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PRESENTATION
Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's first quarter 2012 results conference call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session. This conference call is being recorded on Tuesday, April 24, 2012. I would now like to turn the conference over to Greg Waller, Vice President of Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller: Good morning, everyone thanks for joining us this morning for our first-quarter earnings conference call. Before we start, I'd like to draw your attention to the forward-looking information slides on pages two and three of our presentation package. This presentation does contain forward-looking information regarding our business. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward looking statements. And at this point I'd like to turn the call over to Don Lindsay.

Don Lindsay: Thank you Greg and good morning everyone. Thank you for joining us. I will start this morning with a review of the results for the quarter, and then I will turn the presentation over to Ron Millos, our CFO to address some more in-depth financial topics. Other members of the management team are on the call this morning and available to answer questions. Starting on Slide 5, this is our best first quarter ever with record revenues and gross profit. Our coal production was good considering the fact that it was the first quarter. Normally we get difficult conditions the first quarter although this was better than most. We produced 6.3 million tonnes for an annualized rate of over 25 million tonnes.

We ended the quarter with the cash balance of about $3.8 billion, after using some of our cash for dividends and a debt refinancing transaction in the quarter, it was a good number. Subsequent to quarter-end, we completed the acquisition of SilverBirch Energy to give us 100% control of the Frontier oil sands project. Finally, during the quarter we completed the highly anticipated QB2 feasibility study, which we will talk more about later in the call.

Turning to Slide 6, our record first-quarter revenue of over $2.5 billion, up over 8% from Q1 2011. It was a record first-quarter gross profit before depreciation and amortization of over $1.1 billion. Q1 profit of $218 million was impacted by a financing charge of $329 million associated with the debt refinancing transaction, so it is more appropriate to look at adjusted profit.

First quarter adjusted profit was $504 million, which was up 12% from last year's first-quarter over the same period EBITDA was $781 million. We show our view of normalized or adjusted profit for a quarter on Slide 7. Profit attributable to shareholders before adjustment is $218 million. The most significant adjustment is due to our debt refinancing, which resulted in a $329 million after-tax charge. Other unusual items were derivative gains and one-time labour settlement charges related to new collective agreements at our Quebrada Blanca and Andacollo operations in Chile. Adjusting for these items profit was $504 million for the quarter, or $0.86 per share.

Turning to our operating results for the quarter on Slide 8. In our coal business, production was 6.3 million tonnes. The sales were 1.0 million tonnes lower as we have come through a weak point in the global steel production cycle. We certainly see the market improving now though.

The average realized price fourth quarter was US$223 per tonne, about a 5% discount to the benchmark price of US$235 per tonne for the premium brands of coal. Usually the averaged realized price is about a 10% discount to the benchmark price due to the mix of our products, including some lower-value PCI and thermal coals. First quarter 2012 unit site costs were $70 per tonne and distribution costs came in at $34 per tonne. This gave us combined costs of $104 per tonne. Year-over-year we've seen our costs decline by approximately 8%.

On Slide 9, we continue to move towards our 28 million tonne production target from our existing six coal operations. As I mentioned, our 6.3 million tonnes of production equates to an annualized run-rate of over 25 million tonnes. Total material moved in the quarter, combining raw coal production and waste rock, increased 15% on a year-over-year basis and it's stabilizing at the rate necessary to achieve our production target.

At our Elkview operation, the plant upgrade is now successfully commissioned and running at the forecast 6.0 million-tonne analyzed run-rate. So we are pleased with that. And finally, the feasibility study for the re-opening of the Quintette mine is progressing and is expected to complete this quarter.

In our copper business unit on Slide 10, overall production was up versus Q1 last year with cathode production steady, and concentrate production increasing. Production of copper in concentrate was up 6,000 tonnes, primarily due to higher ore grades and better recoveries at Carmen de Andacollo and Antamina. In addition, Antamina's mix of mill feed during the first quarter increased to 63% copper-only ore, versus approximately 54% during the same period last year, as we continue to transition to higher copper production.

Quebrada Blanca continues its transition from higher grade heap leach operation, to a lower grade dump leach operation. The overall production was up almost 7% at QB versus last year. Offsetting the increase however, lower feed grade at Highland Valley Copper resulted in a 6% decline in production. We expect production to increase this year each at Antamina, Andacollo, Highland Valley and QB.

Slide 11 highlights two of the most significant sources of production increase this year expected in our copper business.

During Q1, the Antamina expansion project achieved significant milestones, with the commissioning and operations of SAG mill number 2 and ball mill number 4, as well as the expanded flotation circuits for both copper and zinc recovery. With the effect of the expansion starting to kick in, mill throughput averaged approximately 112,000 tonnes per day. And March in particular was noteworthy, with mill throughput averaging approximately 131,000 tonnes per day.

At Andacollo, copper production increased 8% to an annualized rate of over 70,000 tonnes in Q1, as it continues to ramp up to full production. We are in the process of commissioning the new 20,000 tonnes per day pre-crushing plant, which we expect will allow Andacollo to reach the 55,000 tonnes per day ore throughput design rate. Finally, we are pleased to have ratified new labour agreements during the quarter at both Carmen de Andacollo and Quebrada Blanca.

Turning to our zinc business on Slide 12. Zinc concentrate production for the quarter was down about 11% compared to last year. At Red Dog, lower mill throughput due to harder ore and lower ore grades resulted in a lower production. At Antamina, zinc production declined due to a lower proportion of copper-zinc ore. Copper-zinc ore declined to 37% of the mill feed versus 47% last year – as well as lower ore grades and recoveries. As in previous quarters, I should note that even though we show Antamina's share of zinc production in these figures, the financial results of Antamina are reported in our copper business.

Lead concentrate production was over 10% higher than the first quarter last year, as both grades and recoveries improved. And at Trail, production was generally higher, but revenues were down mainly due to lower prices. Overall profitability in the business unit was impacted by lower lead and zinc prices in the quarter. I'll now turn the call over to Ron Millos to address some of the financial issues.

Ron Millos: I'm on Slide 14, where we summarized our changes in cash for the quarter. Cash flow from operations was approximately $1.0 billion in the quarter, which is up 14% from the same period last year. The buildup in working capital used $351 million of cash and was mainly due to increases in coal inventories and the timing of royalty and bonus payments. Capital expenditures and investments were $487 million for the quarter. We also completed another liability management transaction in the first quarter, involving the refinancing of approximately US$1.0 billion of debt, and I will speak to that on a later slide.

Finally, also note in the quarter, in January we paid the $0.40 per share dividend totaling $241 million that was declared in October of last year. After allowing for the effect of exchange rate changes and other items, our cash decrease in the quarter was about $605 million, and we ended the quarter with about $3.8 billion in cash.

Slide 15 shows our final pricing adjustments for the first quarter, which are included in our other operating income expense on our income statement. Total pricing adjustments for the first quarter were positive due to rising prices during the quarter resulting in a $94 million gain on a pre-tax basis. We also show the outstanding receivables were copper and zinc sales, which will be final priced in the second quarter of this year.

Remember when analyzing the impact of price changes, refining and treatment charges and the Canadian-US dollar exchange rate must be included in your calculations. And in addition, when trying to analyze the impact on our net earnings, you need to consider taxes and royalties.

Slide 16 shows the maturity profile of our outstanding notes in some of our key credit metrics. As mentioned earlier during the quarter we completed another liability management transaction. We redeemed US$1.05 billion of high yield notes, replacing them with debt of longer maturities and lower average interest rates of 4.2%. This reduces our annual interest expense by approximately $80 million per year. This refinancing resulted in a $329 million after-tax charge-to-earnings in the first quarter. We've taken advantage of these historically low interest rates, and our investment grade credit rating to further reduce our all-in interest rates and extend our average term to maturity.

As you can see we've built a ladder of debt maturities across the yield curve. Maturities over the next ten years in the 500 million to 700 million range, which should be easy to either refinance or payoff when they come due. And the average term to maturity, or economic maturity, on our debt is just over 14 years and the average coupon rate is approximately 6%. We've also noted the key financial ratios used by the credit rating agencies. And you can see that our balance sheet is in very good shape.

I should also mention that we inadvertently posted an incorrect version of our news release on our website for about two hours this morning. The Marketwire version was correct, and we have now posted the correct version on our website. The disclosure on Page 15 pertaining to the production guidance at our Andacollo operation remains unchanged from the guidance we provided in our fourth quarter report at between 70,000 to 75,000 tonnes of copper in concentrate and 5000 tonnes of copper cathode. We apologize for any inconvenience this may have caused. I'll now turn the call back to the Don Lindsay.

Don Lindsay: I'd now like to update you on the status of the many development projects we have underway on Slide 18. In coal, the feasibility study for the restart of the Quintette coal mine is proceeding, with additional work revolving around water management plans. We expect the feasibility study this quarter, and the submission of the permit application as well. We expect that the mine could be in production the latter-half of 2013, ramping up to an annual rate of 3 to 4 million tonnes per year sometime in 2014. At Relincho, we continue to move forward with the feasibility study, and we expect it to be complete by the end of the first quarter in 2013.

In our Energy division, the Frontier project regulatory application was submitted to regulators in the fourth quarter of 2011. Review and approval of the application is anticipated to take up to three years. The acquisition of SilverBirch will now enable us to add value by moving the project to fully-permitted status as quickly as possible. At Fort Hills, Suncor continue with the work required to get to a project sanction decision, expected in 2013. At Quebrada Blanca, the feasibility study for the phase 2 development is now complete. As part of the work plan for 2012, the Social Environmental Impact Assessment is expected to be submitted to the Chilean authorities sometime during the second quarter. I'd like to spend a few minutes telling you more about our view of the project.

The study estimates the capital cost for the development of the project of about US$5.6 billion, of which our funding share would be US$4.75 billion. Over the 39 year mine life, QB2 is expected to produce approximately 200,000 tonnes of copper and 5,000 tonnes of moly per year. During the first 10 years, annual copper and moly production is anticipated to be about 240,000 tonnes and 6000 tonnes of moly. And over the first five years, annual copper production is expected to be about 250,000 tonnes and annual moly production expected to be about 6000 tonnes. This is very good for getting our initial payback.

A key highlight from the feasibility study is the considerable change in QB2's principal resource. The underlying reserve and resource at QB2 has increased significantly, up almost 30% within the design pit alone, and has almost tripled when looking outside the pit design. The two charts on Slide 20 help put QB2's resource into perspective. The chart on the left compares QB2's resources to list of already developed and producing mines, and from this list QB2 ranks among the top 15 mines. Similarly, the chart on the right compares QB2 to a list of undeveloped projects currently on the drawing board. QB2 ranks number four on this list.

Takeaway, in plain terms, QB2 is a large, world-class resource that ranks among leading current producers and is arguably one of the best projects available for development in the near-term.

Finally, in addition to the feasibility study, approximately 19,000 metres of additional drilling has been completed since the data cutoff date for the feasibility mine plan. We currently expect the results of that drilling, when incorporated, will support the reclassification of additional tonnage from the inferred mineral resource to the measured indicated mineral resource category.

Slide 21 summarizes some of the key design elements. QB2 contemplates the construction of 135,000 tonnes per day concentrator using desalinated sea water for processing. The concentrator and related facilities, will be connected to a new port by 165 kilometer concentrated desalinated water pipeline. The 165 kilometer water pipeline will have a diameter of about 36 inches, and will require five pump stations to reach the 4300-meter elevation. The gravity-based concentrate line will measure about 8 inches in diameter, and beyond that, there will be approximately 60 kilometers of pipeline that will serve as a reclaim water line, connecting the tailings to the mine. The tailings facility’s two billion tonne capacity is sufficient for QB2's entire life-of-mine span, while port infrastructure will include concentrate filtration, storage and shipping. Power for the mine will be delivered by a third-party supplier, and those negotiations are ongoing but we expect supply in early 2016.

The table on Slide 22 splits the mine plan in to three different time periods; the first 5 years, the first 10 years and the 39 year life-of-mine. The life-of-mine strip ratio hovers around 0.48 but as low as 0.10 in the first five years. We've made this point in the past but it is worth repeating. Mining and supergene has in essence pre-stripped the QB2 mine, and this results in a markedly lower strip ratio, particularly in the early years. Cash cost, including by-products over the life-of-mine, are anticipated to be around US$1.35 per pound. But, and this is important, they will be as low as US$1.07 per pound in the first five years and US$1.12 per pound over the first 10 years. Again, that helps with payback. I'd now like to turn the next couple slides over to Tim Watson, the Senior Vice President of Project Development.

Tim Watson: Looking at Slide 23, we have, and will continue to take the necessary steps to reduce risks and minimize capital costs. By sticking with proven technology, and established process methods, we can possibly impact the startup phase, as well as limit recovery, throughput and permitting risks. The decision to use desalinated seawater process is a good example of this strategy. The choice results in the use of lower-cost, carbon steel materials that will be less expensive to purchase, and quicker to install. The combination of these factors, as well as better metallurgical recoveries, was the key to the evaluation process. Likewise, the tailings dam uses proven cyclone sand dam technology that is in place at other Chilean mines, and results in less upfront construction. The complete tailing system involves a reclaim water system, has low environmental sensitivity, due to the use of desalinated water, and is not near any communities.

Turning to Slide 24. Capital cost risk is something that all new projects have to address, and for QB2 we have an extensive strategy that aims to minimize this risk. At the forefront we elected to retain world-class and experienced engineering contractors. But it is important to remember that we recently ventured down the same path at Andacollo, so our ability to size up and assess scheduling and execution risk is relatively good. Also early procurement of equipment provides needed visibility in terms of delivery time and price certainty. Both of which help to minimize cost escalation. In addition, construction contractors with access to appropriate supervision and direct field labour, will allow for flexibility and maximize the craft labour and field productivity.

Don, back to you.

Don Lindsay: So in conclusion, QB2 is a large low-cost operation in a stable jurisdiction. With a resource base of approximately 17 million tonnes of contained copper, QB2 is one of the largest potential projects in the world. Exceptionally low strip ratio, especially up front, leads to attractive cash operating costs over the life of the operation. Furthermore, by sticking with proven technology, and familiar processing methods, we have a strong understanding of the requirements needed to bring this operation online. Also, by being engaged at all levels – across contractors to communities, we maintain a clear strategy to minimize execution risks and costs. Finally, beyond the current landscape laid up with the feasibility study, is the near-term possibility to further increase production by 50%. So with that I'm very excited about QB2 and the progress we have made to bring this project closer to production.

In summary, record first-quarter revenues and record first-quarter gross profits. Coal production increasing and moving towards our targeted growth at 28 million tonnes of production. We've lowered our average effective interest rate with our liability management program. We are increasing our contingent resource in the oil sands through the acquisition of SilverBirch energy. Lastly, we're continuing to move ahead with Quebrada Blanca Phase 2, a large, long-life, low-cost expandable project. With that I'd like to turn the call over to questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Meredith Bandy, BMO Capital Markets.

Meredith Bandy: So, Don, this is a very interesting presentation on QB2. And, I'm looking at Slide 20, we have QB2 number four on the undeveloped projects. I think there is talk that you, Don, had been talking about US$2.75 copper, you have an 8 percent IRR on QB2. What do you think is the long-term copper price we need for some of these large projects that are obviously getting more and more costly?

Don Lindsay: It is an interesting question. I guess I'm conscious that the market has quite a wide range of copper prices that people would use. We haven't disclosed any one particular case. We usually start at a case of US$2.50. I think the one you are referring to rather than the IS$2.75, but then we do sensitivity analysis as you might imagine. But we've also done a lot of analysis of what copper prices are implied by the prices paid on other acquisitions of development properties, and most of those have been over US$3.00 by other parties in the last year or so.

But what we've done is we've left it for you, the analysts and large institutional shareholders to choose your own price, and analyze the project with your own set of parameters. So you have the key capital and key operating costs and mine life and so on. And I guess you can come to your own conclusions. From our point of view, one of the most important things about QB is its do-ability, if you like. But this is a project that we have a lot of confidence in the resource, the technology, it is a straightforward copper concentrator. There's a mine already there so it is likely we can get permitted within a reasonable schedule. And it's in a very good mining country, Chile, where a country that's very used to our industry and understands it and supports it.

So compared to a lot of other projects around the world where there's some question as to the do-ability of the projects, related to any one of a number of issues, this one looks pretty clean and that's why we like it so much. If it were up to us, and I don't want to prejudge the board because we haven't put the question to our board to make the development decision yet, but I think Norm and I, if we owned 100% of it we would just go ahead and build it because that's how you build a great company, great mining companies when you get long life resources like this. But there are three owners and we have to finish those discussions before we can make a final decision.

Meredith Bandy: Okay. Thank you and if I could shift gears a little bit to MET coal. You've seen it uptick a little bit on the spot price of MET coal. Have you felt any difference in your clients in terms of their ability or willingness to take shipments?

Don Lindsay: Yes, we have. I'm glad you asked that question but I'm going to turn it over to Bob Bell.

Bob Bell: Yes, we have seen, just in the last while, and perhaps this is because of some concerns over supply constraint out of Australia. Plus, we've seen increased steel production, the latest figures show actually pretty interesting increase in March over February so we are seeing increased interest from our traditional customers to advance some shipments.

Meredith Bandy: So should we assume more carryover tonnage than usual? Or less? Or how should we think about that in the next few months?

Bob Bell: Well first of all, the pricing that we've shown on the tonnage that's already been settled, that includes what we understand to be the carryover tonnage in the next quarter. So that's already built in.

Meredith Bandy: Okay.

Don Lindsay: I just do want to make a clarifying comment about our disclosure. The last three quarters now we have disclosed the actual tonnes that we have sold as of the date of our release. And this should not be confused with guidance. We've noted in a few research reports recently, and you know you are, that you've been calling it guidance, and all we are doing is saying here's how much we sold as of this date so you have the same information we do. From that point forward, we could sell more, or we could have shipments rescheduled. We don't know what will happen, so we haven't been giving guidance quarter-by-quarter in this market. Just want to make sure that's clear.

Meredith Bandy: Okay, thank you.

Operator: Sal Tharani, Goldman Sachs.

Sal Tharani: Hey, Bob, I have a question on coal also. You mentioned that you have seen some interest. Is that to do with, you think, the section out of Australia. Or is there actual demand increase around the world?

Bob Bell: Well, we are seeing increased steel production. I think that's an important development. If you look at the world steel numbers that just came out, they show the top 10 producers have increased their production 10% in March over February. So, we are seeing some signs of demand recovery. But yes, we also believe that a portion of what we are seeing in terms of advancements are because of supply concerns out of Australia.

Sal Tharani: Next question is on the coal pricing you achieved in the quarter. That was marginally lower than what you had sold as of February, early February, when you guided that you had sold 5.3 million tonnes a US$230. My understanding is the fourth quarter prices are actually higher, so I was wondering why prices went down at the end of the quarter. Did you sell lower price coal towards the end of the quarter, or in subsequent months?

Bob Bell: There was a bit of impact so the 5.3 million tonnes is what we had sold at the time that we released our previous quarter results. We did sell some additional spot coal, and we did have some delays in contract coal so that caused a bit of a change in the average price.

Sal Tharani: Okay, thank you very much.

Don Lindsay: I just wanted to add that in addition to the global steel production numbers, which are up that Bob mentioned, I think it is important to focus on what's happening in China. And the first 10 days of steel production in China in April were released and they were running at annualized rate of 740 million tonnes a year. And that's a long way from what market expectations were even just a month ago when people thought it was down in the 620 range. So sometimes there can be a complete misread of what's really going on. There is clearly strong production in China at the moment. That's an all-time record, by the way.

Operator: Orest Wowkodaw, Canaccord Genuity.

Orest Wowkodaw: Two questions, the first one just on the coal in terms of your unit cost. You're kind of lower than I expected for the first quarter at $70 a tonne for on-site costs. You're still guiding for $72 to $78 for the year. Just wondering what are you seeing out there that makes you think the costs are going up for the rest of the year?

Ian Kilgour: Yes, the cost climbing pretty much expected in the first quarter. However most about maintenance, for example, in our preparation plants happened in quarter two and quarter three. So we expect to see seasonal variations throughout the year.

Orest Wowkodaw: Okay, so still expect to get to that guidance?

Ian Kilgour: Yes. We are still expecting to meet our guidance which was between $72 and $78.

Orest Wowkodaw: Okay, and just shifting gears to the balance sheet. Your net debt-to-net debt plus equity is extremely low at 15%. I'm just curious strategically where management is thinking right now in terms of acquisitions given that we've seen a lot of depressed equity prices out there. And sort of what if you could remind me again what you're target net debt-to-net debt plus equity ratio would be in the event that there was something attractive out there.

Ron Millos: Our target really is the debt-to-debt plus equity ratio, which we like to keep at about the 30% level. And the amount of cash that we like to keep on hand, a minimum would be sort of the $500 million at the low end of the range. As we are building up the cash balance, we're looking to pre-fund some of the development projects that Don mentioned in his comments on the slides earlier in the day. Strategically, from an M&A perspective, we are always looking at various items. We will compare them to what we have on the docket, and if anything looks better than what we have in the development pipeline we would certainly consider potential activities in that area.

Orest Wowkodaw: Okay. So, what does it imply in terms of how much debt you can add right now to get to the 30% threshold? If you wanted to?

Ron Millos: We don't have a lot of room right now to get to the 30%. That equity ratio is in high 20s right now, so very little room at this stage.

Orest Wowkodaw: Okay. Thank you.

Operator: Greg Barnes,TD Securities.

Greg Barnes: I just wanted to return back to QB. A couple of questions. One, sustaining capital, what kind of numbers are you looking at for that?

Don Lindsay: Greg, we are just looking through some pages here between Tim Watson and -- can we get back to you on that in a moment?

Greg Barnes: Yes, okay. And Don, what about the expansion? You say double production. Do you actually mean going to 400,000 tonnes a year of copper?

Don Lindsay: What was said in the presentation was looking at a 50% production. Certainly the resource is there to be able to do that over time, because remember what we've disclosed today is only part of the overall resource. But right now, we're going to stay focused on getting the first phasing.

Greg Barnes: When do you think?

Don Lindsay: Roger is going to comment on this as well.

Roger Higgins: Greg, thanks, this is Roger Higgins. I'll comment qualitatively, but just point out a couple of things. The mine at Quebrada Blanca already exists, and we have a mix of some relatively new equipment in there, as well as some that's a little bit older, but we don't have great demand to sustaining capital out of the mine because we've got something operating there. So there's nothing there in the first few years of any significance, two or three trucks. And of course a new concentrator means that we don't have anything great in that area either. We will have some work to do around relocation of facilities as the pit expands over the first five years or so, because it does expand through some of our existing facilities such as structure ops and camps and offices. So there will be some of that later on. But in the short-term, sustaining capital requirement is modest, but I can’t actually give you a number, we will have to dig something up for you.

Greg Barnes: Okay. Don, I guess Meredith's question was what would make you move ahead on this project, and you kind of implied you already would. But what target IRR do you need to justify the project either leave it or un-leave it?

Don Lindsay: Thanks for the question. As you know, we don't usually disclose that but I will put it this way, that we looked at -- you know we did a number of scenarios, different financial runs at different commodity prices, and generally using a threshold discount rate of 8% real, just to see with the resulting NPV was. And as I said before, if you're used US$2.50 copper you know it's positive, but it wasn't that exciting, but if used US$3.00 copper it is fantastic. That kind of tells us that it wouldn't take much, many years at a reasonable price to earn quite a good IRR on it. One of the things I've noticed in this recent period of weakness, the lowest copper got was US$3.06. It is currently still over US$3.70 and geologically it seems fairly challenged around the world.

The top five publicly listed copper companies all had reductions in production last year, despite the fact that copper was over US$4.00 a tonne for nine months of last year. The country of Chile, the largest copper producing country in the world that's production was down last year by 4%. Meanwhile, demand worldwide continues to increase. Sometimes at large rates, sometimes at small rates but continues to increase. We think the outlook for copper is pretty good. We know this that in the commodity business that it never actually runs as a flat line, straight IRR calculation. It is a very cyclical business.

You tend to get all your money back in two or three good years, and never know when those two or three good years are going to be. Is it when the mine opens up? Or is it five or seven years later? But you do know that if you have a 39 year mine life, and I suspect much longer given that we've got more resources, that you're going to have several cycles when you get those two or three good years. And when you do and IRR calculation using that, this looks very strong.

Greg Barnes: Okay. Thanks, Don.

Operator: Garrett Nelson, BB&T Capital Markets

Garrett Nelson: Your coal production was well ahead of sales for a second straight quarter. If I just take the Q4 and Q1 differences between production and sales, that implies an inventory build of about 2.1 million tonnes. Can you comment on your current inventory levels? Are you currently experiencing any storage issues or seeing any backup along the supply chain where you might have to dial back mine production? Or has customer demand improved in recent weeks on the Australian situation in strengthening and steel, Asian steel production to where you're confident you won't have to moderate production?

Don Lindsay: Good question. I'm going to turn it over to Ian Kilgour and then I'm going to have a comment after that.

Ian Kilgour: Yes, our inventory levels are higher than normal. We have healthy inventories both at the ports and the mines but that actually puts us in a very good position at this time in the cycle when we do see increasing demands from our customers. We are managing that inventory, and we're going to be taking advantage of it as the year progresses.

Don Lindsay: I would add it is true we've had a couple quarters where we produced more than we sold. I would venture to say, and it is going out on a limb, but we do have our forward-looking statement slides. But it wouldn't surprise me if this quarter we sell more than we produced. That's sort of how it's unfolding right now.

Garrett Nelson: Okay. I know we are only through one quarter, but given those inventories and your production rates over the last couple quarters, through the winter months, it appears that your full-year coal shipments could very well, come in above the high end of your production guidance for the year if in fact the demand is there. Would you say that's a fair assessment?

Don Lindsay: I don't think I'd want to venture out on that limb. That's just too far out and we don't know.

Garrett Nelson: One final question. Were Q1 coal shipments affected at all by maintenance at Westshore?

Don Lindsay: Absolutely.

Ian Kilgour: Westshore had an outage for about the last eight days of the quarter, which extended into quarter two, which is part of their expansion program to increase the capacity from 29 million tonnes annually to 33 million tonnes, a very important capacity increase. And as part of that they were required to shut down their dumping facilities to allow work on the shoots which convey the coal from the dumper to the ship loader. So, we were affected by that. Westshore is now back operating at full pace, and handling our coal well.

Garrett Nelson: Okay, thanks very much.

Operator: Oscar Cabrera, Bank of America Merrill Lynch.

Oscar Cabrera: Just getting back to Quebrada Blanca. Don, if the board approves the project, and it sounds very positive, what would be the amount of CapEx that you guys need to spend to get the project started in 2016?

Don Lindsay: You'd start with the result of the feasibility study at the $5.6 billion, which is in dollars, of January 2012, and then throughout the course of construction there's going to be escalation of some sort. Hard to predict what the inflation rates will be, but make your own choice and put that into the model. There's a contingency within that $5.6 billion of course and we will all be watching Tim Watson and Roger and so-on to try and make sure they don't use it all, but you have to judge by experience in other projects as well. So, the short answer is we don't really know but those are the key parameters right now.

Oscar Cabrera: You think you will do the traditional 20- 40, 40- 20 to get started? Will that be a fair assumption?

Ian Kilgour: Is that by year? 20- 40, 40- 20?

Oscar Cabrera: Yes, on years, yes.

Don Lindsay: They're building their model, they want to know how much to put in each year.

Ian Kilgour: Roughly, yes.

Don Lindsay: Roughly, yes

Ian Kilgour: 20, 40, 40, 20.

Don Lindsay: We will go with that, but we haven't been asked the question that way before, so next time we will have a more specific answer.

Oscar Cabrera: No, that's fair enough. And interested also in your comments about a statement you make in your release about the possibility of bringing a funding partner. Will that be an offtake agreement, or can you expand on that, please?

Don Lindsay: Hard for us to expand right now. We are having detailed discussions with the two partners, each have different addition and kind of different objectives. And they have to make their own decisions on what they want to do. So, we wanted to make sure in the disclosure that we covered a variety of options that could occur. And we hope we can get it settled in the next couple months, but we don't know where they are going to end up. It is really up to them.

Oscar Cabrera: Then just lastly, can you remind me, would the ENAMI share be a carry? Would you need to carry them? And what about the private Chilean company?

Don Lindsay: Yes, that is correct. ENAMI has a 10% carried interest, so we are responsible for 85% of the financing, and the Chilean private company is responsible for 15%.

Oscar Cabrera: And one more question if I may. On Quintette, you are talking about spending or making lead orders for the equipment. Are you spending any money from Quintette in those orders this year? And how much would that be?

Don Lindsay: Over to Ian or Tim, if you want.

Ian Kilgour: Yes, we expect to spend around $340 million this year. Our plan is to aim for production at towards the latter half of 2013. We, in fact, have now submitted the Mines Act Permit Amendment application and, of course, our progress will depend on the approval period for that. And basically if that proceeds, as we hope it might, we will start further works at site in the last quarter this year, and which will hopefully give us our first coal by the last quarter of 2013.

Oscar Cabrera: Thank you very much.

Operator: John Hughes, Desjardins Securities.

John Hughes: Just a couple quick ones. Were there any Class B shares purchased for cancellation in the first quarter?

Ron Millos: Yes, a very tiny amount about 200,000. We've done about 5.0 million so far, John.

John Hughes: Okay. That's great. Then in terms of a summary of the feasibility study for QB2, is there a more -- is there anything else available outside of what's in the quarterly release?

Peter Rozee: There will be a 43-101 report filed sometime in the next six weeks. Probably at least a month from now.

John Hughes: Okay. So what about any economic reviews, or is that pending following board decision type of thing?

Don Lindsay: Well, we have all sorts of scenarios that we run, and I guess we finally come to conclusion that you are going to come up with your own copper prices and models, and so we've left it to you. We won't be disclosing our actual runs. We've disclosed the key inputs and then let you do your own numbers.

John Hughes: Okay, last question, just on the balance sheet that financial and other assets account, the one that was up $324 million in Q4 and another $168 million in Q1. Don, can you provide any colour at all on the number of investments specifically on the publicly traded investment side, any type of colour at all in terms of why this account keeps going up?

Don Lindsay: Same answer as before, I guess. From time to time we make investments in situations we believe are undervalued. They could become something strategic, most of them don't. And we wait and sell to take a profit, and this is no different than anything we've done in the past.

John Hughes: All right, thank you very much.

Operator: David Charles, GMP Securities.

David Charles: Just a question if you could, on the coal price visibility going forward. I'm just wondering, Don, you've laid out some scenarios with increasing production in China, et cetera. I was just wondering, what scenario would have to occur for coal settlements in the third quarter to be below US$200 a tonne for MET coal? I'm trying to get some sort of a feel as what's the upside and downside on MET coal prices.

Don Lindsay: I think it is sort of the normal things that you would think of. If the global economy turns down, and in particular related to industrial production, and primarily in emerging markets remember that business is just driven so much by China, where steel production is something like eight times larger than in the US. And emerging markets, you add those in and that's just become the big factor. I know that financial markets tend to focus, of course, on the US and Western Europe. And that tends to drive sentiment because they think that sort of what drives commodities. Historically, of course, it did, but not anymore.

The world has changed and the other economies are carrying on. But if they turn down, and, of course, the same situations like that happen on different occasions in economic history, 1998 was a big one. Then that would reduce demand, and if you have more supplies than demand then prices turn down. At the moment, we are seeing the opposite. We're seeing steel production turn up, and some difficulties on supply-side in Australia that you've all heard about and obviously they will eventually resolve those things. But for the moment, you see quite a positive tone in terms of customers contacting us to accelerate shipments. How long that will last is very hard to tell so we always monitor it quite closely and I'm sure you will too.

David Charles: Yes, maybe just to slightly change that. That's a very good answer, but just maybe to change it. Do you think that there's a, let's say, 50/50 chance that the number could be below US$200? Or do you think at this point in time it looks like it will be of less than that?

Don Lindsay: As you might expect, I do not think there's a 50/50 chance that it would be below US$200? I kind of think we're past the bottom. The spot price is up a good US$10 or more, and we've seen increased demand for shipments. So that looks good.

David Charles: Excellent. Thank you very much.

Operator: Kerry Smith, Haywood Securities

Kerry Smith: Don, for this 50% potential expansion of QB on the sulphides, did you guys do any work at all to think about, roughly, what the CapEx might be for something like that and how it might be? Would it be like an expansion after year five? Or did you think about it conceptually in any way that you can give us some input?

Don Lindsay: I really do appreciate that you'll all be trying to develop you're models for this and build an expansion in some year with capital. We just haven't got there yet. We really want to finish the discussion with the other owners and get on with the first part. Once we get through that then were thinking about it. But you sort of want to stay focused on executing well. I mean one of the points to make about this project is that it is really doable. But for it to be doable we have to stay absolutely focused on executing cleanly. And that's why we have a couple of slides in the presentation today that show you how we are managing the execution risk and Tim Watson's got a real plan on that, and we had him down on the analyst tour in Chile to be able to speak to a number of you face to face. Because to me, when we do resolve the ownership issues, the discussions, then being absolutely focused on executing this one cleanly is really important. Much more important than spending a lot of time on the expansion phase too soon.

But we do signal that there's such a large resource there that this is the kind of deposit that, once built, will likely be expanded a couple of times during the course of its mine life, which we believe will be longer than 39 years given that we have additional resource there. That's one of the reasons why we like it. So all these things are kind of judgment calls, but when we look at QB2 compared to a number of projects out there in the world, and we spent a lot of time doing that, we looked at over 400 projects around the world before we really finished this and had three different sessions with the board on it. Where we compare other risk factors, this one the risks they appear quite manageable. We're building a copper concentrator, and we just built one at Carmen de Andacollo. So we have a lot of experience to directly apply to that. I think this is just going to be an intense focus on executing cleanly on this one and we will get to the expansion when it is the right time.

Kerry Smith: Great. The only reason I ask is obviously the NPV would look significantly better with a 40-year mine life to expand out.

Don Lindsay: You know what? You're absolutely right. And I appreciate that. But that NPV today is still going to be just a fraction of what the NPV will be when the first phase is built. As NPVs work, you know you do the arithmetic today and you're going to get a pretty low number because you're just starting the phase where you're spending a lot of money. I love for people to do the NPV in 2017, of what just the first phase looks like, because it is pretty good. Then if you do the expansion after that, it gets even better. So this is why we love to be able to snap our fingers and have this project built and have in our portfolio, because we know we are going to love it for 50 years in this portfolio.

Kerry Smith: And, Don, how much contingency is built into the $5.6 billion? As a percent are as a dollar amount?

Don Lindsay: 13%.

Kerry Smith: So 13% of the $5.6 million. Okay. Is it a full four -- maybe Tim can answer this, is it a full four-year build for that project?

Tim Watson: The actual, when we look at the development cycle we are into the basic engineering phase of the project right now. We obviously can't go to the field until we receive our SCIA. We have certain assumptions built into our program on the approval cycle time for the SCIA. But should the project be approved, we do expect to be in the field second half of next year.

Kerry Smith: Okay. So here in the field by second half of 2013?

Tim Watson: It is a three-year build time.

Kerry Smith: It's a three-year build time. Okay, which would be the back half of 2016. Okay, that's great. Thanks very much.

Don Lindsay: You know I just had another comment because I was just at QB on Thursday and speaking to groups of employees and touring the site. And a number of you won't have had a chance to be there recently, although we had the tour of Carmen de Andacollo and Antamina just a couple weeks ago. But we will get something organized in the future. But as you stand on the lookout, you can visually see a dome of mineralization that is already exposed by the current mining operation so very low strip ratio, almost nothing. It has a copper grade of .62 to start, and you compare that to what we have been mining at Highland Valley which is .22. And the moly grade is three times what Highland Valley has. And this is what we get to start with? I think sometimes it is important to just go there and see it. And the terrain is very easy to work in. It is not like some of the other projects around the world. The elevation is 14,000 feet-plus of, course, but that does mean that there's not as much sort of environmental challenge as if you were in the heart of a rain forest and various other things. Of course we're operating there and Collahuasi is operating next door. So all this combines to help us be a doable project.

I think as people look at these projects around the world, just looking at all of the risk combined and ask the question is this doable, is a really important question. Because the mining industry is being challenged worldwide to even just keep current mines operating at the current production levels let alone do brownfields expansions or even a greenfields project. We've seen company after company report declining production because the head grades going down and that sort of stuff. When you look at everything in that context, we feel QB2 is very doable, very manageable. We obviously already have our share of the equity financing on the balance sheet, so that's not an issue. So it is something that we love and it was just built already and in the portfolio.

Operator: Brian MacArthur, UBS securities.

Brian MacArthur: Just one last question on QB. When you look at this, what sort of tax rate did you assume in your analysis? Did you assume money is repatriated or reinvested in Chile? And did you credit any of the other operations against it? Or did you just look at other standalones?

Don Lindsay: We used the current tax regime, we do sensitivity analysis again, as you know, and we have our tax specialists have been following the Chilean tax developments and what might change in the future. But yes, Chile does have the advantage of invest in cash flow generated in Chile and you pay a lower cash tax rate during that time. So that does help in the early years.

Tim Watson: But we did not assume that, the model. In our model we did not assume reinvestment of profits from QB. It was viewed on a standalone basis.

Greg Waller: Of course, Brian, the amount of the capital spend results in a fairly large depreciation tax yield in early number early years anyway, which obviously has big impact on the cash tax payable in the early years of the project.

Brian MacArthur: Right, but we are not taking profits from current QB and crediting them or anything like that. Or bringing Carmen de Andacollo in, right?

Greg Waller: No, we don't do that.

Brian MacArthur Okay, obviously if and when you get an expansion, obviously you'll get the benefit redoing that again, so theoretically as you go on a longer time you'll be able to maintain a structurally lower tax rate, assuming nothing changes.

Greg Waller: Right.

Brian MacArthur: Great. Second question just something totally different. I apologize. There's a statement on Page 22 talks about this whole thing in Lake Roosevelt, and I'm not a lawyer, it says striking or affirmative defense of apportionment and circle of litigation and I just have no idea what that means. Can you just elaborate a little bit on where we stand on that?

Don Lindsay: Peter Rozee would love to answer that question.

Peter Rozee: Sure. That finding is a setback in the litigation. Apportionment is a doctrine that lets you reduce your share of CERCLA liability to a portion of the total remediation costs, total natural resource damages. We are appealing that finding. We think there's some fundamental legal problems with it. It is too early to say whether the appeal of that issue will hold up the rest of the proceedings or whether we will have to wait until the liability phase of the trial is over to appeal the whole thing. But it is a significant finding. The good news is that our RIFS work on the upper Columbia continues to be very positive and the results of the science are showing that there may, in fact, be very little remediation required. So we are encouraged by the facts, and discouraged by the legal outcome on that one issue.

Brian MacArthur: Right. So, nothing changes and what you are doing. You still continue to do the work you're doing or whatever. This is just going to go through the courts for a while. I don't know how long it will take, and we just proceed on in the near term like we've been doing, is that fair?

Peter Rozee: That's exactly right. We don't know how long it will take, but longer rather than shorter is a good guess.

Brian MacArthur: Okay, great. One other final different topic all together again. Just you mentioned on Trail that the margins changed there because you're paying more for silver. Is that as a result of just terms of change? Or is it just a change in mix of product going into Trail at the moment that led to that?

Rob Scott: Rob Scott speaking, Brian. Simply just rising silver market prices so that we get the concentrate based on price of silver and suppliers with the rising market and so the prices rose last year. Cost for those concentrates that contained silver rose.

Brian MacArthur: Okay, so whatever the margin, that's just a flow-through thing, it's not like we're getting different types of cons at a different contract on the silver or anything like that?

Rob Scott: No, that's correct.

Brian MacArthur: Thank you very much.

Operator: Terence Ortslan, TSO & Associates.

Terence Ortslan: Thanks for all the details. Just going back to QB, Don. Did you just say a few minutes ago that the cut off is 0.2 for those numbers that were tabled today?

Don Lindsay: No, I was comparing the dome of mineralization in QB that's already exposed, and it's grade, to what we currently mine at Highland Valley copper. And my point being that QB, in the first five years is not quite triple, but substantially higher grade than what we are mining at Highland Valley where we're making good money.

Terence Ortslan: So what is the caught off that go along with those numbers? And while you're looking at that also going to ask about the power costs assumed, and what percent or pie chart is the power cost for the C1 cost that you guys had?

Don Lindsay: Okay, so we've got the power cost question and cut off.

Roger Higgins: Cut-off price based on an NSR principally, so around in the price of copper. We normally don't put that out there, depends on the mine plan at the time. Power cost we're in negotiations there, that would appear the cost are going to come in at the 10-11 cent range. But we are still in the process of determining what that will be.

Terence Ortslan: That's a pretty good number. And the availability of power, is it there? Or do we just make an assumption it will be available sometime with the expansions and all?

Roger Higgins: We expect that there will need to be a construction of a power station in the north, and that's the nature of the negotiations.

Terence Ortslan: Okay. May I ask how much power you're going to be using once it's cranking up, this thing?

Roger Higgins: 240 to 250 megawatts – that includes pumping water from the ocean to altitude, it includes the mills. They are very big requirements.

Terence Ortslan: One quick question on the Quintette. I was going to ask you if the feasibility study, once it comes out, what's next. I guess the answer is kind of a foregone conclusion you guys are going ahead with this 2013 fourth quarter startup. What's the ramp up again, could you remind me please on the Quintette beyond and into 2013 onwards?

Don Lindsay: The ramp up on Quintette.

Ian Kilgour: Basically, we will be ramping up starting coal production in the fourth quarter through 2014 getting towards the $3.0 million mark towards the end of 2014. That's our final throughput rate.

Terence Ortslan: Okay. Thanks for the details.

Operator: Oscar Cabrera, Bank of America.

Oscar Cabrera: Thanks for taking my second question. Just getting back into Quebrada Blanca, if I can. Two of the main bottlenecks in the northern part of Chile right now is power and skilled labour. And so the first thing is in your presentation you talk about third-party power with permitted sites. Is one of these sites Meijellones or can you tell us what sites you are considering for your power contract?

Roger Higgins: We are in discussion with a couple of different parties, Oscar. We'd just like to leave it at that because we are in negotiations at the moment.

Oscar Cabrera: Okay, let me ask it a different way. So when you talk about permitted sites, dothese site have environmental permits already?

Roger Higgins: That's correct.

Oscar Cabrera: So you're just talking about right-of-way?

Roger Higgins: That's correct. We are working on the right-of-ways ourselves. And the power transmission line is, in fact, in our CapEx numbers but the power station itself is not.

Oscar Cabrera: That helps. And the second question I guess more looking at Relincho. Obviously there's been, there is one example right now when Chile with plant using saltwater, and you obviously have been very cautious about the way that you're developing your project. How are you thinking about the development of Relincho? You still think that this can come right on the back of Quebrada Blanca if you start production like you just mentioned to one of the previous callers in the second half of 2016? Can actually Relincho you think come on stream on 2017? Or has all of this process changed your way of thinking on that project?

Don Lindsay: I'm going to make a comment and then turn it over to Tim for more detail. But that kind of decision we wouldn't make for at least a year. We want to see the results of the final feasibility, and we want to see how much progress we've made on QB2. Remember we haven't made the final go-ahead decision on QB2 yet, so if it gets delayed quite a bit, anything could happen in terms of the timetable or the order between QB2 and Relincho. If it goes like we like to see it go, we will be very careful about how much we stagger QB2 and Relincho in terms of people available to really be focused on a project that we've got to be cautious about biting off more than we can chew. And also looking at the financing of it as well. I will turn it over to Tim related to the seawater flotation of that site.

Tim Watson: Thanks, Don. With respect to Relincho on the seawater issue. Right now we still have extensive test work programs underway, metallurgical test work programs underway. And we are actually analyzing how the plant work in both seawater and desalinated water. So that as we come through the costing phase of the feasibility work for Relincho, we can actually do a detail of analysis of both options. And at the end of the day, it will come down to what we fundamentally believe is the lowest risk option for the project, and to also in terms of then providing the best rate of return. So it will be a combination of de-risking the project and copper recovery and what we fundamentally believe is the best option going forward. But we are looking at both options, and we continue to pursue the seawater option along with the diesel option.

Oscar Cabrera: And can you remind me I don't know if you mentioned this, in the scoping study that you provided a CapEx for, was that done with desalination or was that assuming seawater usage?

Tim Watson: The previous information that we had released was on the basis of seawater.

Oscar Cabrera: Great. Thanks again.

Operator: Greg Barnes, TD Securities.

Greg Barnes: I'm fine. My question has been answered.

Operator: There are no further questions registered at this time. I would now like to turn the meeting back to Mr. Lindsay.

Don Lindsay: All right. I'd like to thank everybody for your time this morning. May be just a summary comment that Teck is a Company that's in very strong condition. The world has been in reasonably fragile state for a couple of quarters or more. But we do see a number of positive signs underneath all the noise in the media and so on, that point to a better quarter at least in terms of our coal business in sales versus what we've seen in the last two quarters. And certainly stronger steel production across the board. So that's encouraging for the future. We will continue to stay focused on trying to finalize discussions with the other owners of QB so that we can provide clarity on development decision and timing but it could take a few weeks or months, depending on how long the discussions last. So we look forward to talking to again at the end of the second quarter.

Operator: Thank you.

Greg Waller: Thanks very much, goodbye.

Operator: Thank you the conference is ended. Please disconnect your lines at this time, and we thank you for your participation.