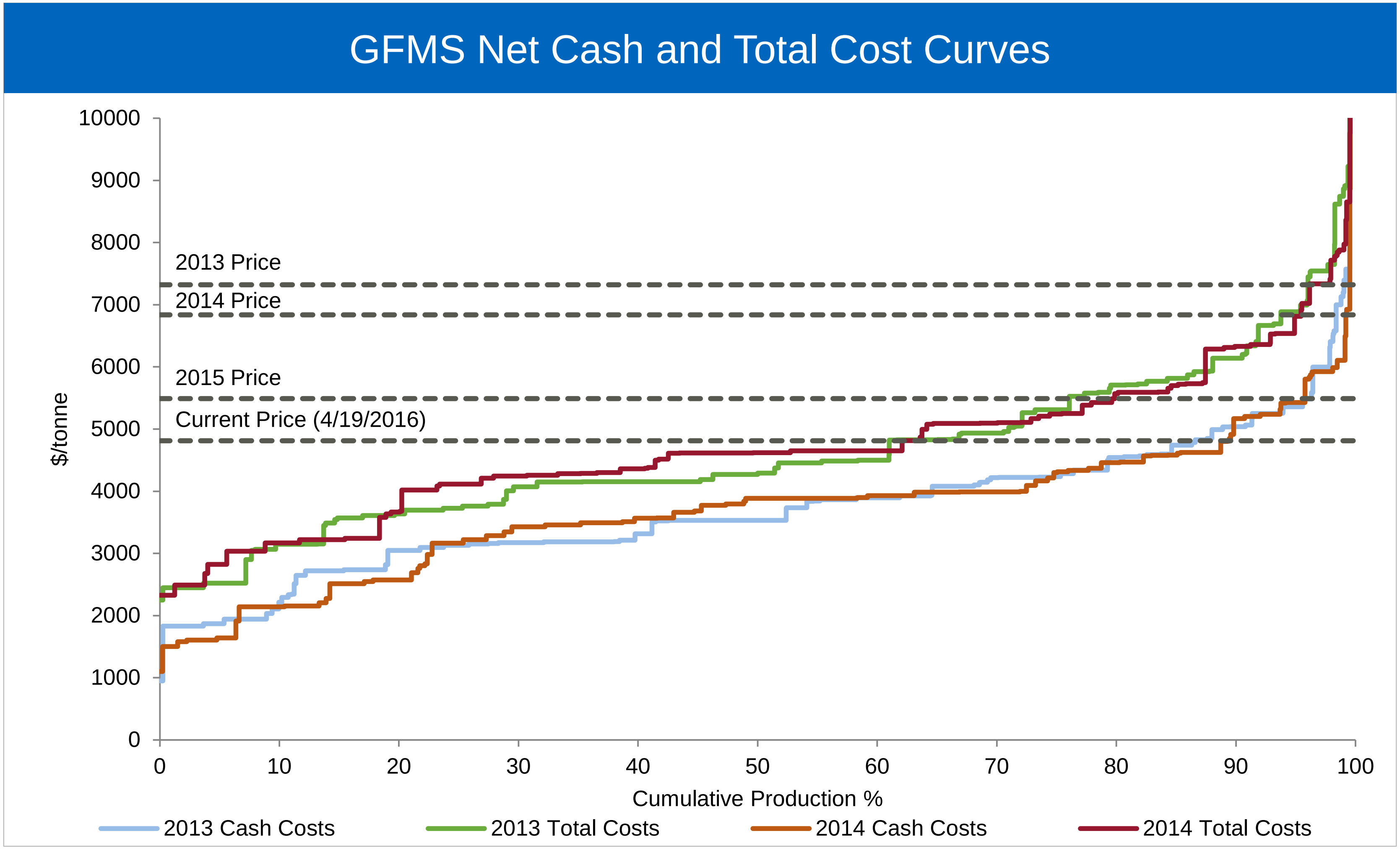
**Losses in 2016 already 72% of 2015 levels**



*Source: Wood Mackenzie*

# Copper Costs Higher Than Understood

Teck



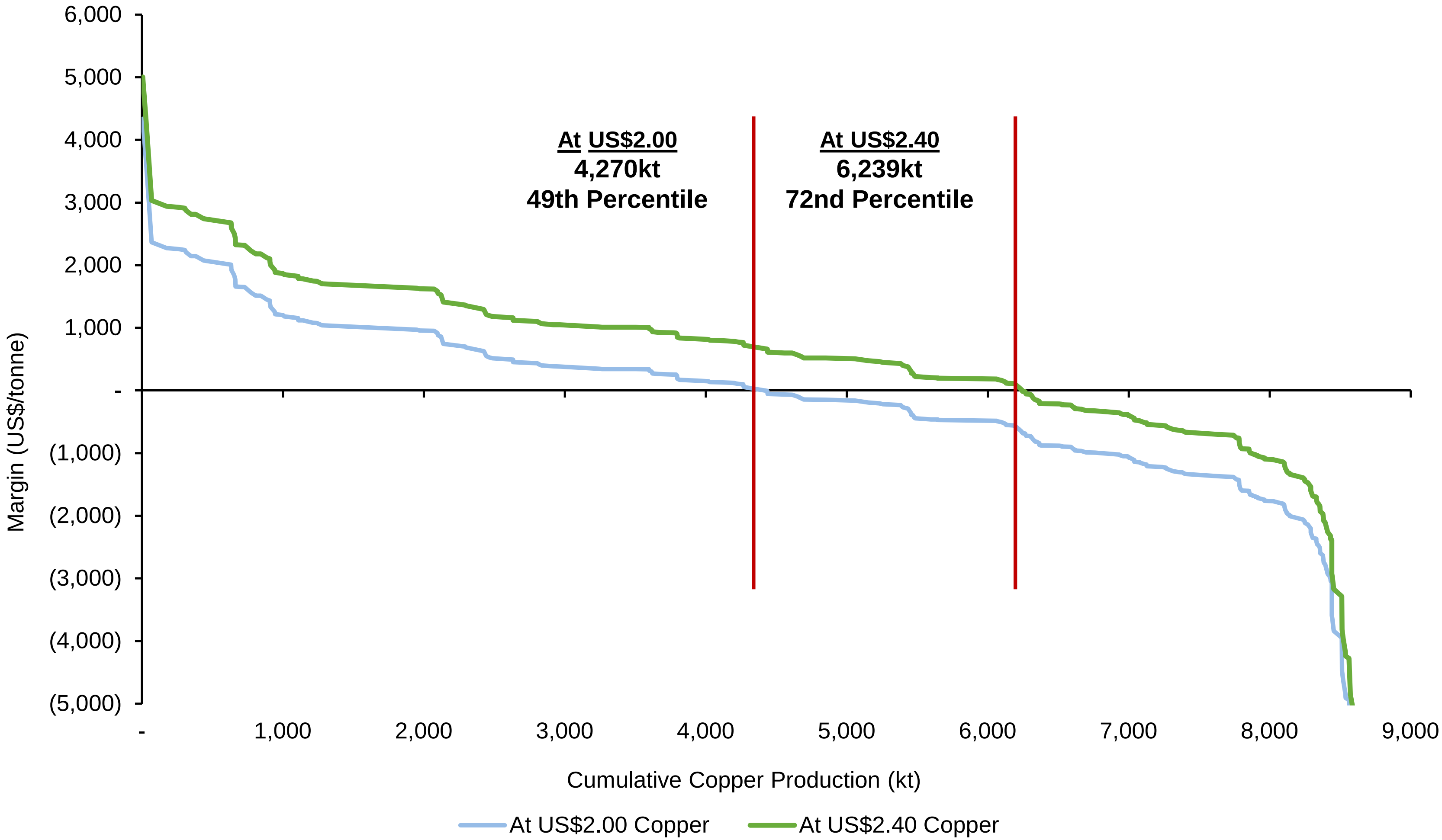



*Source: GFMS, Thomson Reuters*

# Copper Margin Curve

Teck

## Bernstein Estimated Margin After Sustaining Capex

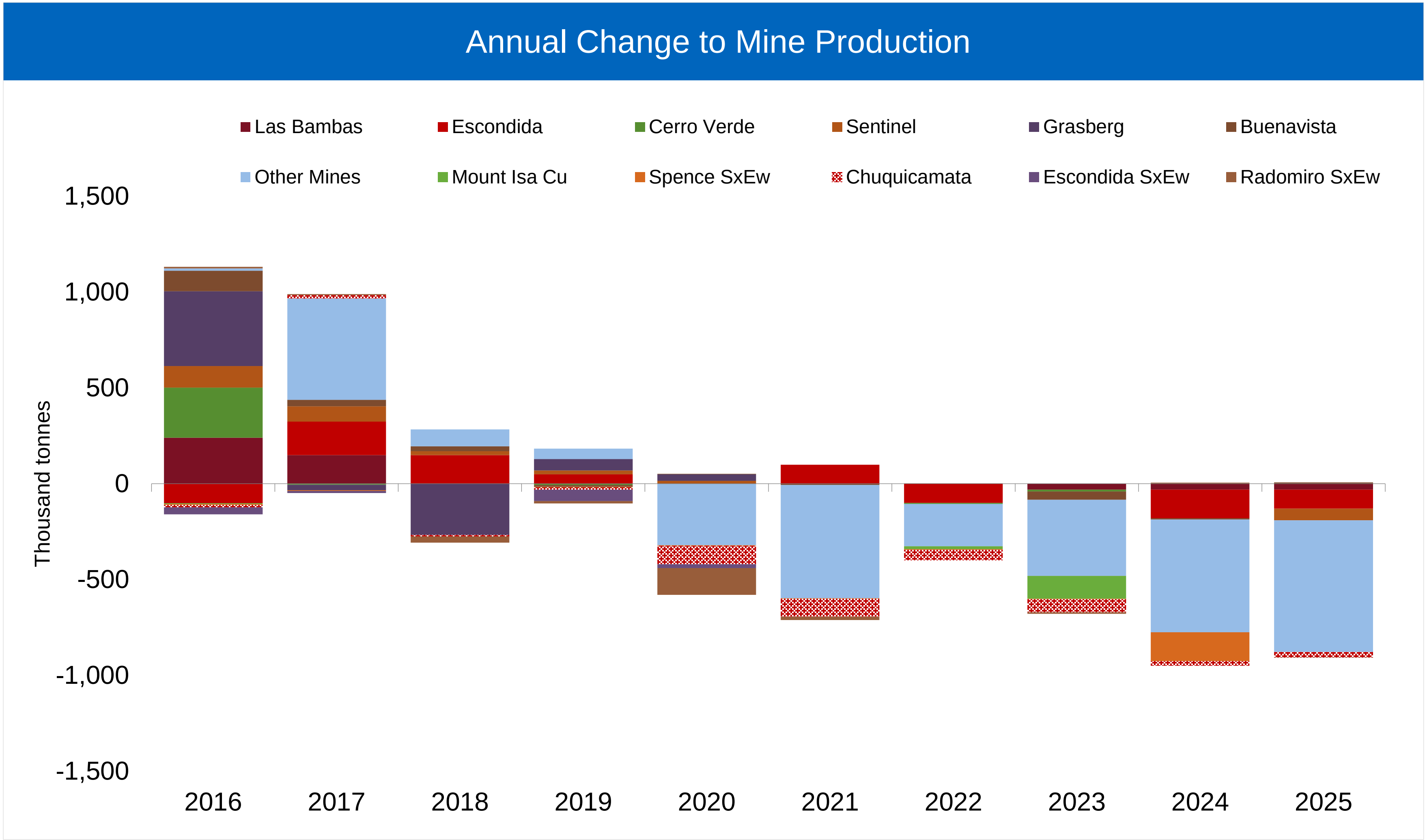





*Source: Bernstein Research*

# Copper Growth Set to Decline

Teck



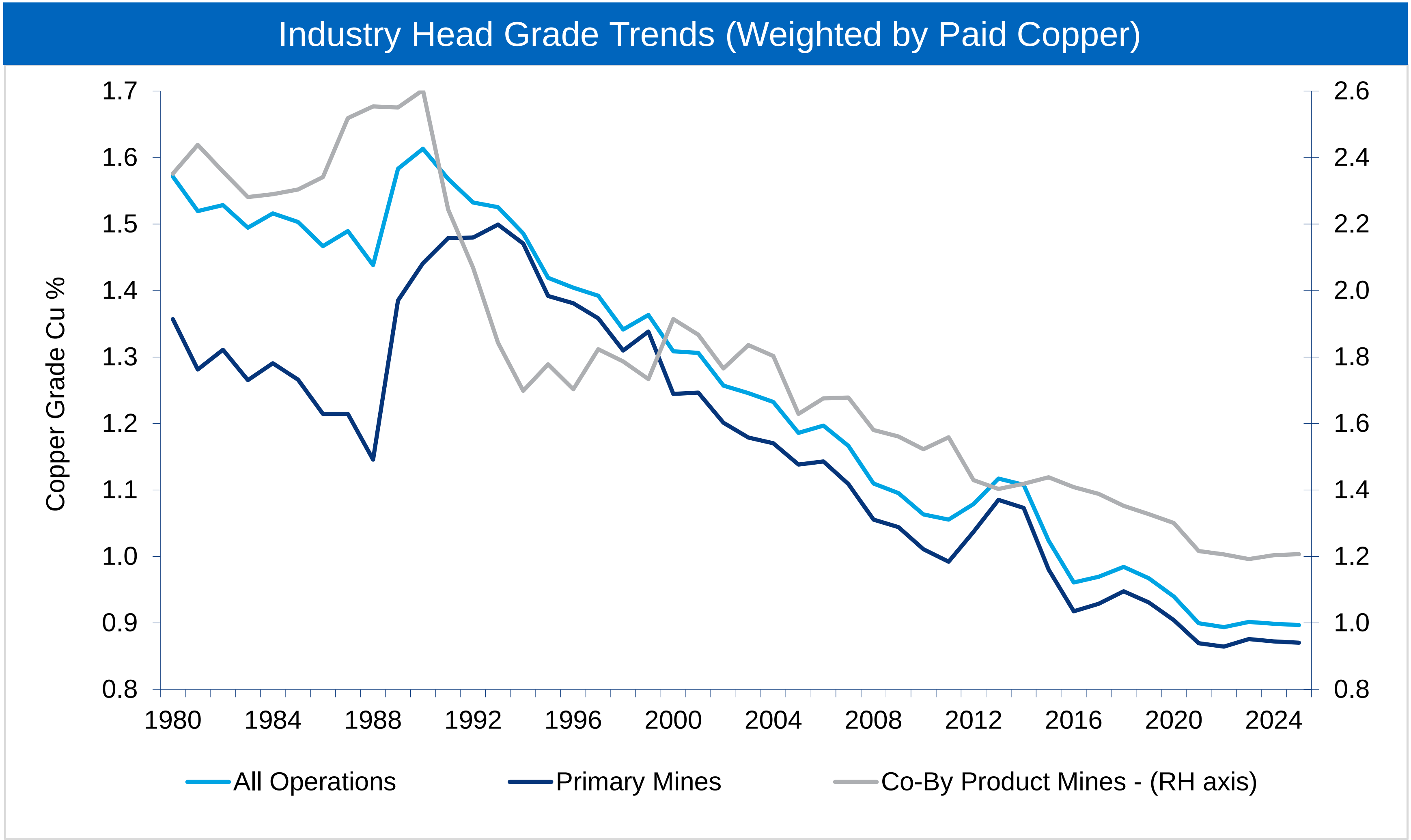



*Source: Wood Mackenzie*

# Ore Grade Trends

## Ongoing decline will put upward pressure on unit costs

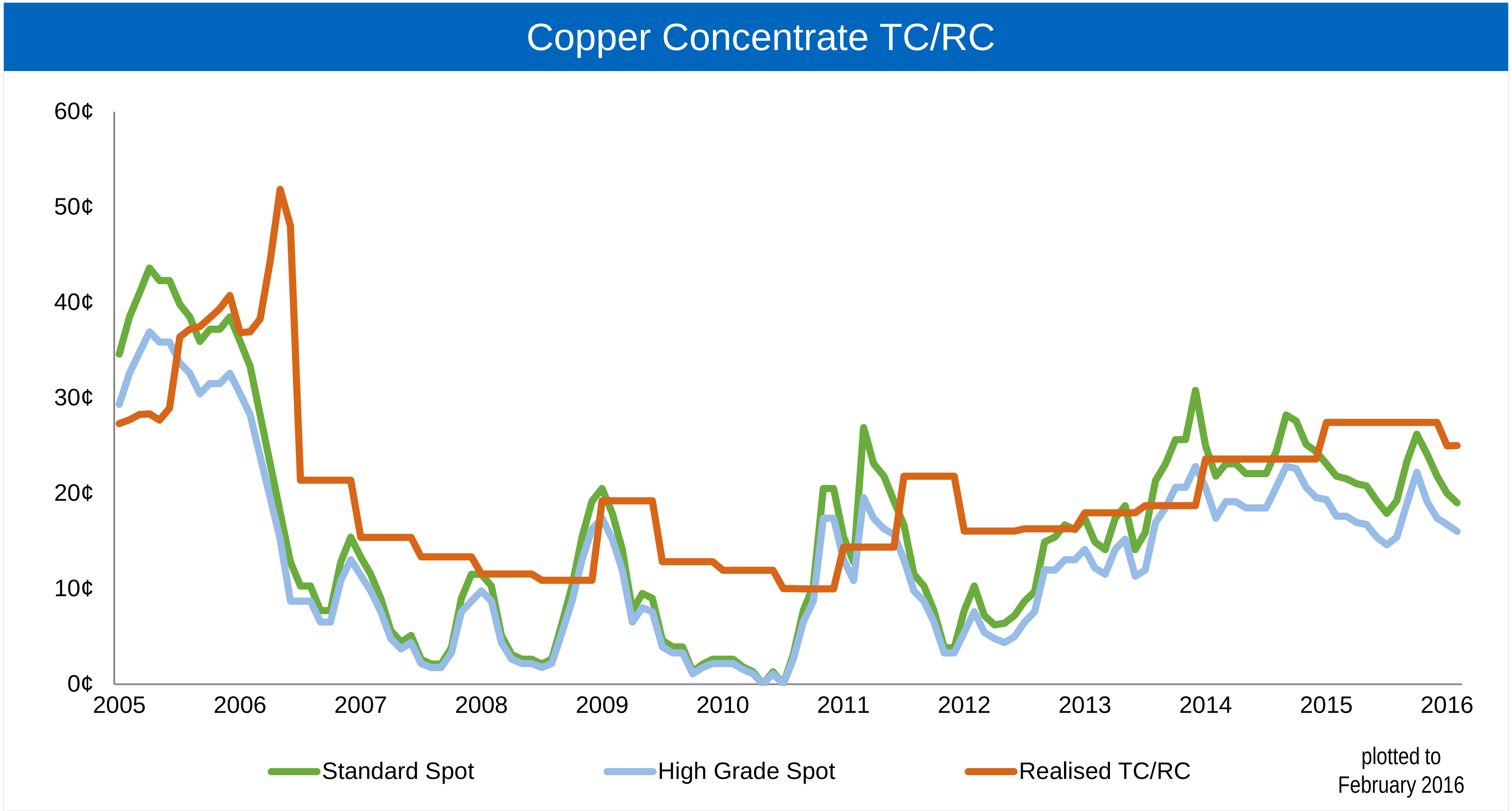
Teck






*Source: Wood Mackenzie*

# Copper Concentrate TC/RCs



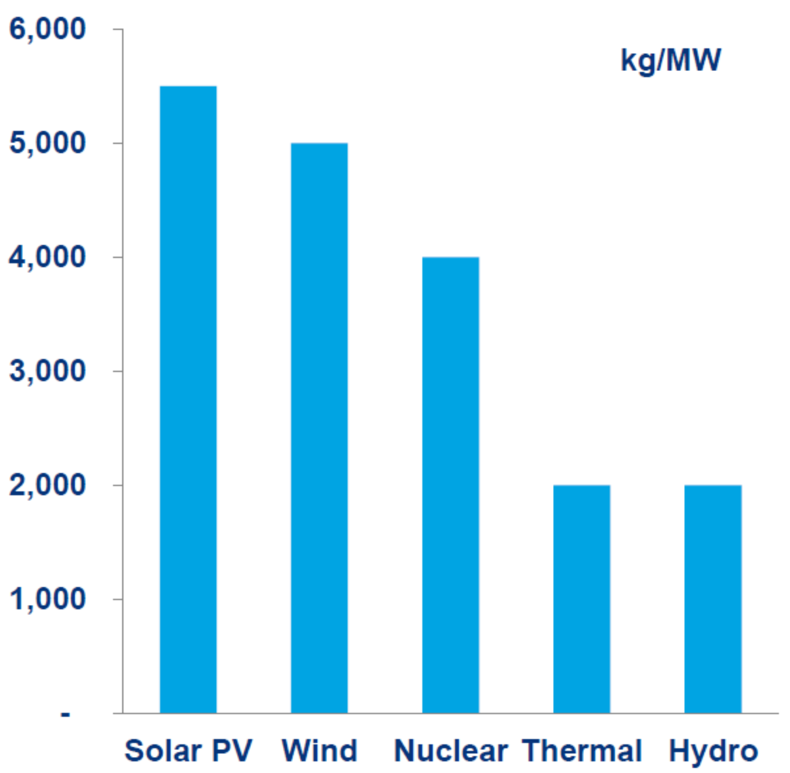



*Source: Teck, CRU*

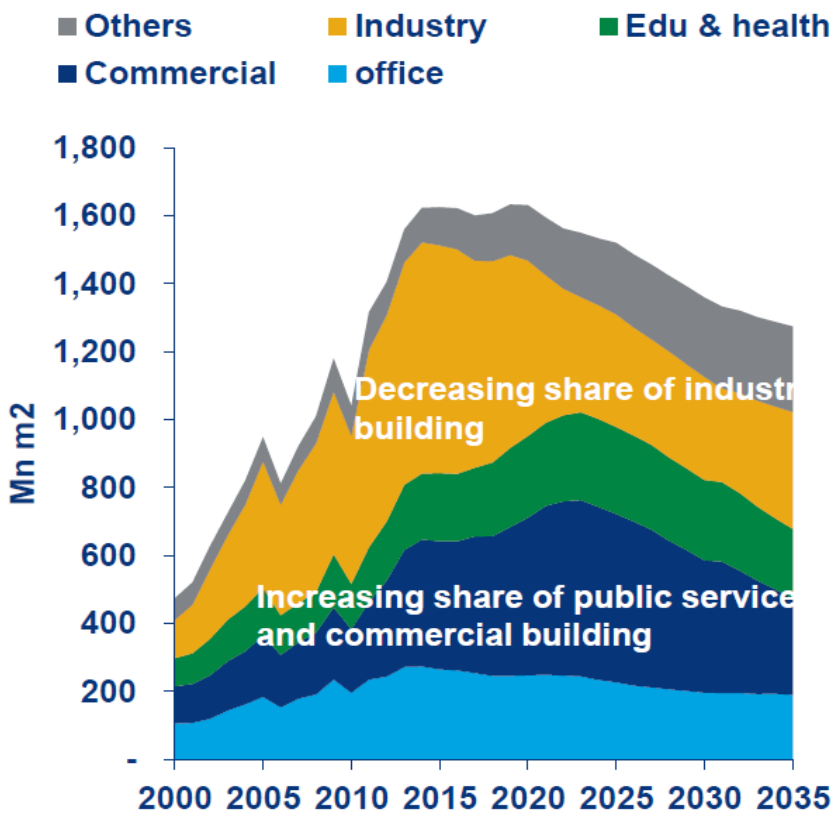
# Wood Mac Still Forecasting Chinese Demand Growth

Teck

## Copper Intensity Generation/Transmission




## Non-Residential Buildings Drive Copper Demand Near Term



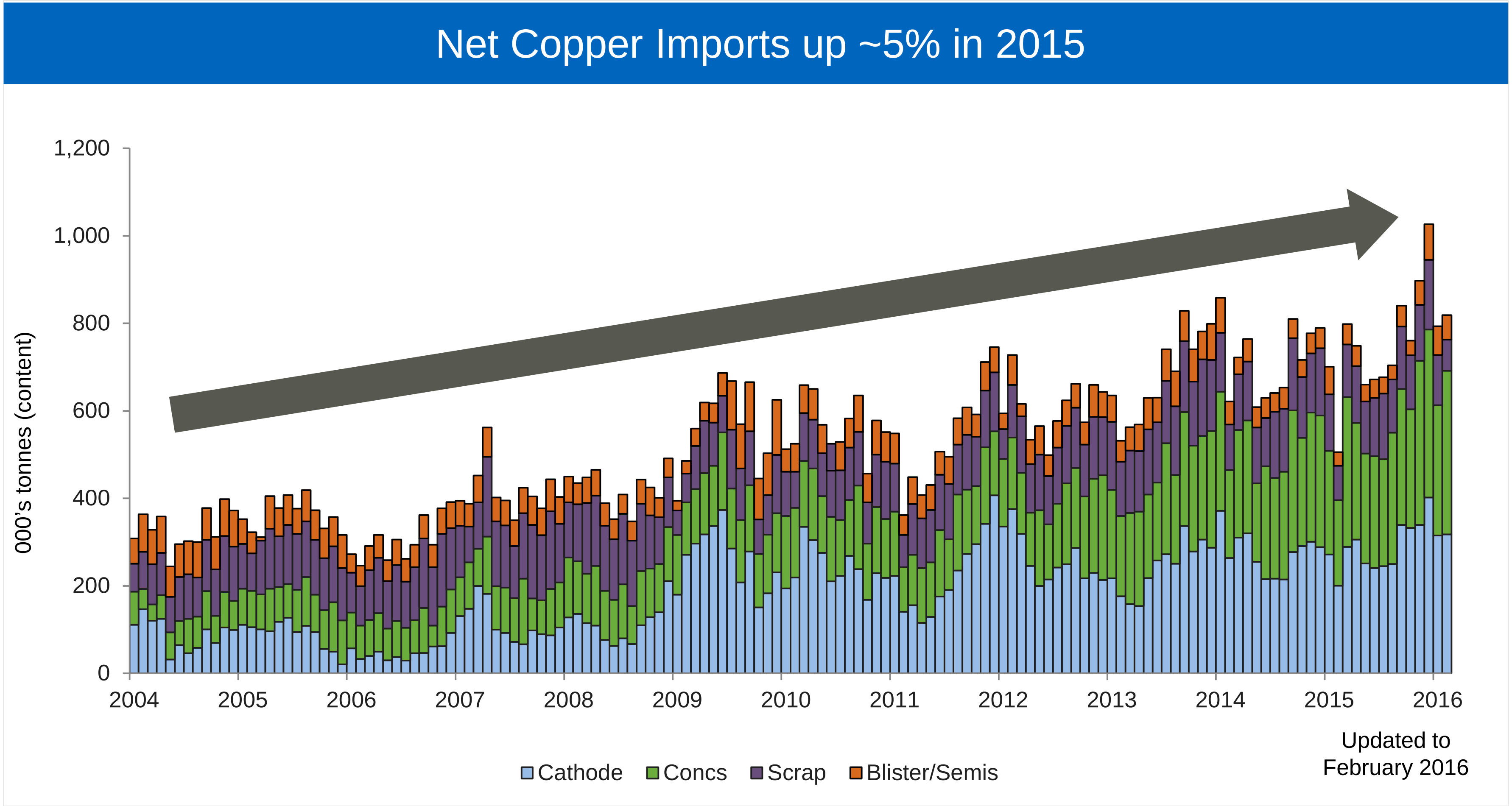

Increasing green electricity consumption to drive copper demand; Non-residential construction has higher intensity of use



Source: Wood Mackenzie, Teck

# China Switching to Copper Concentrates

Teck




**Total copper unit imports continue to climb**

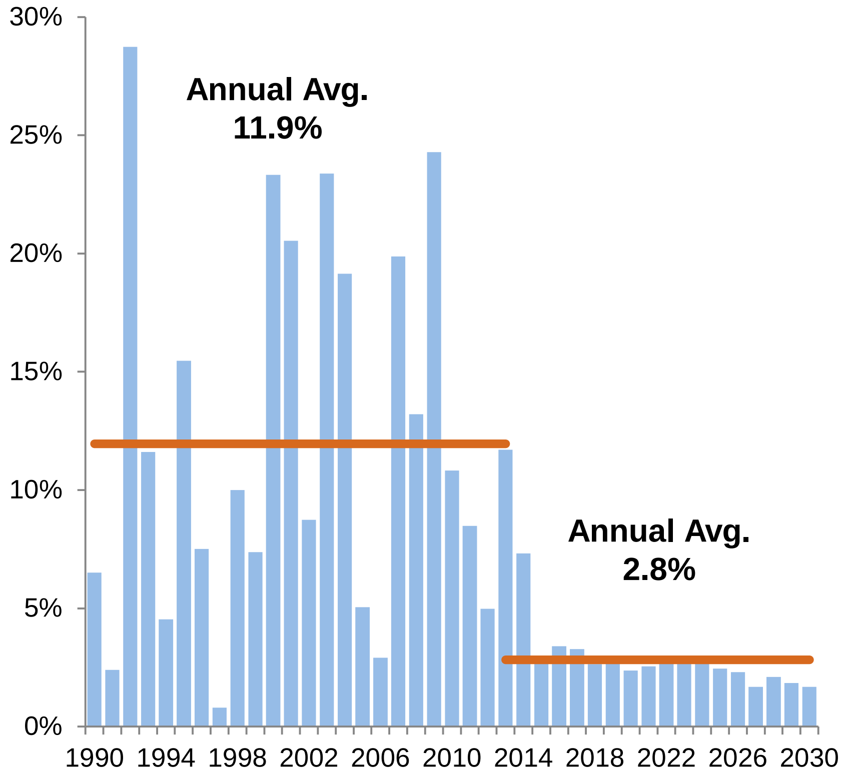


*Source: NBS*

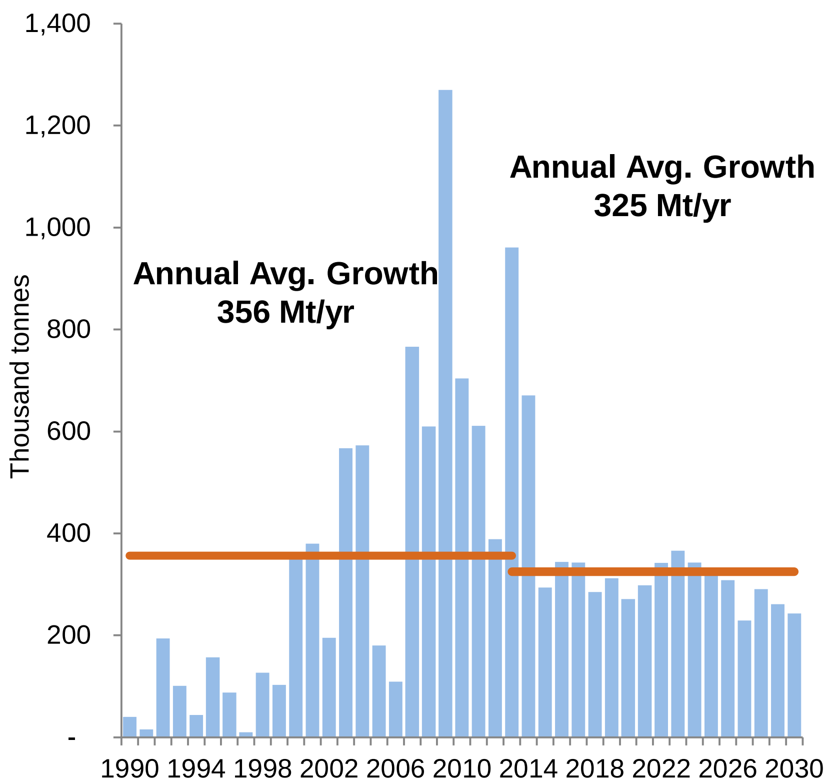
# Significant Chinese Copper Demand Remains

Teck

## Annual Growth Rate of Chinese Copper Consumption to Slow Dramatically…




## …But Will Add Significantly in Additional Tonnage Terms




**China expected to add almost as much to global demand in the next 15 years as the past 25 years**

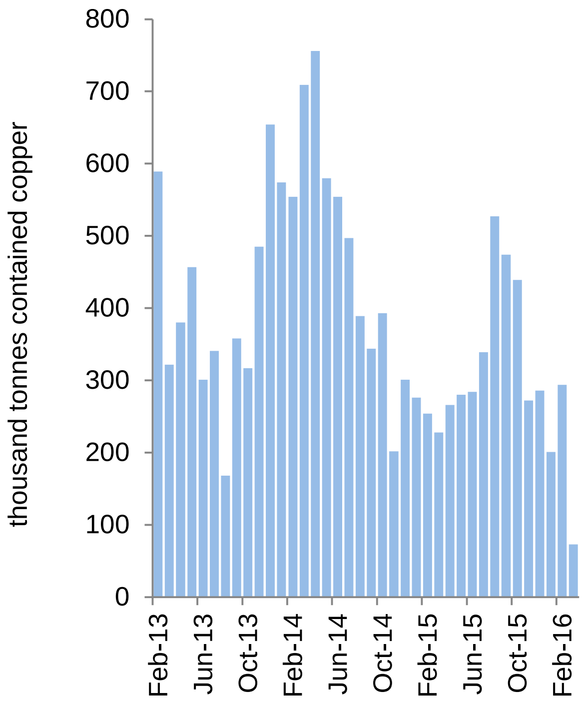


*Source: Wood Mackenzie, Teck*

# Global Copper Cathode Balances

## Wood Mackenzie's Outlook is Trending Down

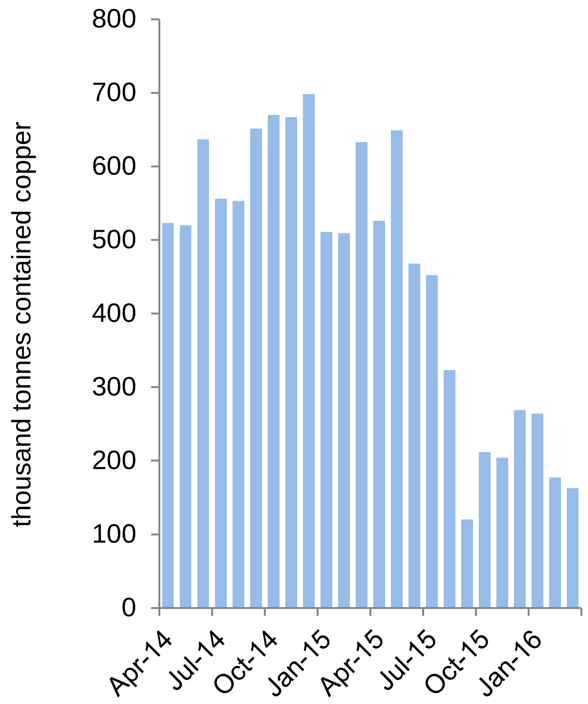
### 2015




**Since April 2014**

- Despite a 725,000 tonne drop in demand
- The surplus is down 750,000 tonnes

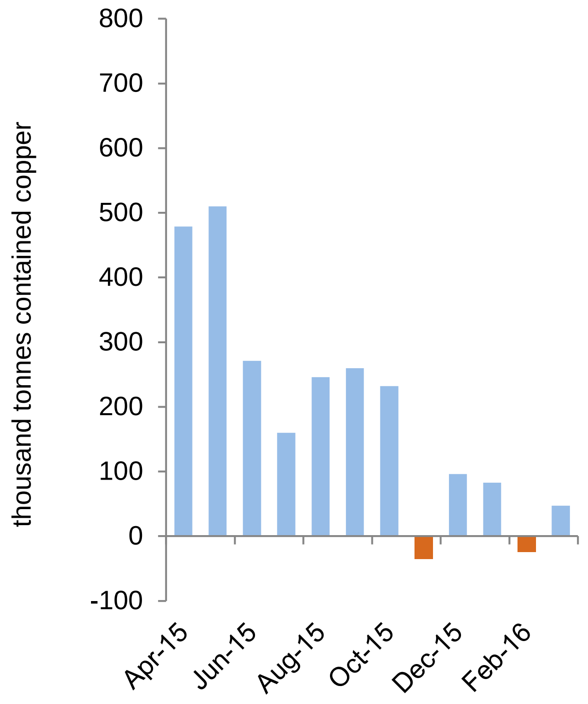
### 2016




**Since December 2014**

- Despite a drop of 660,000 tonnes to Wood Mackenzie's demand estimates
- Their surplus is down 700,000 tonnes

### 2017




**Since April 2015**

- Down from a 510,000 tonnes surplus
- Despite a 510,000 tonne drop in demand



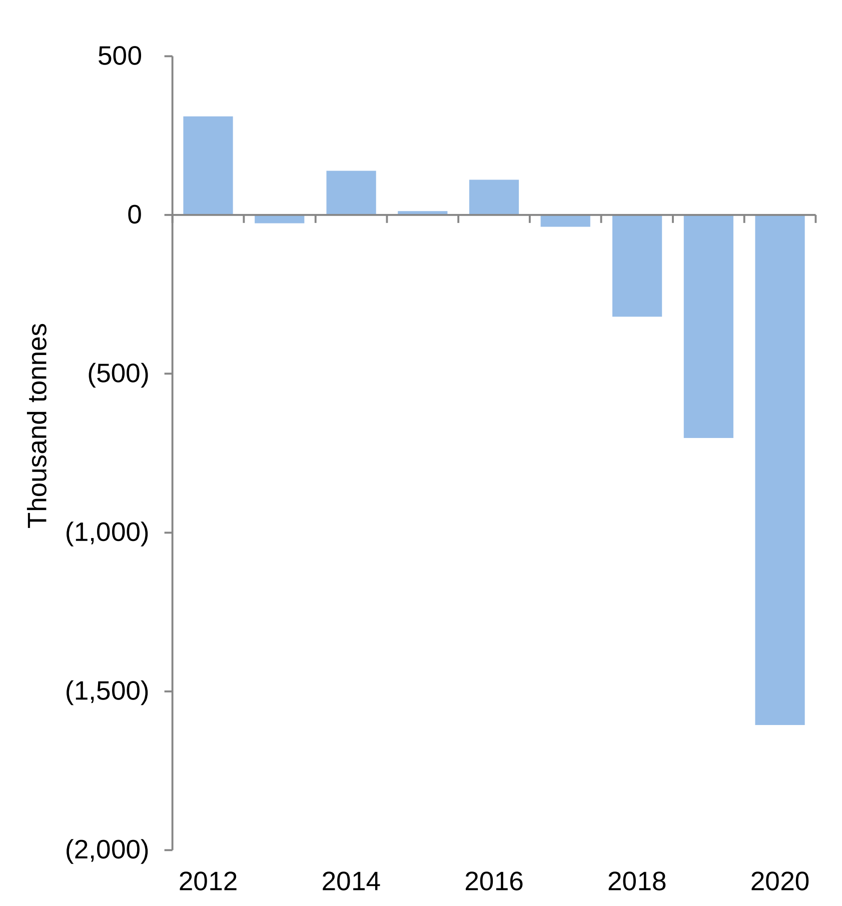
*Source: Wood Mackenzie*

# Long-Term Copper Mine Production Still Needed

Teck

- At 2.3% global demand growth, 480 kt of new supply needed annually
- Post 2016, mine production falls ~260 kt per year
- Structural deficit starts 2018
- Projects delayed today will not be available to the market by 2018
- Market finely balanced through 2018; could materially change with similar disruptions to 2015

Forecast Copper Refined Balance






*Source: ICSG, Wood Mackenzie, Teck*

# Building Partnerships: Corridor Project

Teck

**Teck and Goldcorp have combined Relincho and El Morro projects and formed a 50/50 joint venture company**

- Committed to building strong, mutually beneficial relationships with stakeholders and communities

**Capital smart partnership**

- Shared capital, common infrastructure
- Shared risk, shared rewards

**Benefits of combining projects include:**

- Longer mine life
- Lower cost, improved capital efficiency
- Reduced environmental footprint
- Enhanced community benefits
- Greater returns over either standalone project

# Corridor Project Summary

| Initial Capital | Copper Production[1] | Gold Production[1] |
| --- | --- | --- |
| $3.0 - $3.5 | 190,000 | 315,000 |
| billion | tonnes per year | ounces per year |

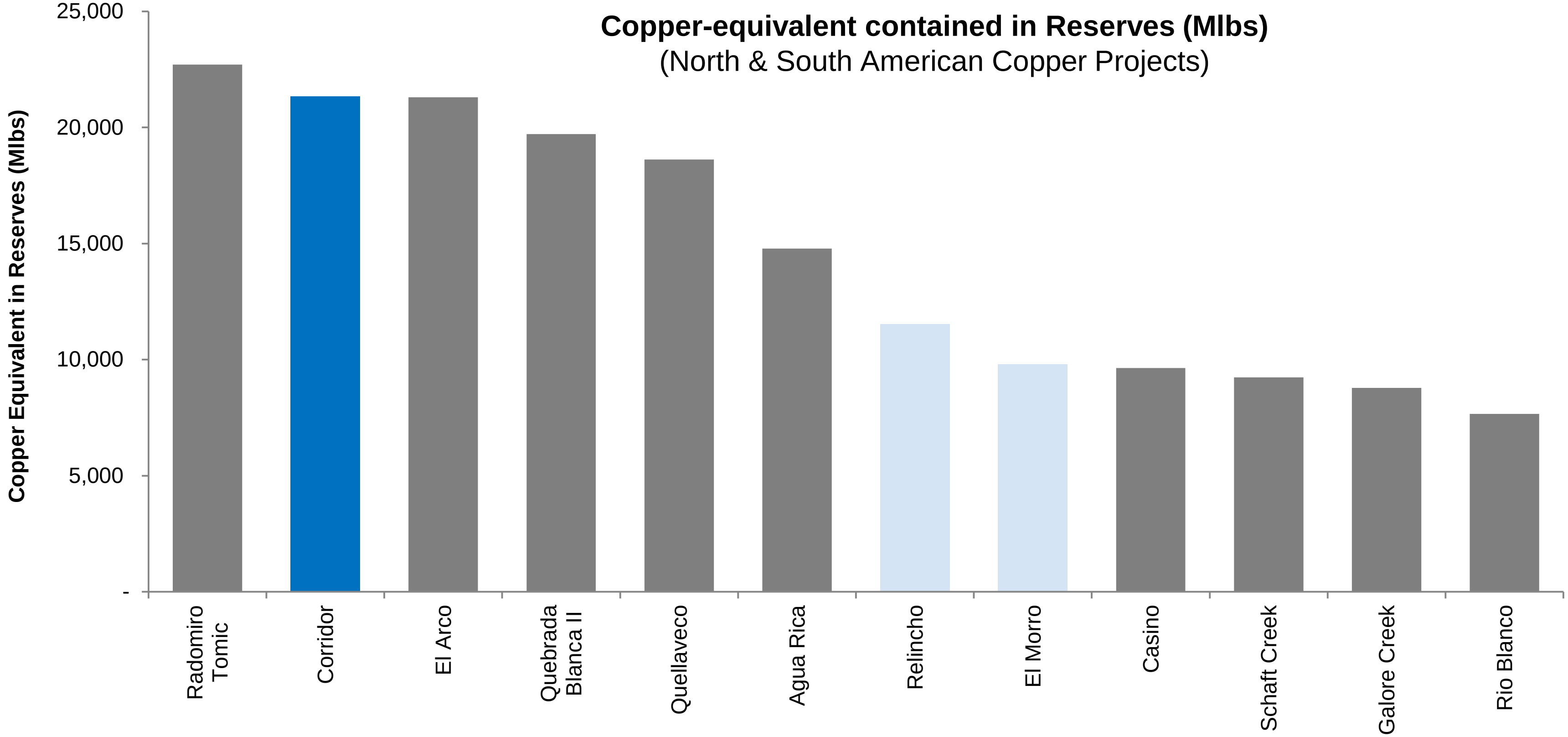
| Mine Life | Copper in Reserves[2] | Gold in Reserves[2] |
| --- | --- | --- |
| 32+ | 16.6 | 8.9 |
| years | billion pounds | million ounces |

*Note: Conceptual based on preliminary design from the PEA*

1. *Average production rates are based on the first full ten years of operations*
2. *Total copper and gold contained in mineral reserves as reported separately by Teck and Goldcorp; refer to Appendix A in Additional Information.*
3. *Capital estimate for Phase 1a based on preliminary design shown in 2015 dollars on an unescalated basis*

# Copper Development Projects in the Americas

**Corridor is one of the largest open pit copper development projects in the Americas on the basis of copper contained in Proven and Probable Reserves**



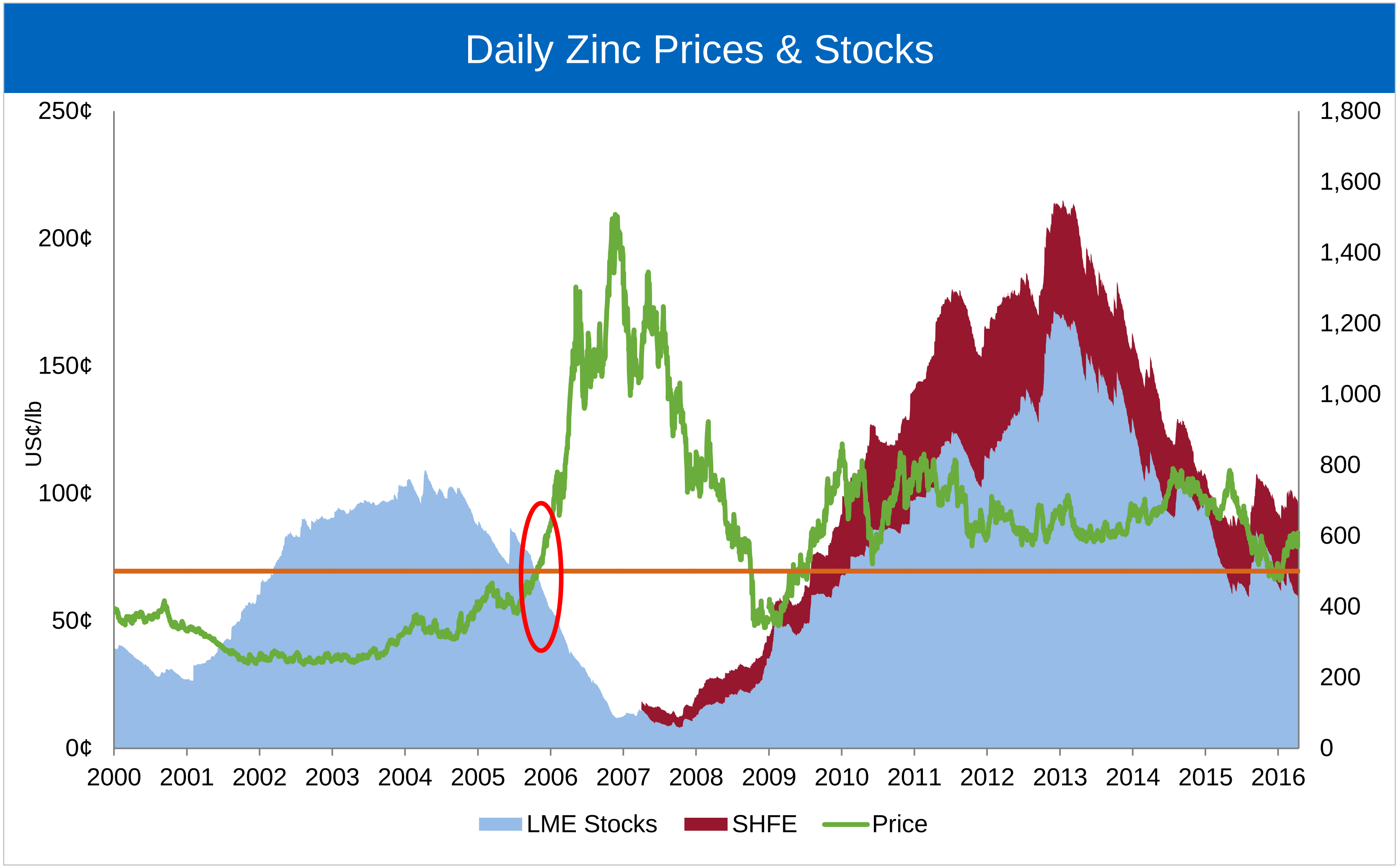

*Note: Copper equivalent reserves calculated using $3.25/lb Cu and $1,200/oz Au. Does not include copper resource projects that are currently in construction*

*Source: SNL Metals & Mining, Thomson One Analytics, and company disclosures.*

Teck

# Zinc
# Business Unit & Markets

# Zinc Metal Prices & Stocks






*Source: LME/SHFE*

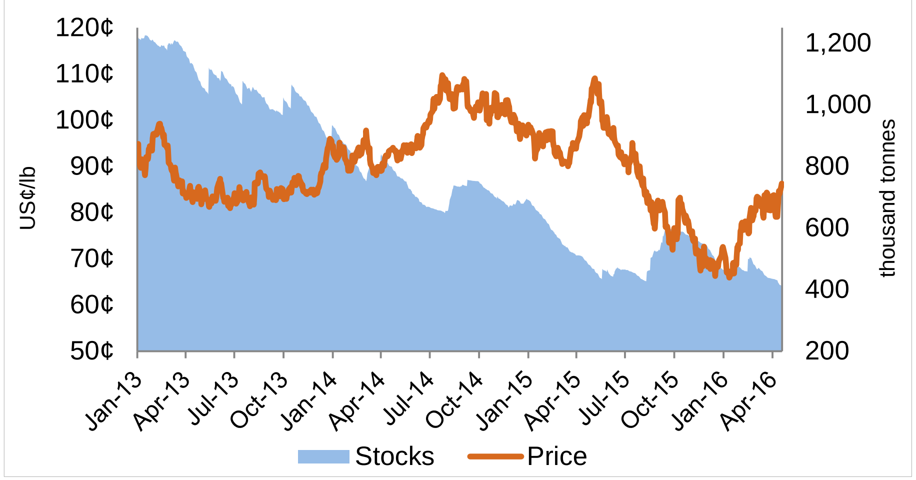
plotted to
April 15, 2016

# Zinc Mine Production
## Undersupplied, Even With Lower Growth

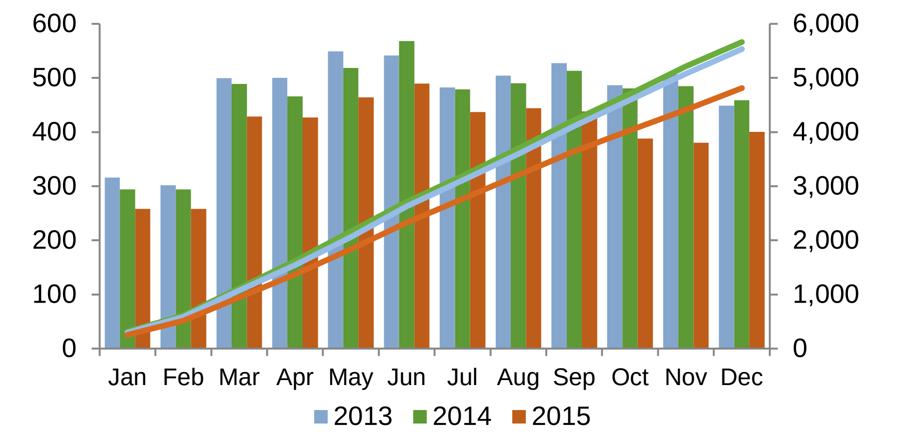
Teck

- Metal market in deficit
- LME stocks down >810 kt over 27 months; sub-500 kt recently for the first time since 2010
- 'Off-market' inventory position to work down also
- Large periodic increases indicate significant off-market inventories flowing through the LME to consumers
- Chinese zinc mine production is down in the last 27 months

### LME Zinc Stocks




### Monthly Chinese Zinc Mine Production





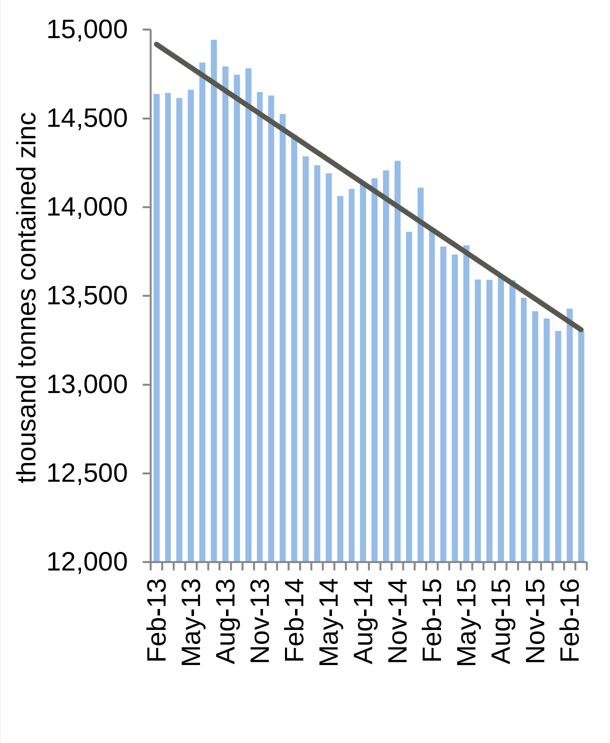

*Source: LME, NBS, CNIA*

# Zinc Mine Production

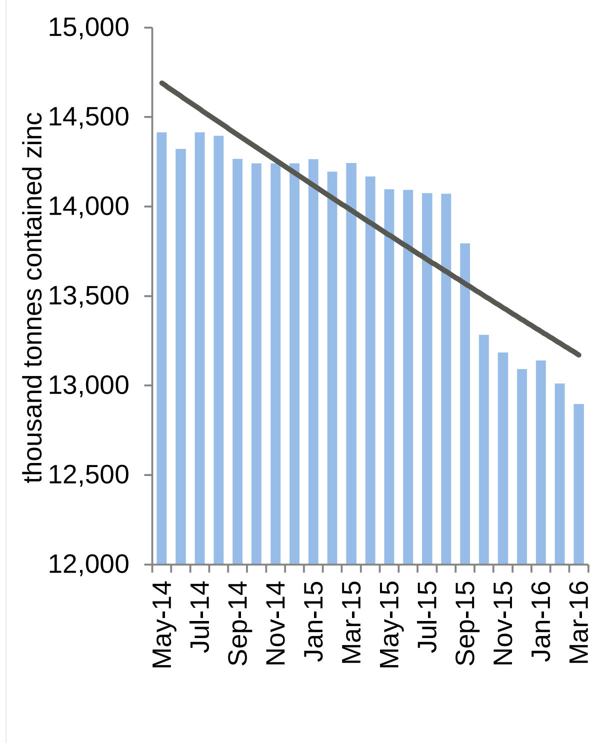
## Wood Mackenzie's Outlook is Trending Down

Teck

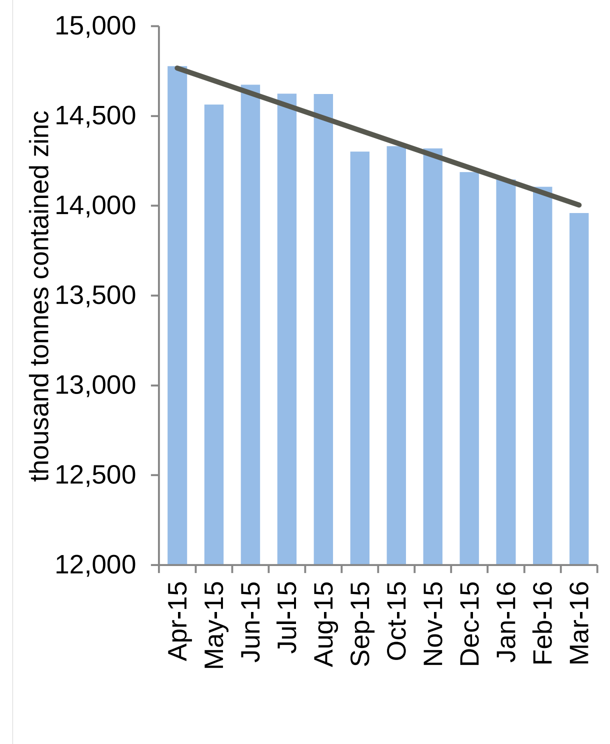
### 2015




### 2016




### 2017




- Down 770 kt from January 2015 estimates

- Down 1,230 kt from January 2015 estimates

- Down 820 kt from April 2015 estimates
- New project production down by 22%

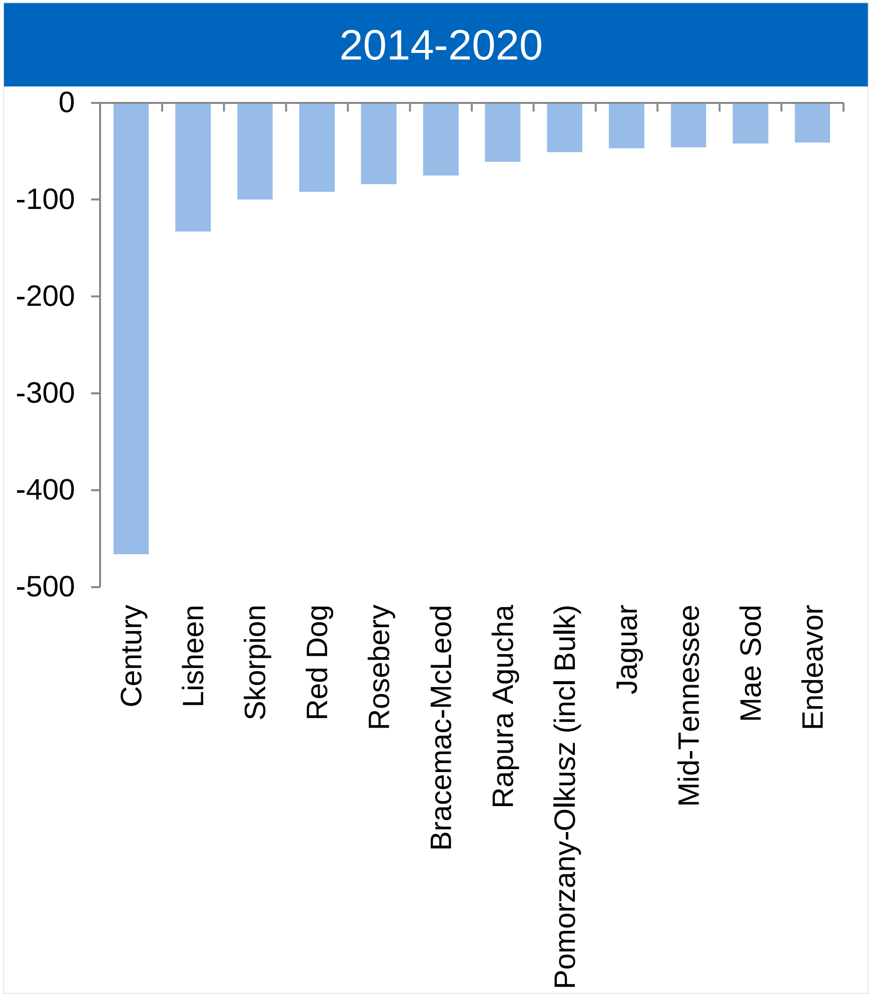


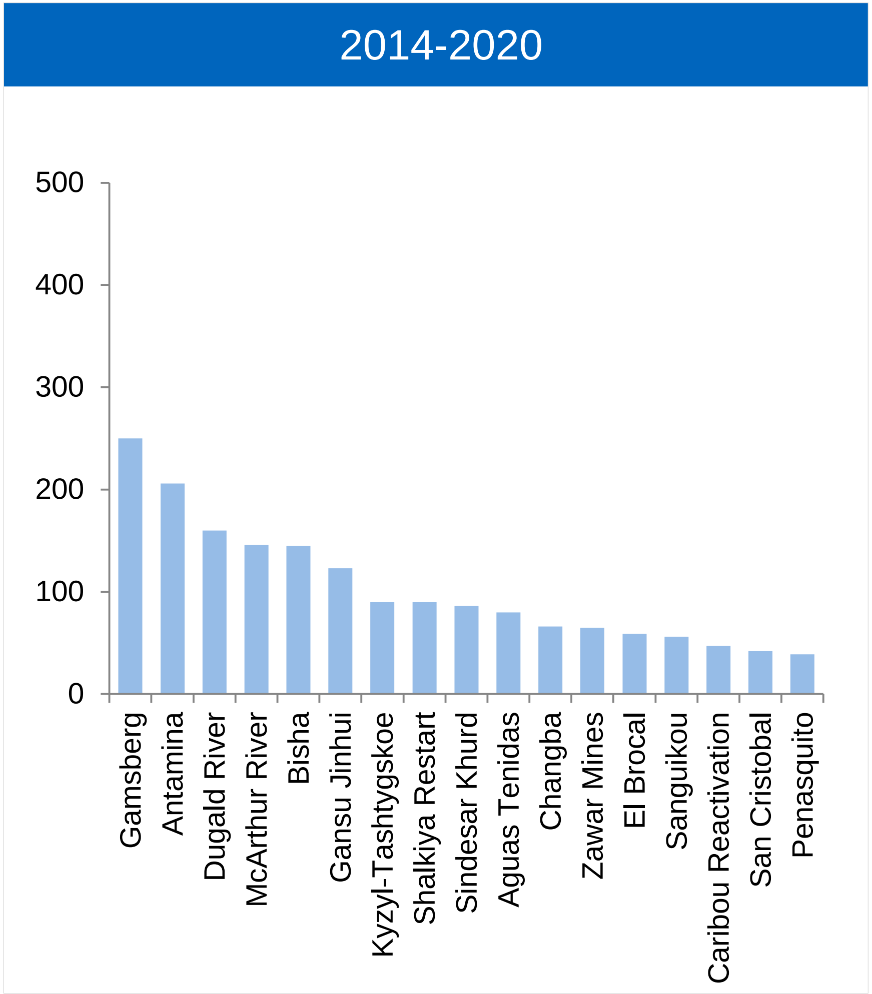
*Source: Wood Mackenzie*

# Significant Zinc Mine Reductions

## Large Short-Term Losses, More Long Term

Teck



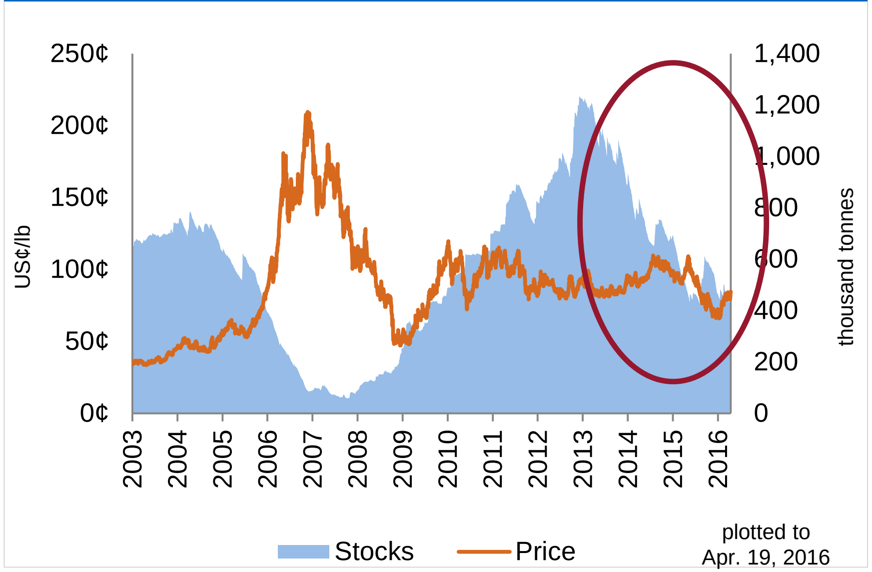





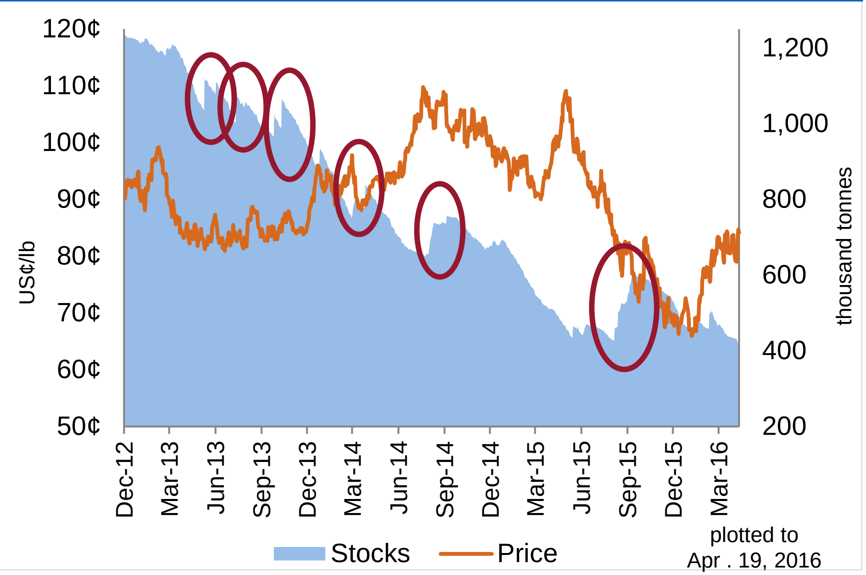

*Source: ICSG, Wood Mackenzie Teck, Company Reports*

# Zinc Inventories Declining

## LME Zinc Stocks - 11 Years




## LME Zinc Stocks – Since Dec 2012




- LME stocks down ~810 kt over 24 months
- Large inventory position still to work down but we are under 500kt for the first time since early 2010, now nearing 400kt.
- Large, sudden increases indicate there are also significant off-market inventories flowing through the LME to consumers



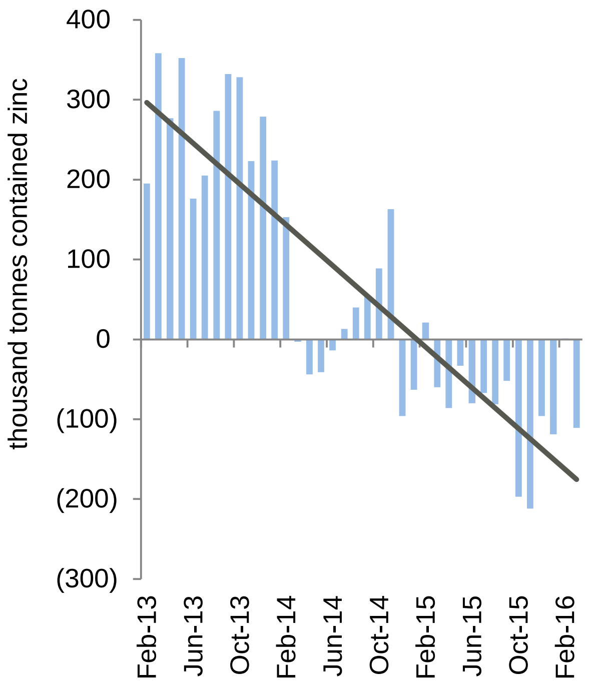
*Source: LME*

# Zinc Concentrate Balances

## Wood Mackenzie's 2015 - 2017 Outlooks Trending Down

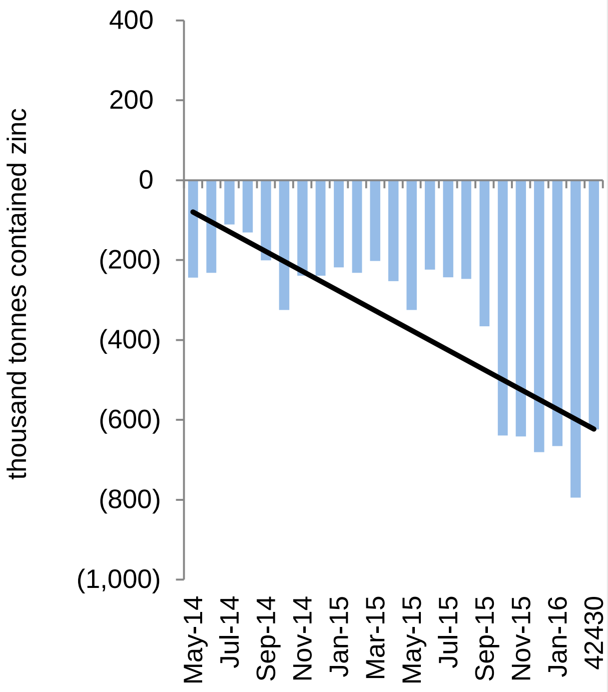
Teck

### 2015



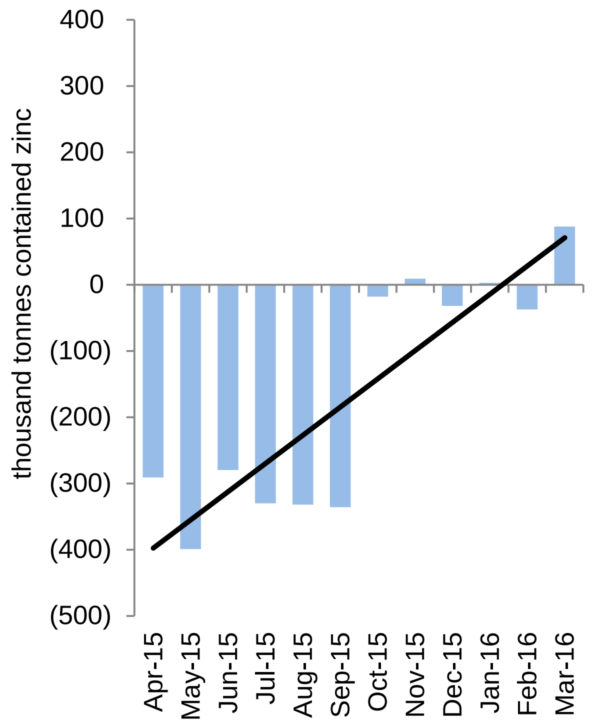

- Down 15 kt from December 2014 estimates, taking the market from deficit of 96 kt to a deficit of 111 kt

### 2016




- Down 385 kt from December 2014 estimates, taking the market further into deficit of 624 kt

### 2017



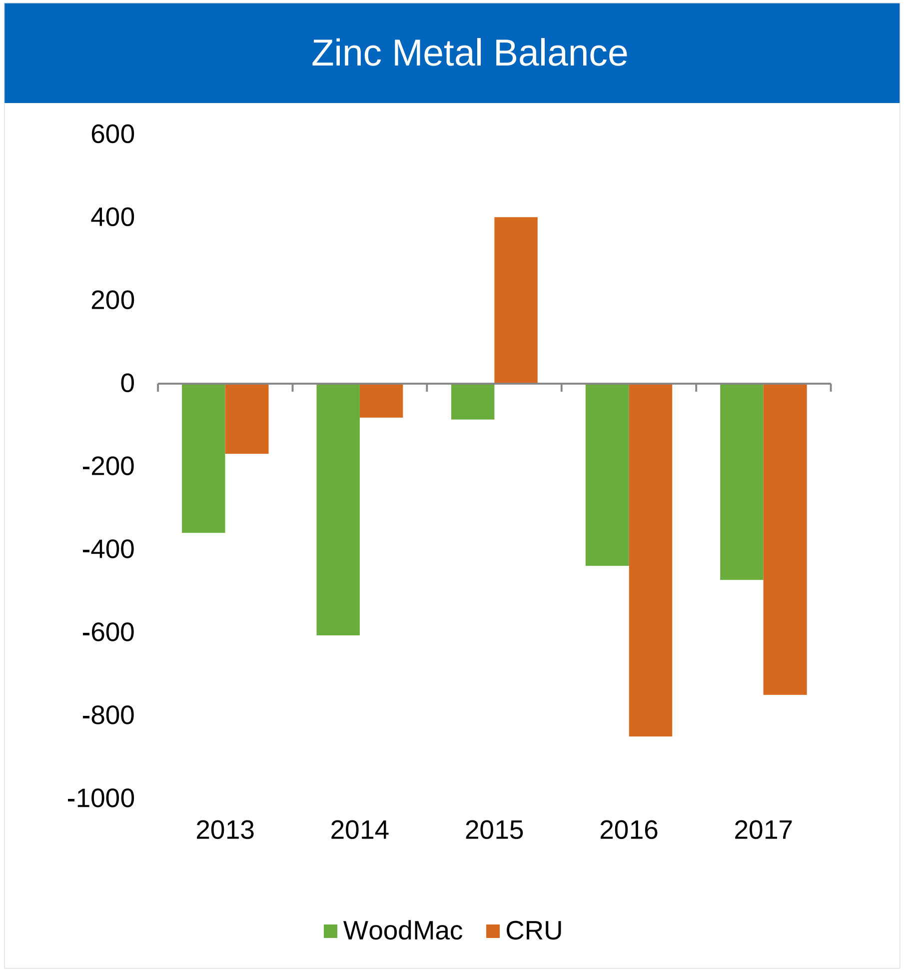

- Up 379 kt from April 2015 estimates
- Wood Mackenzie expects over 1 million tonnes of projects and expansions will come online in 2017 due to higher prices



*Source: Wood Mackenzie*

# Zinc Metal Market Mostly in Deficit Since 2013

Teck




**Market View – Wood Mackenzie & CRU**

- Zinc metal deficit forecasted for 2016 and 2017
- Mine production increases of -3.5% and 7.6% respectively expected for 2016 and 2017. The closure of Century and Lisheen, as well as production cuts due to low zinc prices will cause mine production to decrease in 2016. In 2017, higher prices are expected to bring a large amount of Chinese mine production online and it is expected that Glencore will bring production back in 2017
- Deficits of around 500kt/year in 2016 and 2017 will still result in large draw down of stocks

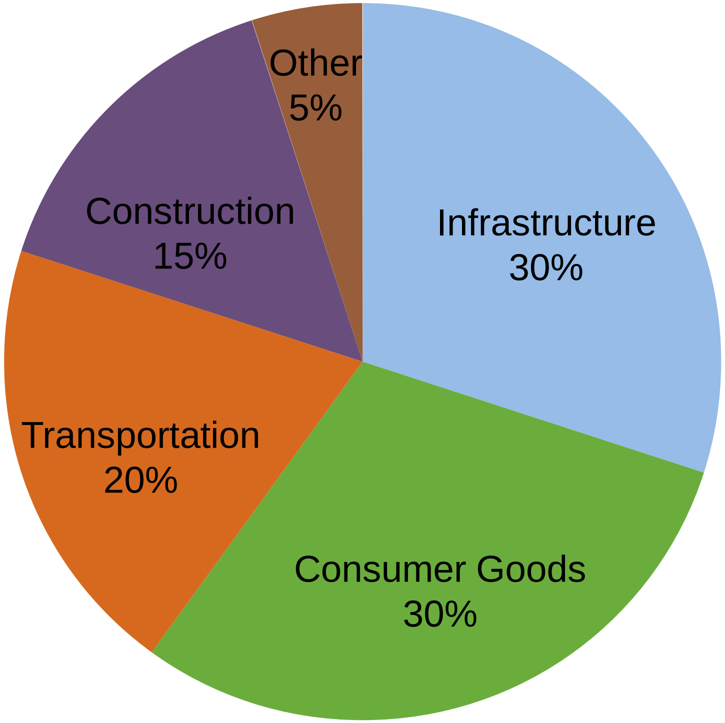


*Source: Wood Mackenzie, CRU*

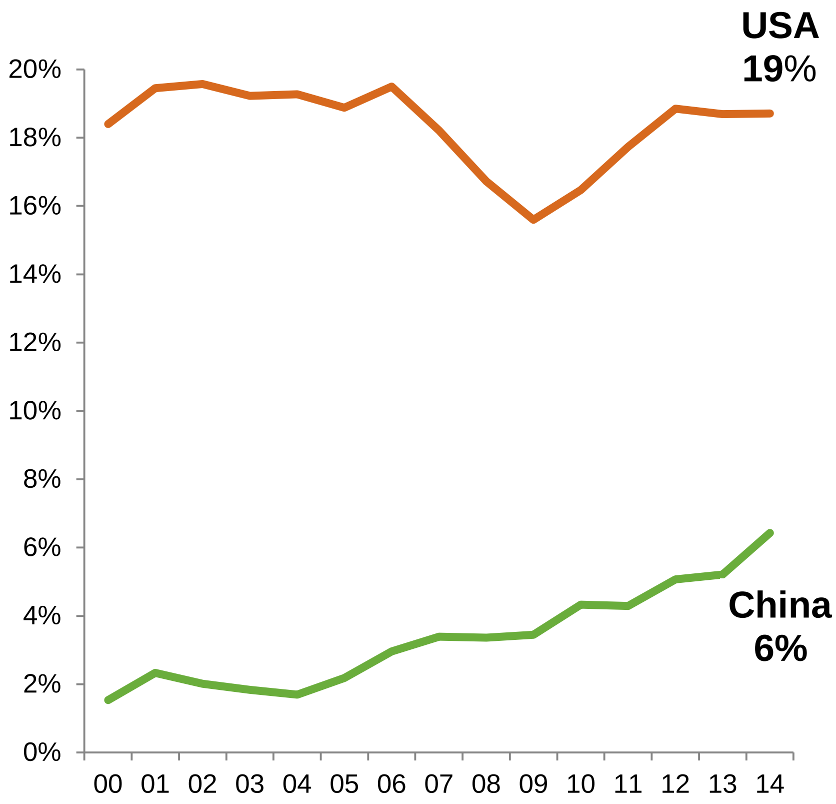
# Chinese Zinc Demand to Outpace Supply

Teck

## China Zinc Demand




## Galvanized Steel as % Crude Production



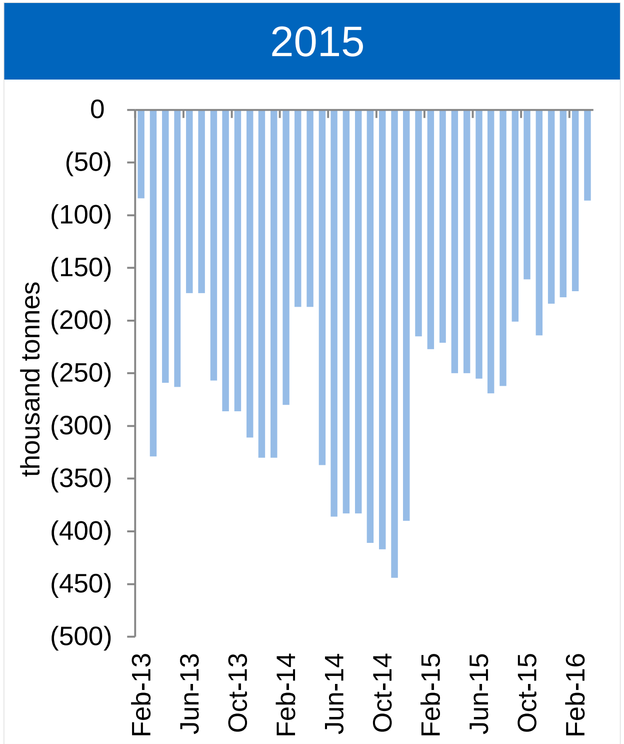

If China were to galvanize crude steel at half the rate of the US using the same rate of zinc/tonne, a further 2.1 Mt would be added to global zinc consumption



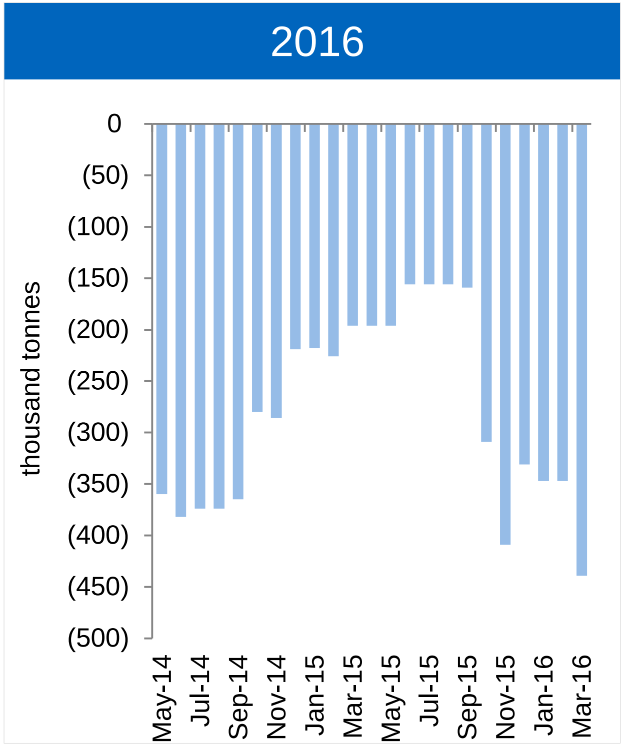
*Source: Teck*

# Refined Zinc Balances

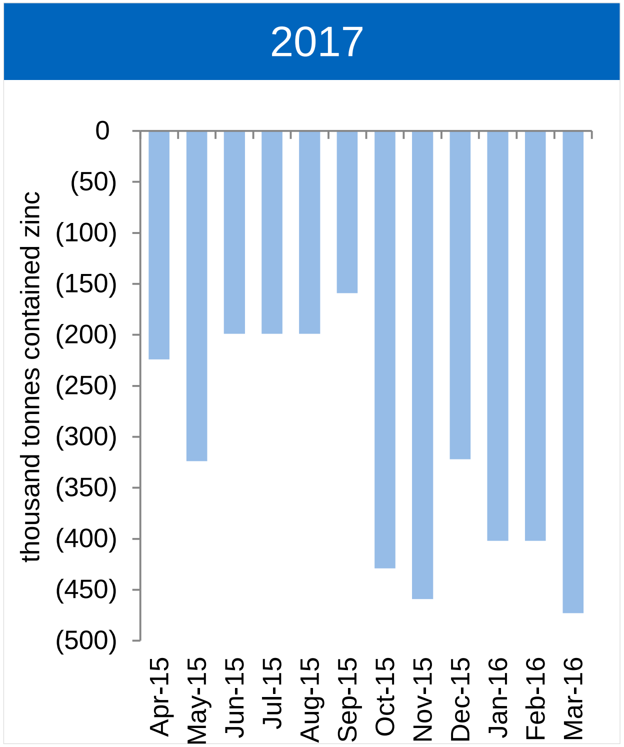
## Wood Mackenzie's Outlook is Trending Down




- Deficit is being decreased by 106 kt from December 2014 estimates, to 89 kt




- Deficit increased by 250 kt from December 2014 estimates, to 439 kt
- Increase due to production cuts, resulting in insufficient concentrate available to smelters and less refined production in 2016.




- Deficit increased by 250 kt from April 2015 estimates, to 475 kt

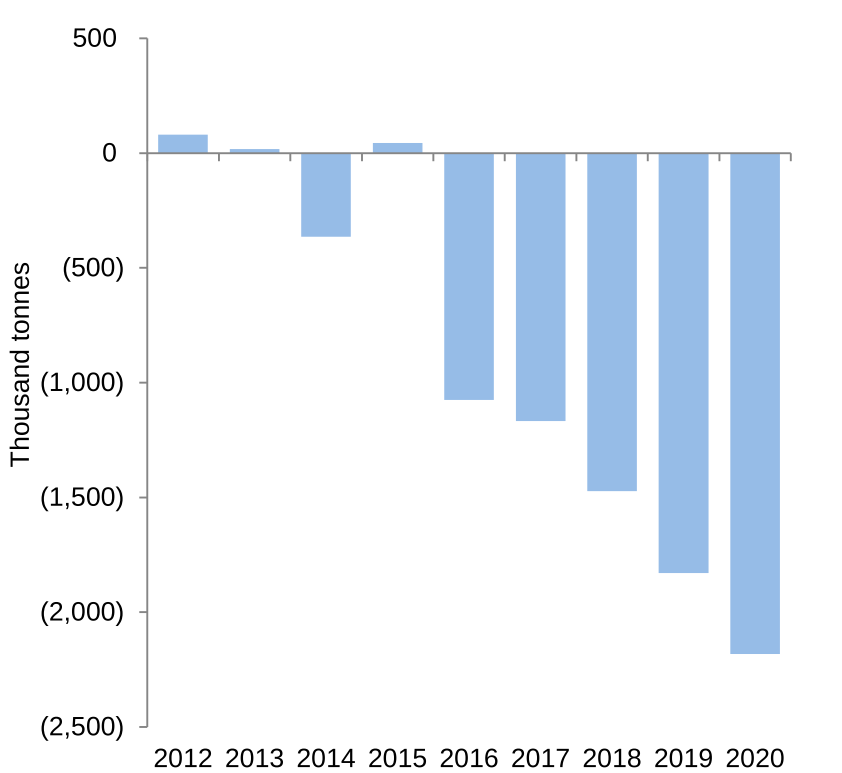


*Source: Wood Mackenzie*

# Committed Zinc Supply Insufficient for Demand

Teck

Forecast Zinc Refined Balance

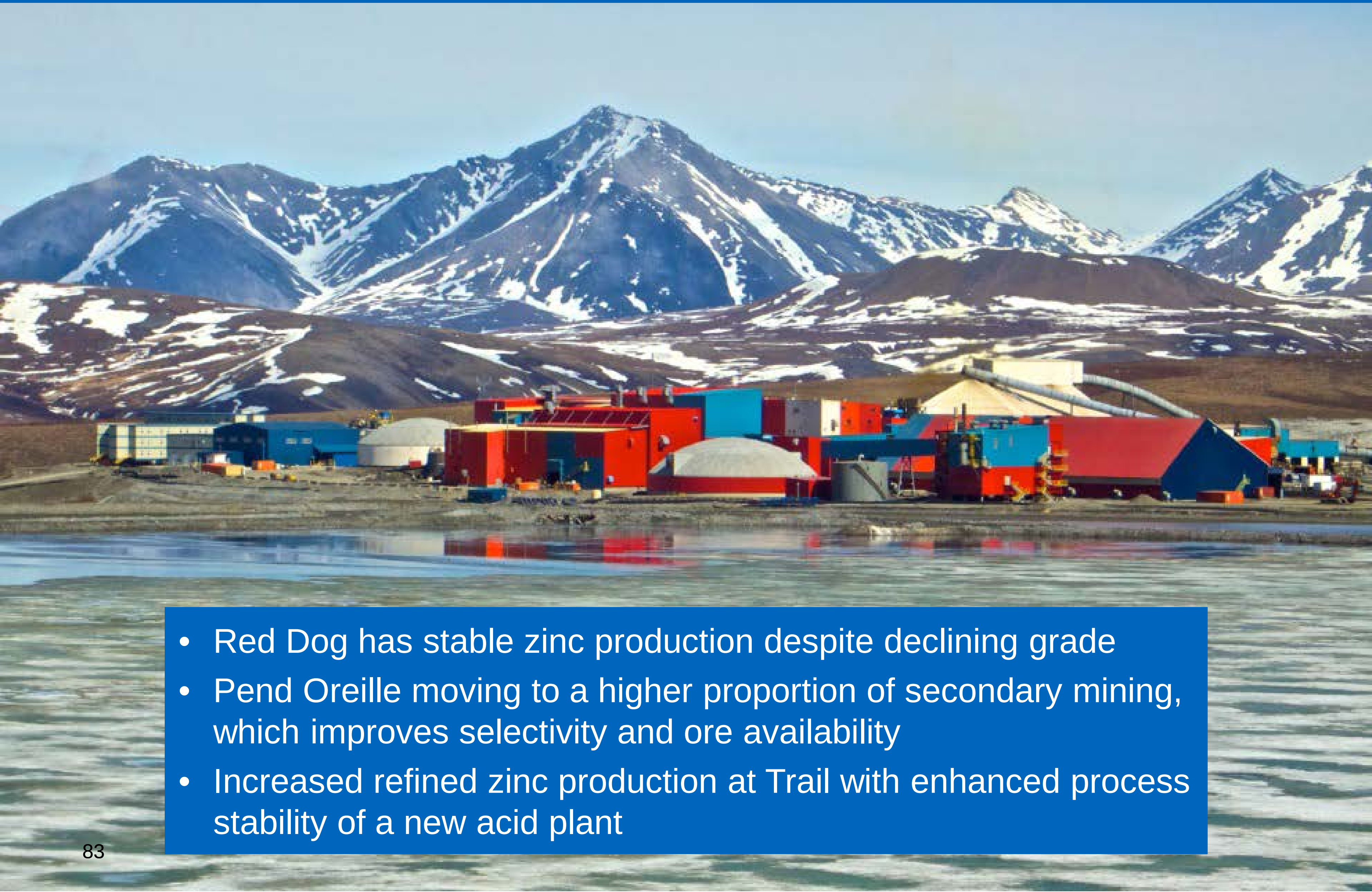



- We expect insufficient mine supply to constrain refined production
  - From 2014-2020, refined metal supply increase of only 792 kt
  - Over the same period, refined demand increase of 2.8 Mt
- Market was in deficit in 2014
- Ongoing, large inventory that has funded the deficit will continue in 2016
- Metal market moving into significant deficit with further mine closures and depleting inventories



*Source: Teck*

# Poised to Capitalize on Improving Zinc Fundamentals



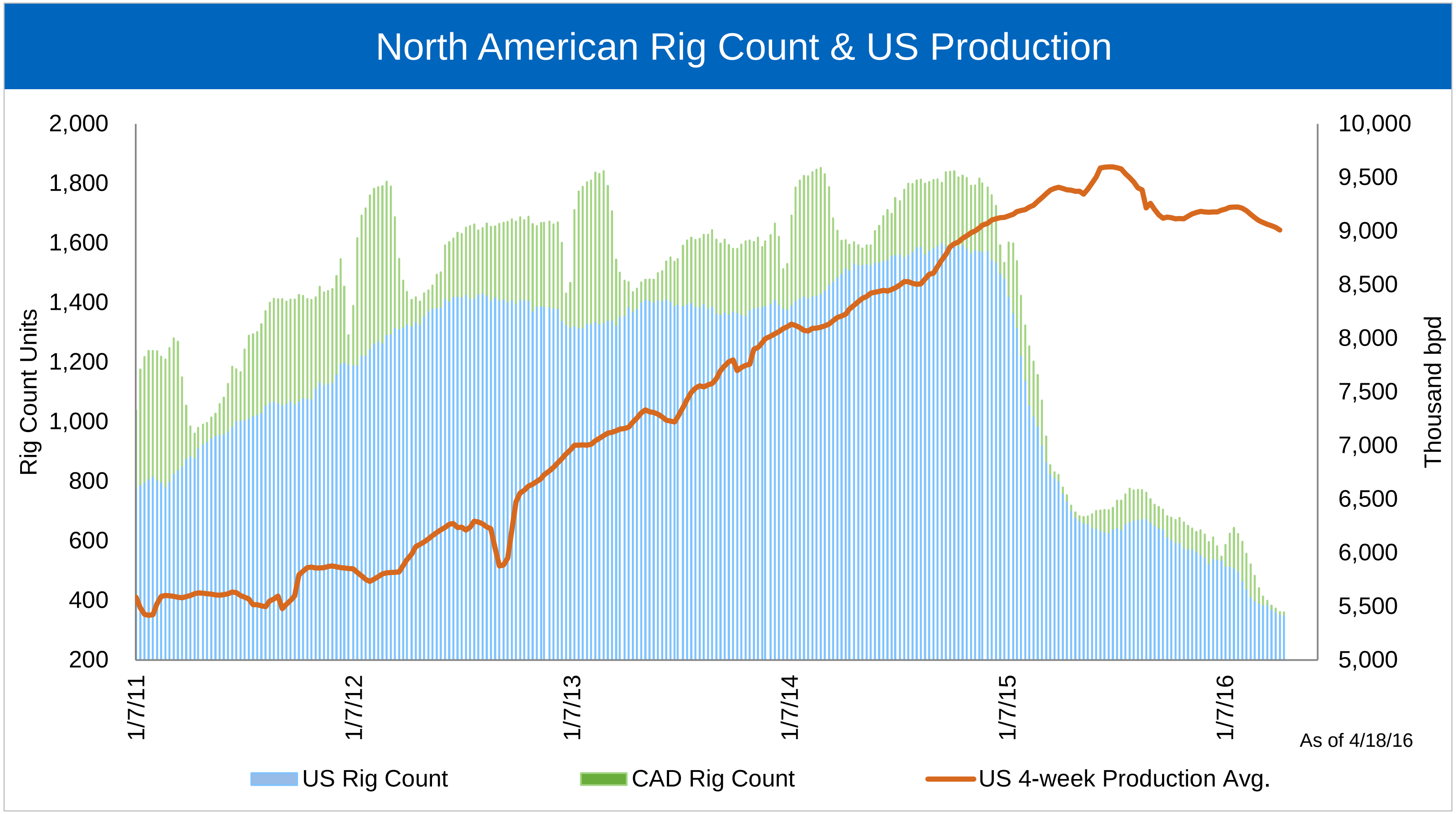
- Red Dog has stable zinc production despite declining grade
- Pend Oreille moving to a higher proportion of secondary mining, which improves selectivity and ore availability
- Increased refined zinc production at Trail with enhanced process stability of a new acid plant

Teck

# Energy
# Business Unit & Markets

# North American Rig Counts Down Sharply

Teck



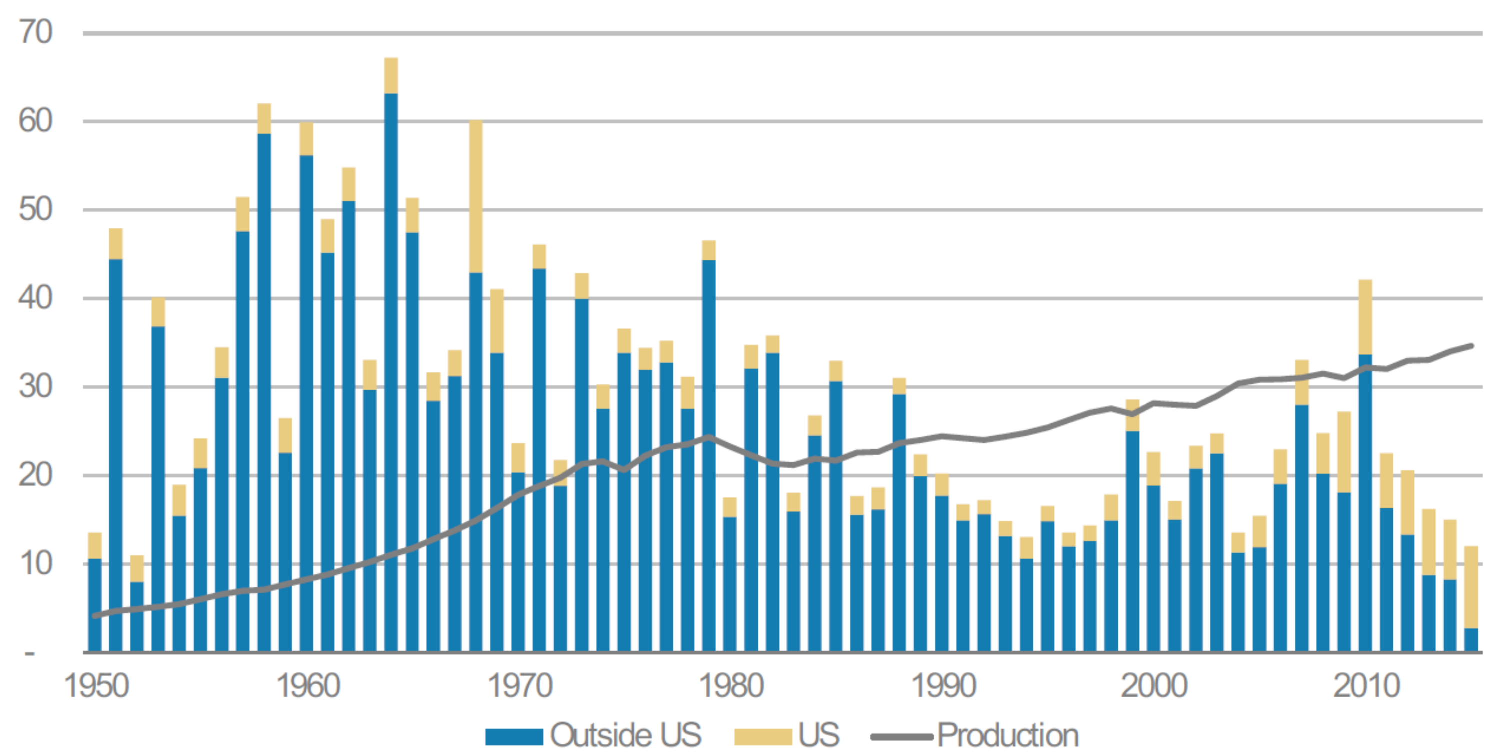



*Source: Baker Hughes, EIA, National Bank of Canada, HIS, US Department Of Energy*

# Oil Exploration Success Fell To a Post-1952 Low in 2015

Teck

Oil Liquids – Discovered Resources & Production (Billion bbl)




Enough oil has been discovered to meet production in only 4 of the past 30 years

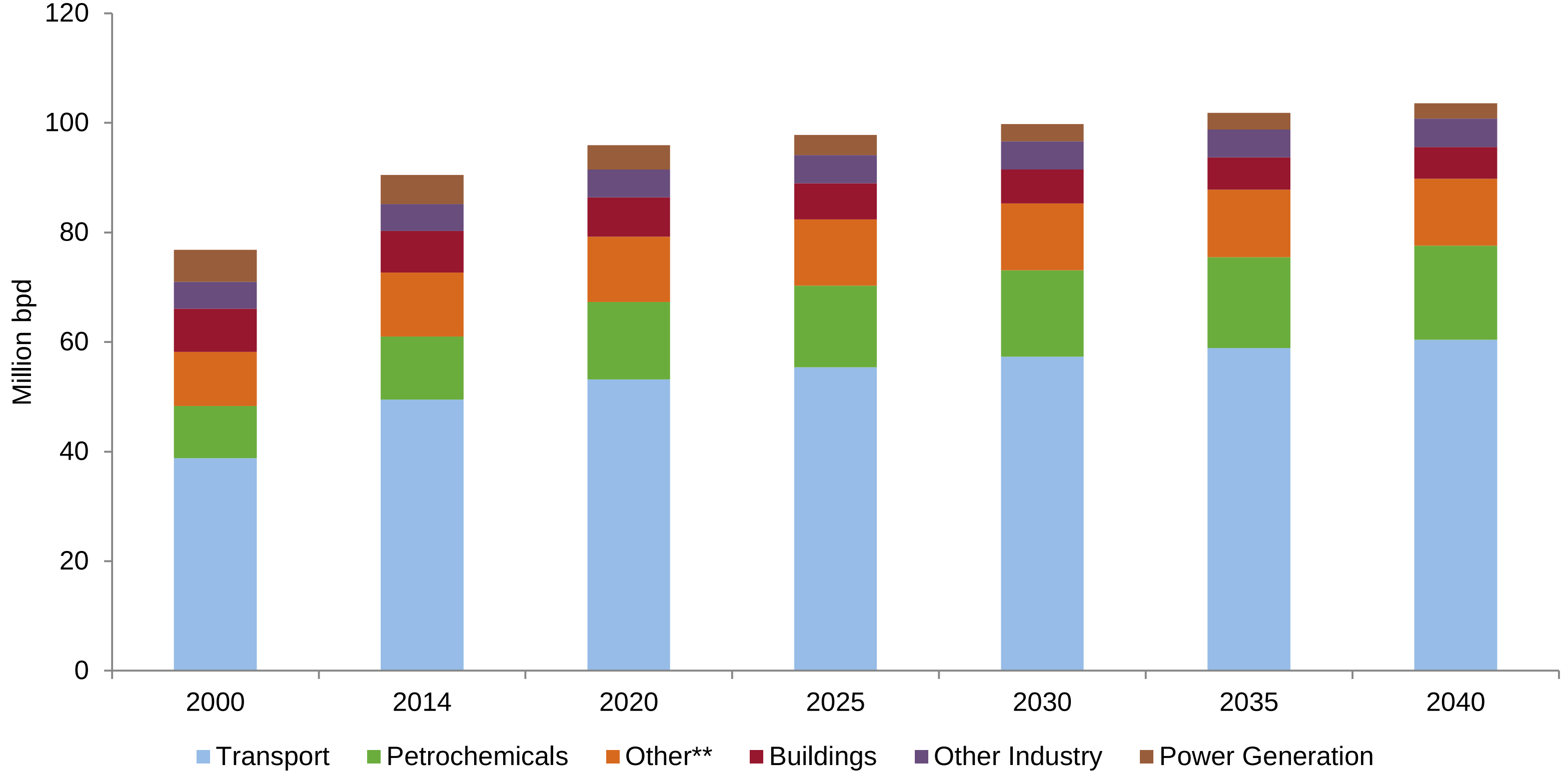


*Source: Rystad Energy, Morgan Stanley*

# World Oil Demand Expected to Grow

Teck

PIRA Forecasted World Oil Demand By Sector (2000-2040)

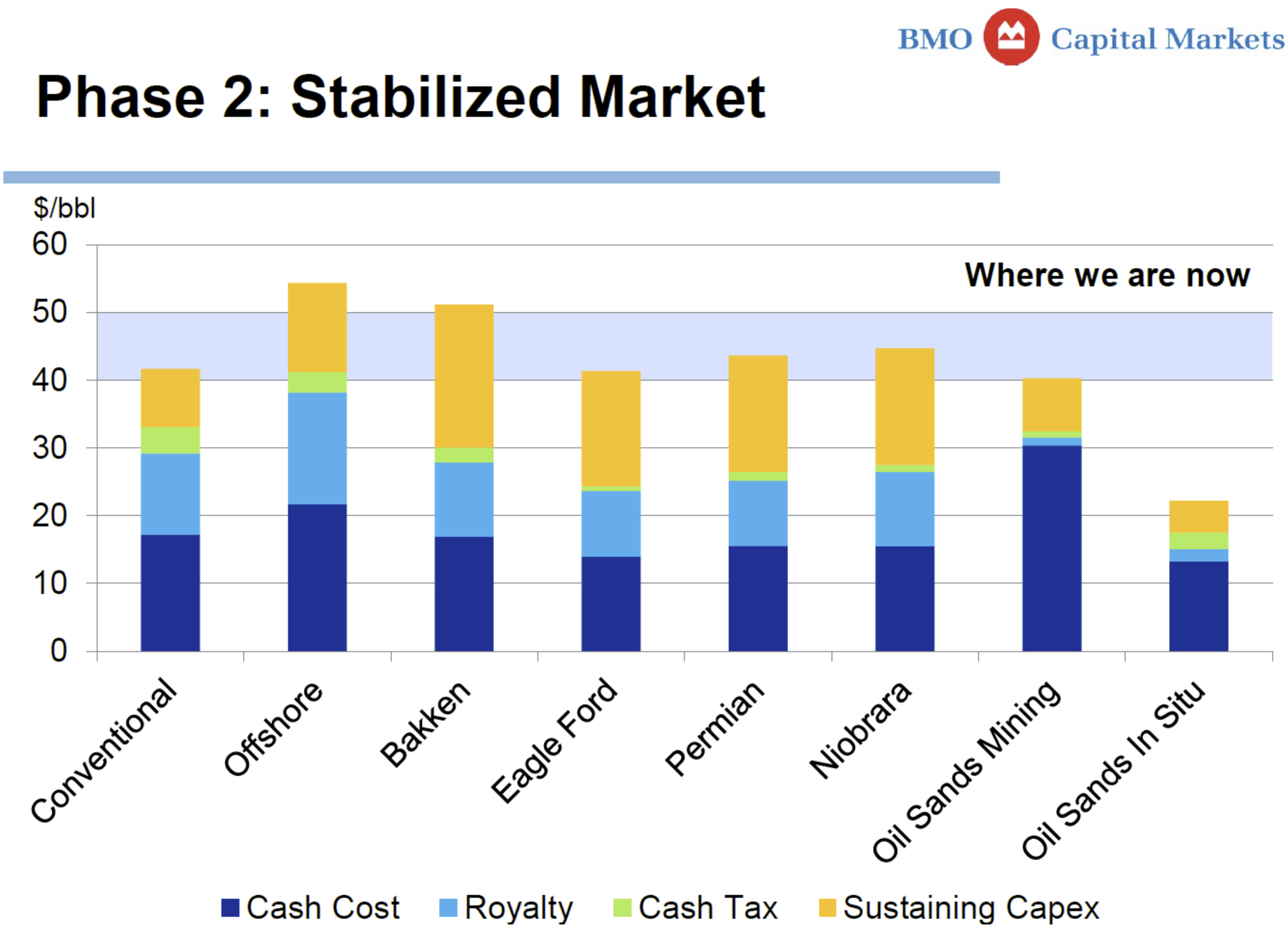





*Source: PIRA Scenario Planning Annual Guidebook: February 2015*

# Oil Sands Mining Costs Lower Than Understood

Teck

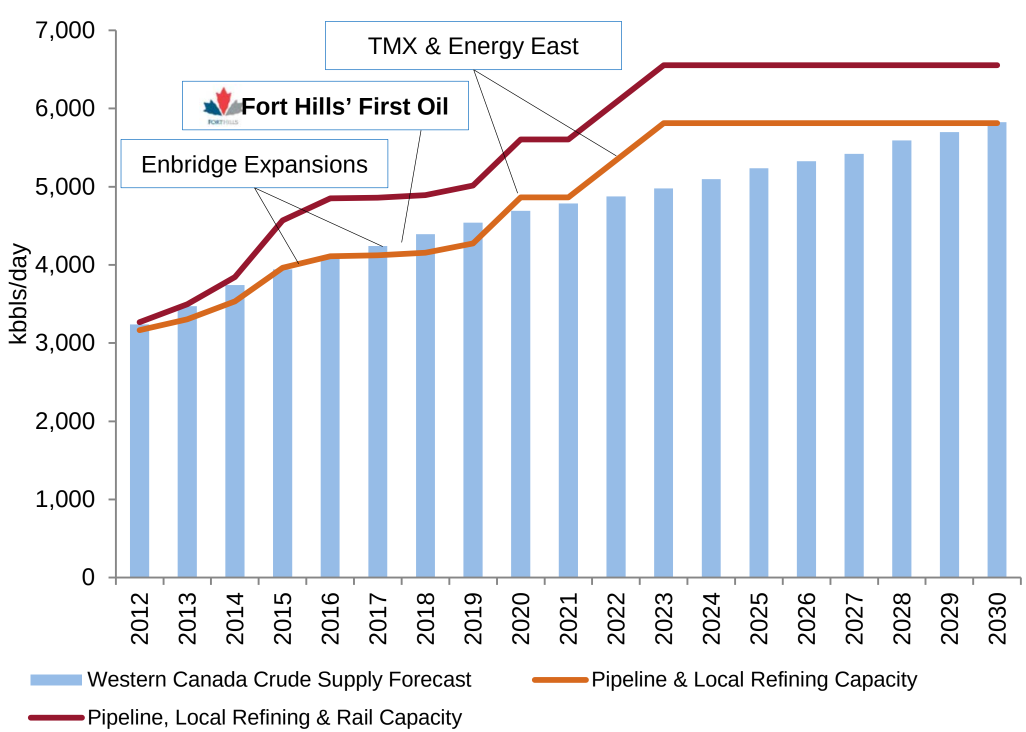



*Source: BMO Capital Markets, May 2016*

# Sufficient Western Canadian Takeaway Capacity Expected

Teck

## Western Canadian Supply and Takeaway Capacity




*Source: CAPP, Lee & Doma Energy Group*

**Sufficient takeaway capacity expected for forecast growth**

- 2011–2014
  - Rapid production growth resulted in takeaway capacity challenges
  - Industry added significant pipeline and rail capacity during this time
- 2015–2030
  - Existing pipeline capacity, new pipelines (TMX and Energy East) and existing rail capacity expected to provide sufficient takeaway capacity

# Building An Energy Business

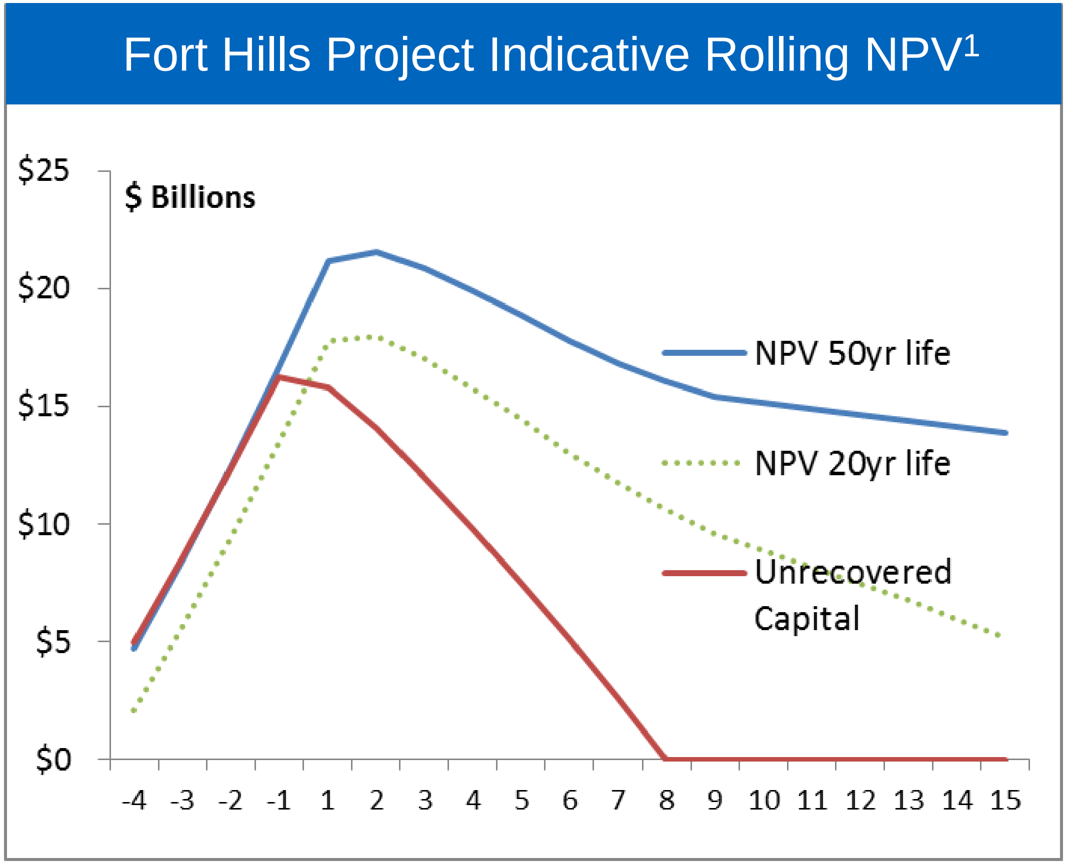
- ☑ Strategic diversification
- ☑ Large truck & shovel mining projects
- ☑ World-class resources
- ☑ Long-life assets
- ☑ Mining-friendly jurisdiction
- ☑ Competitive margins
- ☑ Minimizing execution risk
- ☑ Tax effective

**Mined bitumen is in Teck's 'sweet spot'**

# The Real Value of Long-Life Assets

Teck

- Significant value created over long term
- 60% of PV of cash flows beyond year 5
- IRR of 50-year project is only ~1% higher than a 20-year project
- Options for debottlenecking and expansion




**50-year assets provide for superior returns operating through many price cycles**



1. *Indicative NPV assumes US$95 WTI, $1.05 Canadian/US dollar exchange rate, and costs as disclosed with the Fort Hills sanction decision (October 30, 2013).*

# Fort Hills Project Status & Progress

- **Project Progress:** Construction has surpassed the midway point and project continues to track positively within schedule expectations
  - >95% Engineering complete (approximate as at April 2016)
  - >55% Construction complete (approximate as at April 2016)
- **Capital expenditures:**[1, 3] Continue to track positively within project sanction cost

**Global fabrication, module and logistics program:** Performing well to date, delivering positive results

**All critical schedule milestones have been achieved to date supporting target late 2017 for first oil**

| Fort Hills | Key Numbers[2] |
|---|---|
| Teck's Sanction Capital[3] | ~C$2.94B |
| Teck's Estimated 2016 Spend | C$960M |
| Teck's Remaining Capital (as of May 18th, 2016) | ~C$915M |
| Operating & Sustaining Costs[4] | C$25-28 per barrel of bitumen |
| Sustaining Capital[4] | C$3-5 per barrel of bitumen |
| Teck's Share of Production | 13,000,000 bitumen barrels per year |
| Mine Life | 50 years |

1. *Based on Suncor's planned project spending.*
2. *All costs and capital are based on Suncor's estimates.*
3. *Sanction capital is the go-forward amount from the date of the Fort Hills sanction decision (October 30, 2013), denominated in Canadian dollars and on a fully-escalated basis.*
4. *Sustaining capital is included in operating & sustaining costs.*

# Fort Hills Key Numbers[1]

Teck

| Teck's Sanction Capital[2] | Teck's Estimated 2016 Spend | Teck's Remaining Capital[3] |
|---|---|---|
| ~$2.94 | $960 | ~$915 |
| billion | million | million |

| Operating & Sustaining Costs[4] | Sustaining Capital[4] | Teck's Share of Production |
|---|---|---|
| $25-28 | $3-5 | 13,000,000 |
| per barrel of bitumen | per barrel of bitumen | bitumen barrels per year |

Mine life: **50** years

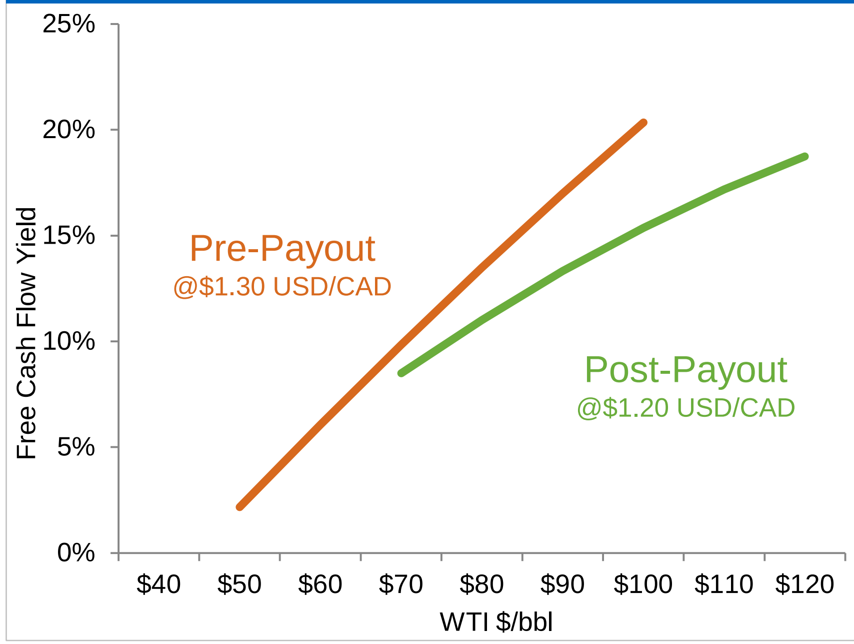
1. *All costs and capital are based on Suncor's estimates.*
2. *Sanction capital is the go-forward amount from the date of the Fort Hills sanction decision (October 30, 2013), denominated in Canadian dollars and on a fully-escalated basis. Includes earn-in of $240M.*
3. *As of May 18, 2016.*
4. *Based on Suncor's estimate at project sanction in October 2013. Sustaining capital is included in operating & sustaining costs.*

# Fort Hills Project Economics Are Robust[1]

Teck

| Potential Contribution from Fort Hills | US$60 WTI & $1.30 USD/CAD | US$75 WTI & $1.20 USD/CAD |
|---|---|---|
| | **Pre-Payout** | **Post-Payout** |
| Teck's share of annual production (36,000 bpd) | 13 Mbpa | 13 Mbpa |
| Estimated netback[2] | ~$40/bbl | ~$55.50/bbl |
| Estimated operating margin[2] | ~$15/bbl | ~$30.50/bbl |
| Alberta oil royalty[2] | ~$1.50/bbl | ~$10/bbl |
| Estimated net margin[2,5] | ~$13.50/bbl | ~$22/bbl |
| | | |
| Annual pre-tax cash flow | ~$180 M | ~$290 M |
| | | |
| Teck's share of sanction capex[3] | ~$2,940 M | ~$2,940 M |
| Free cash flow yield[4] | ~6% | ~10% |

Fort Hills Free Cash Flow Yield[4]
Sensitivity to WTI Price



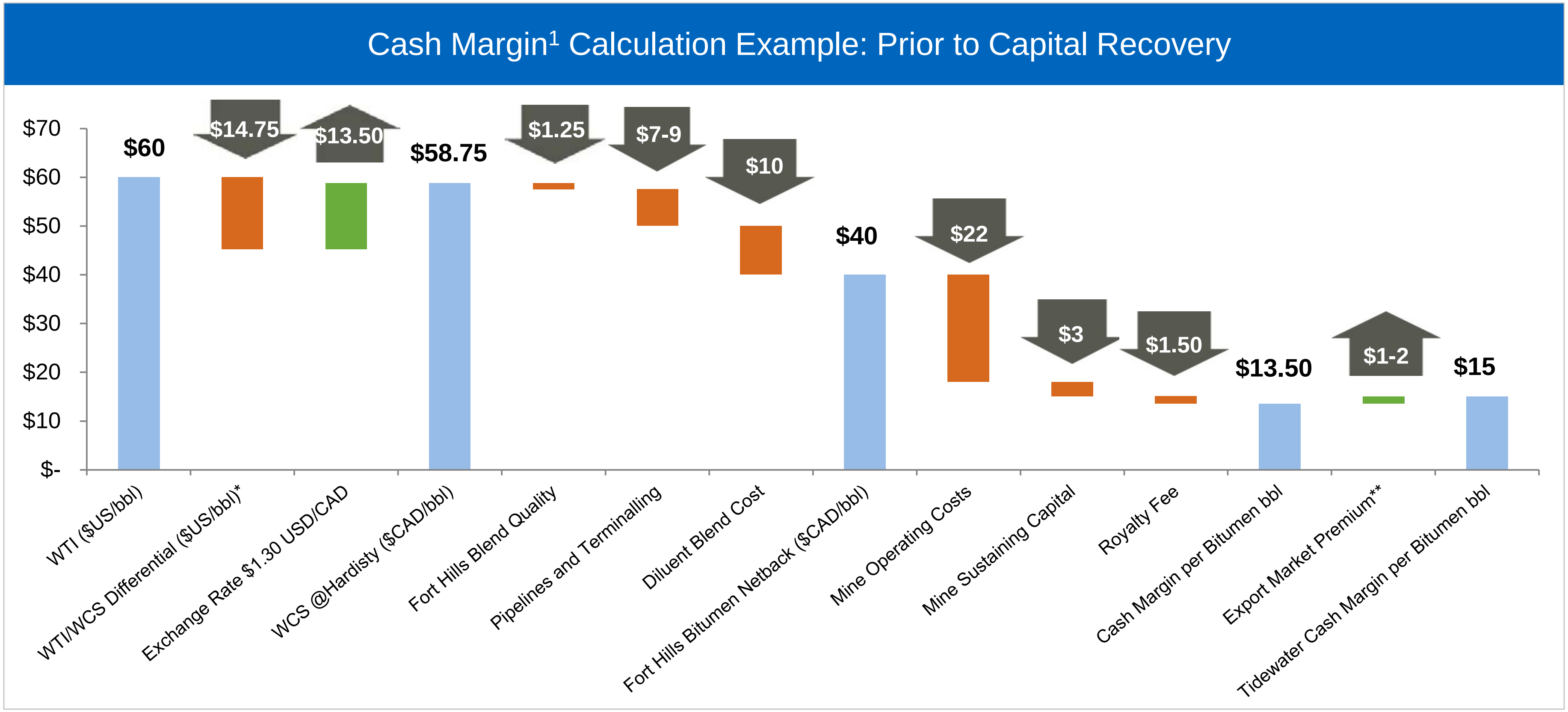

**The Fort Hills project is expected to have significant free cash flow yield across a range of WTI prices**

*Source: Teck*

1. *Estimates are based on exchange rates as shown, expected bitumen netbacks, and operating costs of C$25 per barrel (including sustaining capital of C$3-5 per barrel).*
2. *Per barrel of bitumen.*
3. *Sanction capex is the go-forward amount from the date of the Fort Hills sanction decision (October 30, 2013), denominated in Canadian dollars and on a fully-escalated basis.*
4. *Pre-tax free cash flow yield during pre and post capital recovery periods.*
5. *Post-payout estimated net margin includes C$1.50 export market premium.*

# Fort Hills Bitumen Netback Calculation Model

Teck




*Royalties based on pre-capital payout.*

** WTI/WCS Differential based on Lee & Doma 2016-2020 forecast average.*

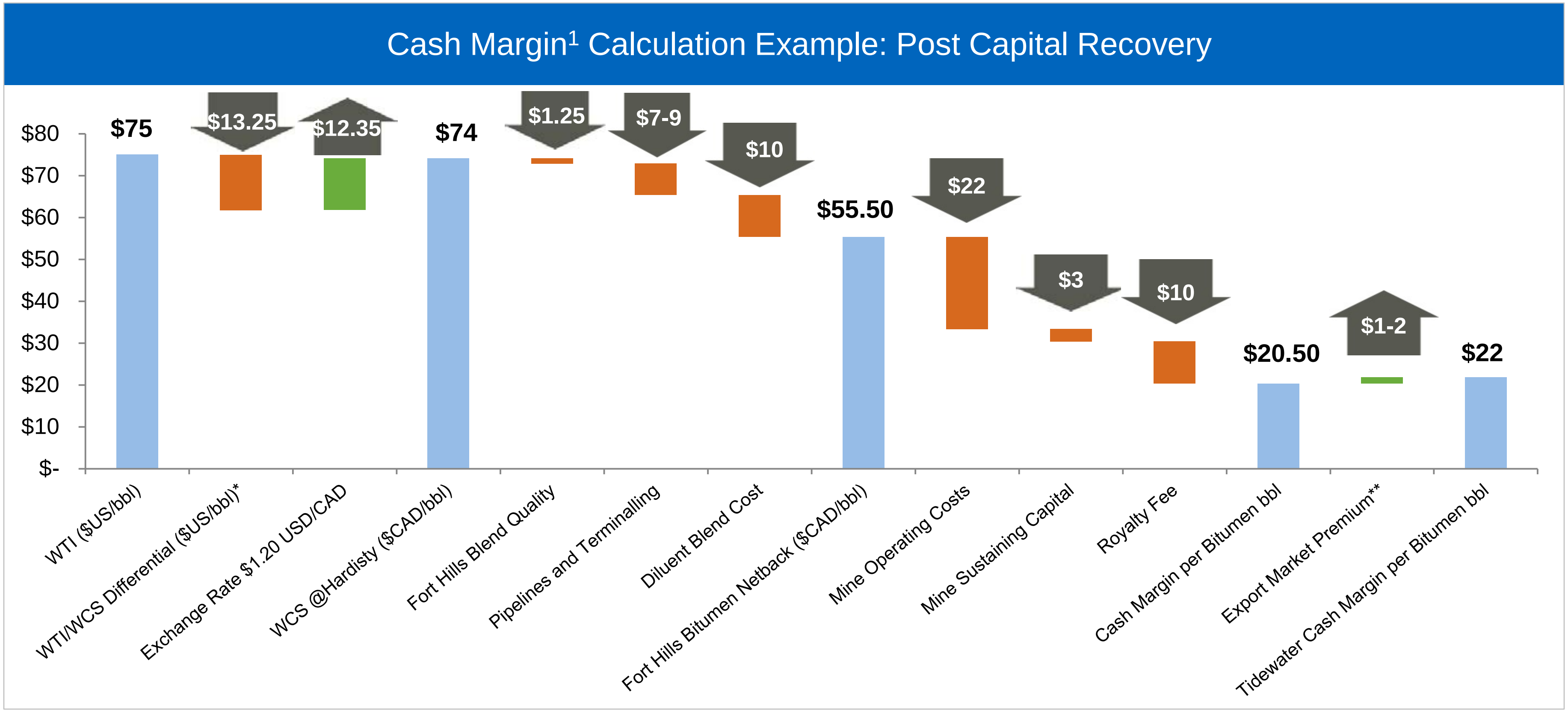
*** Export Premium based on average premium pricing for USGC market via Keystone and Flanagan South Pipelines.*

*Source: Alberta Energy bitumen valuation methodology (http://www.energy.alberta.ca/OilSands/1542.asp)*

1. *Estimates are based on C$/US$ exchange rates as shown, expected bitumen netbacks, operating costs of C$25 per barrel (including sustaining capital of C$3-5 per barrel) and Phase 1 (pre-capital payout) royalties.*

# Fort Hills Bitumen Netback Calculation Model

Teck




*Royalties based on pre-capital payout.*

** WTI/WCS Differential based on Lee & Doma 2021-2030 forecast average.*

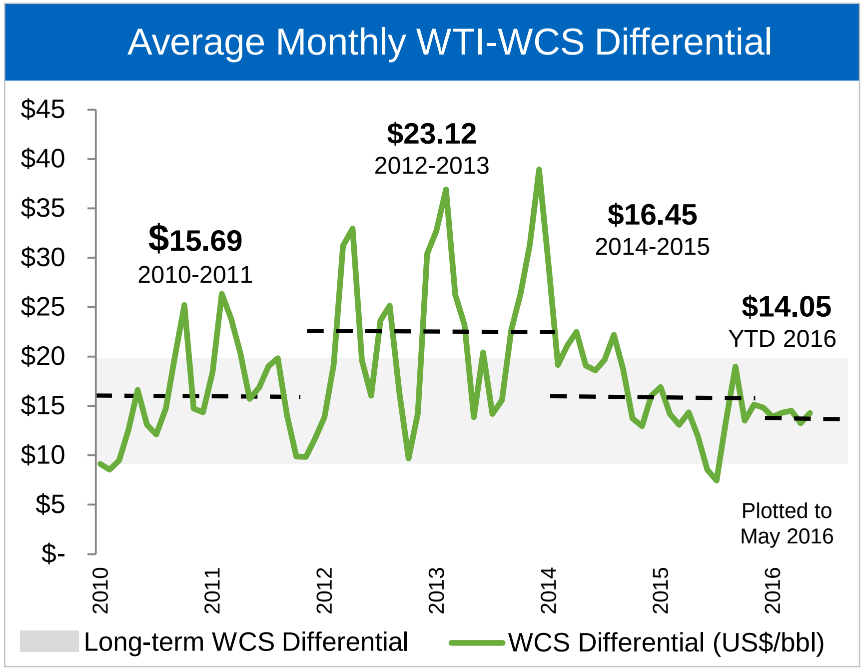
*** Export Premium based on average premium pricing for USGC market via Keystone and Flanagan South Pipelines.*

*Source: Alberta Energy bitumen valuation methodology (http://www.energy.alberta.ca/OilSands/1542.asp)*

1. *Estimates are based on C$/US$ exchange rates as shown, expected bitumen netbacks, operating costs of C$25 per barrel (including sustaining capital of C$3-5 per barrel) and post payout royalties.*

# Western Canadian Select (WCS)

Teck




**Western Canadian Select (WCS) Is The Benchmark Price For Canadian Heavy Oil At Hardisty, Alberta**

**WCS differential to West Texas Intermediate (WTI)**

- Contract settled monthly as differential to Nymex WTI
- Long term differential of Nymex WTI minus $10-20 US/bbl
- Based on heavy/light differential, supply/demand, alternate feedstock accessibility, refinery outages and export capability
  - Narrowed in 2014/2015 due to export capacity growth, rail capacity increases, and short term production outages
- Recently improved export capability to mitigate volatility
  - Further export capacity subject to rigorous regulatory review; potential impact to WCS differentials.

## FORECAST*

| WTI (US/bbl) | $40 | $50 | $60 | $70 | $80 | $90 | $100 |
|---|---|---|---|---|---|---|---|
| **WCS Differential to Nymex WTI (US/bbl)** | -$13.00 | -$14.50 | -$15.50 | -$17.00 | -$18.00 | -$19.50 | -$20.50 |

***Forecast Assumptions:** Fort Hills Startup 2017/2018 with supply/demand model exiting Western Canada in a constrained pipe/excess rail transportation model, per Lee & Doma Energy Consulting.*

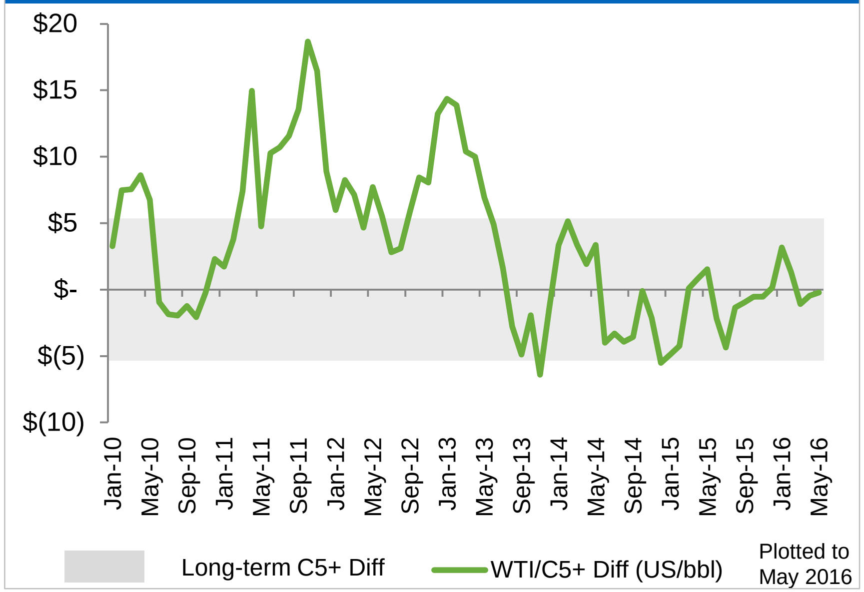


*Source: Shorecan, Net Energy, Lee & Doma*

# Diluent (C5+) Pricing

Teck

Average Monthly WTI/Diluent (C5+) Differential




Diluent (C5+) at Edmonton, Alberta Is the benchmark contract for diluent supply for oil sands

Diluent differential to West Texas Intermediate (WTI)

- Contract settled monthly as differential to Nymex WTI
- Based on supply/demand, seasonal demand (high in winter, low in summer), import outages
- Long-term diluent (C5+) differential of Nymex WTI +/- $5 US/bbl

Diluent (“Pool” in Edmonton is a common stream of a variety of qualities

- Diluent pool comprised of local and imported natural gas liquids

## FORECAST*

| WTI (US/bbl) | $40 | $50 | $60 | $70 | $80 | $90 | $100 |
|---|---|---|---|---|---|---|---|
| Diluent (C5+) Differential to Nymex WTI (US/bbl) | +$2.50 | +$1.50 | +$0.50 | -$0.50 | -$1.50 | -$2.50 | -$3.50 |

***Forecast Assumptions:** Fort Hills Startup 2017/2018, using 2015 CAPP Western Canadian oil production forecast, Diluent (C5+) differentials per Lee & Doma Energy Consulting*



*Source: Shorecan, Net Energy, Lee & Doma*

# Progress in Implementing Our Diversified Marketing Strategy

Teck

Agreements for pipelines to Hardisty in place

Agreement for Hardisty product storage in place

Monitoring production vs market access balance

Developing a portfolio of pipeline capacity opportunities, to enable access to diversified markets

Evaluating opportunities in the secondary market for pipeline capacity

Developing a diversified customer base

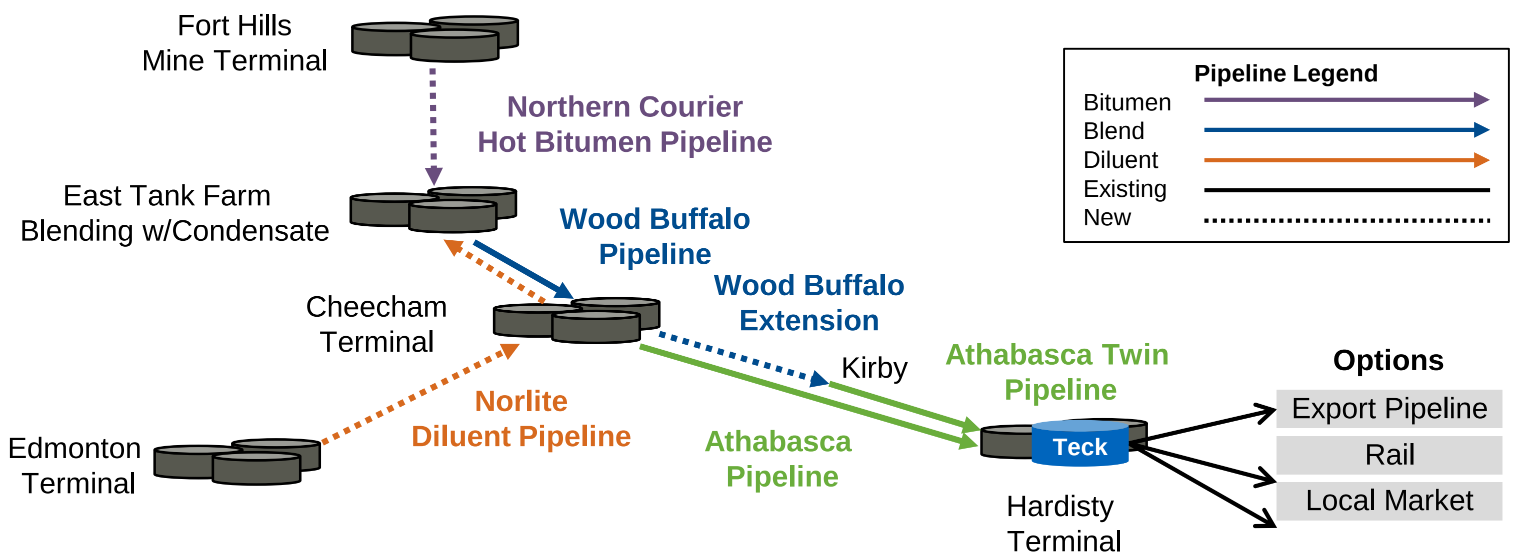
**Teck can enter into long-term take or pay contracts**

## Market Access Options for Teck's 50 kbbls/day of Fort Hills Diluted Bitumen Blend


- Enbridge Mainline System (Existing, Common Carriage)
- Spectra Express (Existing, Contract Carriage)
- TransCanada Keystone/MarketLink (Existing, Contract Carriage)
- Enbridge Flanagan South (Existing, Contract Carriage)
- TransMountain Pipeline Expansion (Proposed, Contract Carriage)
- TransCanada Energy East (Proposed, Contract Carriage)
- Enbridge Northern Gateway (Proposed, Contract Carriage)

# Intra Alberta Logistics
# On Schedule For Fort Hills Commissioning

Teck




| Pipeline/Terminal | Operator | Pipeline Capacity (kbpd) | Teck Capacity (kbpd) | Project Construction Status (% completion) | |
|---|---|---|---|---|---|
| Northern Courier Hot Bitumen | TransCanada | 202 | 40.4 | Pipeline and Facilities:<br>Tank terminal: | 73%<br>90% |
| East Tank Farm - Blending | Suncor | 292 | 58.4 | Diluent terminaling and blending | 52% |
| Wood Buffalo Blend Pipeline | Enbridge | 550 | 65.3 | In service | 100% |
| Wood Buffalo Extension | Enbridge | 550 | 65.3 | Pipeline:<br>Pump stations and facilities: | 100%<br>18% |
| Norlite Diluent Pipeline | Enbridge | 130 | 18.0 | Pipeline:<br>Pumpstations and facilities: | 30%<br>20% |
| Hardisty Blend Tankage | Gibsons | 425 kbbls | 425 kbbls | Blend storage tank | 80-90% |