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TECKb.TO - Q1 2026 Teck Resources Ltd Earnings Call

EVENT DATE/TIME: APRIL 23, 2026 / 3:00PM GMT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Teck's first-quarter 2026 earnings release conference call (Operator Instructions) This conference call is being recorded on Thursday, April 23, 2026.

I would not like to change the conference over to Emma Chapman, Vice President, Investor Relations. Please go ahead.

Emma Chapman - *Teck Resources Ltd - Vice President, Investor Relations*

Thank you, operator. Good everyone and thank you for joining us for text's first quarter 2026 conference call. This call contains forward-looking face statements. Actual results may vary due to various risks and uncertainties. Teck does not assume the obligation to update any forward-looking statement. Please refer to slide 2 for the assumptions underlying our forward-looking statement. We will reference non-GAAP measures throughout this presentation. Explanations and reconciliations are in our MD&A and the latest press release on our website.

On today's call, Jonathan Price, our CEO, will provide highlights for the first quarter, 2026. Crystal Prystai, our CFO will follow with further details on our operational performance and financials in the quarter. Jonathan will then wrap up with closing remarks and an opportunity for Q&A.

With that over to you, Jonathan.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Thank you, Emma, and good morning, everyone. We will start with the highlights from the first quarter 2026 on slide 4.

We delivered a very strong start for the year, with robust financial results reflecting both disciplined execution across s and the cash flow generation potential of our portfolio. Our adjusted EBITDA down more than doubled to $2.1 billion in the quarter, driven by record quarterly copper sales volumes, higher commodity prices, and the continued success of our optimized food strategy and trail operations.

This has supported robust cash generation, with $1 billion in cash flow from operations, contributing to a $338 million increase in our net cash position over the quarter. And with ongoing cash generation into April, we further increased our cash by nearly $300 million since March 31, and our current liquidity is $9.8 billion as of yesterday.

Throughout the quarter we made considerable progress against our key near term priorities. For our merger of equals with Anglo American, we obtained regulatory approval from South Korea and advanced integration readiness. We have strong performance across all operations in both our copper and zinc segments. We are tracking well against our plans with no changes to our previously disclosed annual guidance.

At QB, the team did consistent performance, with production in line with Q4 2025 and record quarterly copper sales. We also made significant progress on the tailings management facility or TNF, including completion of Rock Bench 4. And we continue to advance the Highland Valley mine life tension project with detailed engineering now over 90% complete and procurement nearing completion with our capital guidance of $2.1 billion to $2.4 billion unchanged.

All in all, there's been another strong quarter of performance in which we demonstrated the resilience and potential of our assets and further improved our strong balance sheet.

So turning to an update on the merger of equals with Anglo American on slide 5. We continue to make progress with regulatory approvals. As mentioned, we received approval from South Korea in the first quarter and the approval from China is advancing. At the same time, we are making good progress on our integration planning work to ensure readiness to and to position the combined business to hit the ground running from day one.

We are moving steadily closer to creating a leading global critical minerals champion, and realizing the significant value creation potential of Anglo Teck. We continue to opposing of the transaction within 12 to 18 months from the announcement last September.

Turning out to Safety on slide 6. Teck had very strong safety performance in the first quarter. Our high potential incident frequency rate for Teck controlled operations remained low at 0.05 in the quarter. This is below our 2025 annual rate of 0.06, which matched the Teck's best ever annual result. Health and Safety remain core values for Teck, and we are focused on continual improvement and our vision of everyone going home safe and healthy every day.

So turn to QB's performance in the third quarter on slide 7. I was at QB last week and I'm incredibly pleased with the performance of the team there and the progress we are making at this Tier 1 assets, executing on the TMF action plan and driving operational stability.

In the first quarter, we delivered robust and performance with strong production at 56,000 tons. This was in line with Q4 2025, despite a plant maintenance shutdown and a shorter operating month in February. Mill availability of 92% was lower a quarter-on-quarter as we completed our plant scheduled maintenance in January, which also had a slight impact on overall asset utilization in the quarter of 87%. Despite this, asset utilization in the quarter remained above the range assumed in our 2026 guidance.

Throughput improved slightly quarter-over-quarter, reflecting enhancements in operational discipline and integration across the mine and the plant. Recovery at 83% benefited from stable continuous operations.

Overall, there was continued operational stability at QB with enhanced reliability and consistency in plant operations during the quarter.

Slide 8 highlights the development of QB TMF. While he was able to see the significant progress the team has made in advancing development of the facility. These photos show the progress that we have made since many QB in November 2025. In the first quarter, we successfully completed Rock Bench 4. You can see that the dam (inaudible) widen significantly, which enabled the rating of the dam wall with no associated downtime of the mill.

We also advanced construction of the paddocks and development of the sand dam. As evidenced in the picture on the right-hand side. The sand production and quality improved from the installation of new cyclone technology late last year. Overall, sand acquisition rates improved in the first quarter, and we continued improvement is expected throughout the year as we progress construction of the sand dam.

Slide 9 summarizes the status of QB's TMF development work, which remains on track. Construction of the mechanical rock benches is aligned with our plan, with the completion of Rock Bench 4 in Q1. We now expect to complete Rock Bench 5 by the end of the second quarter, adding further width to the dam press.

With the installation of the new cyclone technology late last year and the associated improvements in sand acquisition, we expect to continue to advance development of the sand dam to enable steady state operations by year end. We've decided to install a secondary sand cyclone system to further improve sand quality. The timing of the installation will be determined in the second half of this year.

Finally, the schedule for install a permanent infrastructure remains under evaluation, and will be confirmed later in the year. While we've made significant progress on the TMF there is still much work to be done throughout the remainder of the year. Importantly, completion of the development of the sand dam, and we remain acutely focused on closing out all remaining objectives.

So turning to the Highland Valley mine life extension on slide 10. The project includes enhanced mine infrastructure and expanded mobile equipment fleet and a new maintenance shop. This construction work includes a new tertiary grinding mill and a replacement of an ag mill with a sag mill, upgrades to the flotation circuit and upgraded power and water systems.

Construction activities continue to ramp up across these work fronts and are progressing to plan. We have commenced construction of the new maintenance shop made substantial progress along the Thames corridor, and advanced installation of pilings for the new tertiary mill. The early productivity indicators are positive.

Detailed engineering is now over 90% complete and procurement awards are now about 95% complete, with our focus now shifting to expediting the fabrication and then ensuring that timelines for delivery to site are maintained. We invested $188 million in project capital in the first quarter.

Our capital expenditure guidance for the project is unchanged, $900 million to $1.2 billion this year, the peak year for project spend, and $2.1 billion to $2.4 billion overall. There is also additional capitalized stripping and HPC to developed future mining areas, and this is expected to continue to ramp up over the remainder of the year.

While we expect some impact from higher [seasonal proceeds] our 2026 guidance for capitalized stripping is unchanged at $450 million to $500 million for the entire Copper segment.This project will enable average annual copper production of 132,000 tons per annum at Highland Valley and extend the life of this core asset to 2046.

With that, I'll hand over to Crystal.

Crystal Prystai - *Teck Resources Ltd - Executive Vice President and Chief Financial Officer*

Thanks, Jonathan. Good morning everyone. I'll begin with our financial performance in the first quarter of 2026 on slide 12.

As Jonathan mentioned earlier, our adjusted EBITDA more than doubled to $2.1 billion quarter with margins expanding to 53% from 40% in the same period last year. This was driven by our highest ever quarterly copper sales volumes and significantly higher commodity prices with copper prices averaging a record $5.83 US per pound in the quarter. There was also a meaningful contribution from increased byproduct revenue, particularly from silver.

We continue to focus on (inaudible) [generation] through our optimized feed strategy as trail operations. This strategy continues to deliver positive results. Gross profit of forward appreciation and amortization from trail significantly improved to $258 million in the first quarter compared with $80 million in the same period last year.

We continue to assess our feedstock strategies and remain agile to implement initiatives that will enhance trail operations, profitability, and cash flow. July 13 summarizes our financial performance in the first quarter of 2026, compared to the same period in the previous year.

The 125% increase in our adjusted EBITDA was primarily driven by higher primary and byproduct prices, which resulted in a total increase in adjusted EBITDA of over $1 million. Lower smelter processing charges remained at the tailwind as the concentrate market continues to be tightened. Controllable factors made a positive contribution to EBITDA, with higher sale volumes resulting in a $232 million increase. Higher copper volumes were marginally offset by lowering sales from Red Dog, which were in line with our expectations.

Now looking at each of our reporting segments in greater detail.

I'm starting with Copper on slide 14. In the first quarter, our gross profit forward depreciation and amortization and copper increased 158% from the same year to $1.8 billion primarily driven by record quarterly average copper prices and copper sales volumes, and lower net cash unit costs. Gross profit margin before depreciation and amortization improved substantially to 62% from 47% in the same period last year. Operational performance is strong across all assets in our Copper segment.

Copper production increased 32% for Q1 2025 to 140,000 tons, including the significant increase in QB's production to 56,000 tons. We also achieved [rock] quarterly copper sales at QB, which exceeded production at 70,000 tons, drawing down inventory built at the end of 2025. These sales were supported by normal operations at the ship loader at QB's port facility following the completion of repairs and return to service in February.

Highland Valley's production increased 11,000 tons from Q1 2025 due to increased melt throughput and higher grades, partially offset by lower recoveries as mill feed continues to be dominated by softer ore from the Lornex pit.

As Antamina's production grew 41,000 tons due to higher grade copper only ore as expected in the mine plant. And Carmen de Andacollo's production increased to 14,000 tons due to higher copper grades and recovery. Our copper neck has unit costs were significantly lower than the same period last year, down USD0.27 per pound, reflecting higher production, lower smelter processing charges and higher silver and molybdenum byproduct credit at QB at HBC.

Looking forward, all of our annual guidance for 2026, 2028 for our Copper segment is unchanged. This year, we continue to expect further growth in copper production to 455,000 to 530,000 tons compared with 454,000 tons last year.

Turning now to our Zing segment on slide 15. In the first quarter, gross profit before depreciation and amortization increased 72% from the same period last year to $387 million driven by higher commodity prices, and as I mentioned previously, our continued focus on our optimized feed operations.

Gross profit margin before depreciation and amortization expanded to 37% compared to 29% in the same period last year. At Red Dog, the production of 106,000 tons reflected lower grades as expected in the mine plant and zinc sales were above our quarterly guidance range of 52,000 tons. Despite the lower production, we reduced our zinc net cash unit cost by USD0.18 per pound compared to same period last year due to higher byproduct revenue, largely driven by increased silver prices as well as lower smelter processing charges.

Refined zinc productions at trail operations increased 16,000 tons compared to Q1 2025 as the zinc electrolytic plant was running at full capacity in the quarter.Looking forward, we expect Red Dog zinc sales for Q2 2026 to be between 30,000 and 40,000 tons consistent with the normal seasonality of sale. Our annual zinc guidance for 2026 to 2028 is unchanged, and we continue to expect zinc and concentrate production of 410,000 to 460,000 tons and refined zinc production of 190,000 to 230,000 tons in 2026.

Looking more closely now at our unit cost on slide 16. In the first quarter, our net cash unit cost in both our Copper and Zinc segments, decrease significantly compared with the same period last year. This was a function of disciplined execution at our operations with higher production and improved byproduct pricing.

The current conflict in the Middle East results in some inflationary and supply chain risks, largely from diesel prices and in particular, diesel imports into Chile. This inflationary risk to cost needs to be seen in the context of the material benefit on our unit cost from additional byproduct revenue, which currently more than offset the impact of higher diesel prices.

Our annual net cash unit cost guidance embeds conservative byproduct prices below those achieved last year and below current spot prices. If current commodity prices persist, this would be a benefit to our realized net cap unit cost for the year.

Our annual 2026 net cash unit cost guidance ranges for both copper and zinc are unchanged, and we have provided sensitivities for our net cash unit cost to byproducts and the WTI prices. The largest sensitivities are currently expected to be for silver and the WTI oil prices as a proxy for diesel.

In our Copper segment, our annual net cash unit cost guidance for this year remains USD1.85 to USD2.20 per pound compared with USD2.03 per pound last year and reflecting the growth in copper production that we continue to expect this year.

For every $10 US per ounce change in the silver price, our copper net cash unit costs are expected to move USD0.02 per pound. Our 2026 guidance range embeds an assumption of USD36 US per ounce and the spot price is currently trading at around USD80 per ounce. For every USD10 per barrel change in the WTI oil price, our copper net cash unit costs are expected to move USD0.03 per pound.

Our 2026 guidance is based on a WTI oil price of USD65 per barrel and the spot price is currently around USD93 per barrel. In the Zinc segment, continue you to expect our annual net cash unit cost for this year to be between USD0.65 and USD0.75 per pound compared with USD0.33 per pound last year, reflecting the expected decline in zinc production volumes this year.

For every USD10 per ounce change in the silver price, our zinc net cash unit costs are expected to move USD0.05 per pound. And for every USD10 per barrel change in WTI, our zinc that cash unit costs are expected to move USD0.01 per pound. At Red Dog, we have all of our required diesel during the shipping season, and we are still consuming fuel shipped in the third quarter of 2025. We are continuing to actively monitor the situation for any potential for further disruptions, including in the cost and supply of inputs.

Turning now to our operating cash flow outlook on slide 17. With the cash flow, we have already generated from operations in Q1 of this year are illustrative EBITDA at cash flow from operations have further improved based on several copper scenarios. Assuming an average copper price of USD5.50 per pound for the rest of the year, we could generate $6.6 billion in EBITDA and $5.5 billion in operating cash flow.

And if copper prices remain at current levels, close to USD6 per pound for the remainder of the year, this could increase to around $7.1 billion in EBITDA and $5.9 billion in operating cash flows. These capsules are primarily driven by our Copper segment, including QB with a significant contribution from our Zinc segment. This illustrates the cash flow potential of the business, particularly if current copper prices are sustained. We expect operating cash flow conversion, particularly at QB.

Turning to our balance sheet on slide 18. Cash flow from operation in the first quarter was strong at $1 billion. This was despite an $834 million [bill] in working capital due to seasonal working capital outflows throughout the quarter, including payment of the nano royalty, as well as an increase in receivables at the end of the quarter due to higher sales volumes and higher commodity prices.

As a result of our strong operating performance, we are building cash with a $338 million increase in our net cash position in this quarter to $488 million. We have continued to generate cash into April with the $276 million increase in our cash balance from March 31 and our current liquidity is $9.8 billion as of yesterday.

The cash flow generated from operations also support our capital investments as we continue to execute the HVC MLE project this year. We continue to maintain investment great credit rating, and to pay our regular base annual dividend of $0.50 per share or $61 million in the first quarter.

Overall, robust cash flow generation is strengthening our balance sheet and ensuring our resilient position.

With that, I'll hand back Jonathan for closing remarks.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Thanks, Crystal. I'll come back to our key near-term priorities to wrap up on slide 20.First, we are working on securing the remaining regulatory approvals for our merger of equals with Anglo American, while advancing our integration planning.

Second, we are focused on continuing to deliver a safe, stable and predictable operational performance against our plans and guidance. Third, we are pushing hard to progress the TMF developments to achieve steady state operations at QB this year to underwrite the full value of this extraordinary asset. And finally, we are advancing construction of the Highland Valley mine life extension project.

With the key near-term priorities, we are setting a strong foundation for our next chapter on Anglo Teck as a global top 5 copper company, as we continue with our relentless focus on unlocking value for our shareholders.

So with that, over to you operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Liam Fitzpatrick, Deutsche Bank.

Liam Fitzpatrick - *Deutsche Bank AG - Analyst*

Good morning, Jonathan and team. First question just on QB just around the installation of the permanent infrastructure, can you just outline some of the key factors that will drive the timing there? And does it pose any risk to the to the production guidance that you've given.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Hi Ian, thanks for that question. Firstly, I'll say it poses no risk production guidance, but I'll let Dale Webb, our SVP of LatAm just talked some of the timing considerations.

Dale Webb - *Teck Resources Ltd - Senior Vice President, Operations, Latin America*

Hey Liam, thanks for the question. I think the primary drivers are really our progression in terms of getting the tailings down to steady state, and that's on track to be -- to achieve that by your end.

Once we're able to achieve that, then we will find an operating window where we have extended period of time where we don't need to do additional lifts, at which point we can implement and install that infrastructure. SO we'd be looking at that period of time, in 2027 to be looking to do that.

That would be preliminary at this stage, which is under constant review as we progressed the bill of the (inaudible) staff.

Liam Fitzpatrick - *Deutsche Bank AG - Analyst*

Okay. Thank you. And my follow-up is on the trail asset.

I mean, historically this has not been a, I guess my biggest focus when looking up at the numbers, but it's become quite material. Can you just help us sort of understand what a sustainable level of EBITDA for this asset will be moving forward. I mean, Q1 does look exceptional, but yeah, how should we think about Q2 and beyond.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah, thanks, Liam. I'll get up with a little bit on the operating strategy at QB and then perhaps Crystal can just comment on the financial outcomes of that.

Brock Gill - *Teck Resources Ltd - Senior Vice President, Operations, North America*

Hey, good morning and thank you, Liam. As Crystal stated in her opening comments, our strategies remain consistent for the past 18 months. There's two key drivers to profitability.

One, it's our feedstock from concentrate and non-concentrated sources. We work closely with the commercial team to set up the feed strategy in advanced, optimize pricing. Also note, some integrated zinc business for our principal feed source is from Red Dog.

The second driver is capacity to plant or focused on operating discipline. We have plant shutdowns this year in May and October, approximately 15 to 20 days each.

With that, I'll hand it over to you, Crystal.

Crystal Prystai - *Teck Resources Ltd - Executive Vice President and Chief Financial Officer*

Thanks, Brock. Thanks, Liam. I think really the future of profitability of a trail as we think forward every quarter, it depends heavily on body prices, the TC environment and FX rays. Those are all going to be drivers, and as Brock notes, the feedstock's going to be really critical to that. So it's -- what you're seeing is byproducts really driving the profitability in the quarter and so I think it's challenging to measure that sort of EBITDA. But you really have to think about, what your views are on commodity prices And we can have further discussions about the modeling offline if that's helpful.

Liam Fitzpatrick - *Deutsche Bank AG - Analyst*

Okay. Thank you.

Operator

Myles Allsop, UBS.

Myles Allsop - *UBS AG - Analyst*

Hi, thanks and congratulations on a good quarter.

Let me just firstly on the merger, kind of with Anglo, how are the discussions progressing with the Chinese regulators? Is there anything untoward. And how quickly once the assuming the approval comes through from China, can you actually complete the merger and move forward? That's the first question.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah, thanks, Myles. On the first point, the interactions with SAMR, the regulator in China, are proceeding very much in the normal course. We continue, both ourselves and Anglo American, to respond to information requests, which is quite typical at this point in time. Right now, we have not received any requests for remedies arising from this process. So it is very much a normal, two-way, technocratic process, if I can put it that way, and we will continue to remain very engaged in that.

As I mentioned before, we don't see any change to the timelines for closing of the transaction, with the 12 to 18 months from the date of announcement still remaining our best and current view on that. With respect to then completing or closing the transaction post the receipt of the China approval, of course we would look to do that as quickly as possible. There will be a number of considerations that flow into that, but I think you could expect to see one following the other in pretty short order.

Myles Allsop - *UBS AG - Analyst*

Okay. Thank you. And then on the TSX index, how have those discussions been progressing? Is it looking like you may get index inclusion now?

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Well, there's have been a few sort of green shoots coming through in that conversation of late. As you know, it is something we have been focused on since the announcement of the transaction, but I'll let Emma provide a little bit of an update as to where we are with that right now.

Emma Chapman - *Teck Resources Ltd - Vice President, Investor Relations*

Yeah. Hi, Myles. I think the good news is we have seen some really positive momentum coming from S&P and the TSX to find a practical solution to enable Anglo Teck to retain indexation as a combined entity on the TSX. I mean, this is ultimately being driven by market participants who really want this outcome.

And we know that there is currently a consultation process ongoing which could help shape what the potential framework could look like to enable that indexation. But at the moment, we are hearing pretty positive feedback from the market that there is an incentive to try and find a positive solution.

We just need to establish the timing of what that process could look like and hopefully see a conclusion reached ahead of close of the deal. So we'll work closely with the market, and we'll work closely with the S&P and the TSX to try and get that determination for investors.

Myles Allsop - *UBS AG - Analyst*

Great. Thanks. I will jump back in the queue.

Operator

Anita Soni, CIBC.

Anita Soni - *CIBC World Markets Corp - Analyst*

Hi, good morning, Jonathan and team. Thanks for taking my question and congratulations on a good quarter. Just a couple of questions. I want to follow up on the indexation. And I -- kind of addressed it as well because that came up -- I think the S&P was soliciting feedback from investors. So do you have any idea when you would hear whether or not you would be included in the index? Is there any, like, timeframe?

Emma Chapman - *Teck Resources Ltd - Vice President, Investor Relations*

We have not had any specific timeframe, Anita. I think there are obviously some variables that are uncertain, so think back at the closing of the transaction. I think from the feedback that we have received from the market, there is a desire to try and accelerate [getting] A conclusion of that is done so that it is done in advance of the close of the deal. But I don't believe that a set process or timeline has been established at this point. And we will again try to work as closely as we can to facilitate an accelerated decision from The S&P and the TSX.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

I think all we know in addition to that -- sorry Anita, is that they make these decisions on a quarterly basis, and there is a consultation period ahead of each quarter. So to Emma's point, it is about timing that consultation to be as close as possible to completion of the transaction as we can.

Anita Soni - *CIBC World Markets Corp - Analyst*

Just a quick follow up on QB as well. Is there anything that we need to consider going as the year evolves in terms of capacity within the tailings dam? Like, at this stage, is there sufficient capacity ahead of you for Q2 and Q3, or could that be a bottleneck going forward? I understand the mill is running well, but I am just thinking about the capacity for the deposition.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah. So just at a very high level, we have signaled that we expect Rock Bench 5 to be completed within this quarter, within Q2. And now, assuming we deliver that, then we expect to be able to operate throughout the remainder of 2026 unconstrained by the dam and by tailings capacity.

Anita Soni - *CIBC World Markets Corp - Analyst*

Another question. The NPI at Fourmile, so that's come up. Is there any plans for you to monetize that, or how are you thinking about that royalty that you have?

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah, no specific plans for that right now. We recognize that as a valuable asset that we have in the portfolio, and it is a reflection of what is actually quite a large portfolio we have of various royalties associated with prior exploration projects that we have had in the Teck stable. Obviously very pleased to see how that project will advance over time. There is a lot of technical work that has to still be done around the Fourmile development, and that will further inform the value of the royalty that we hold. So it's something that we will remain very close to, of course, but that is one for the future.

Anita Soni - *CIBC World Markets Corp - Analyst*

Thank you. That is it for my questions.

Operator

Craig Hutchison, TD Cowen.

Craig Hutchison - *Cowen and Company LLC - Analyst*

Hi, guys. Thanks for taking my question. Just on the potential for the JV between QB and Collahuasi. I think you had mentioned in Q1 that you are starting to have discussions there. Can you provide any updates on kind of where things stand with regard to a future JV between those two assets? Thanks.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah. Thanks for that, Craig. We remain very focused still of course on unlocking the full potential of QB and Collahuasi for all shareholders and stakeholders. We are absolutely convinced that combination will offer the fastest route to new copper growth, it will have the lowest risk, the lowest capital intensity, and therefore the highest returns relative to any standalone alternatives for either site.

However, of course, progressing with QB-Collahuasi and the synergies there will not in any way preclude further expansion of either QB or Collahuasi in the future. We do see that as a district that will be able to offer a significant expansion of multi-decade copper growth for all parties.

There is a lot of work going on around that right now. We are progressing with scoping studies. We are progressing with permitting strategies. We are having engagements between the parties and stakeholders more broadly. So lots happening on that front, but, of course, nothing concrete to announce at this point.

Craig Hutchison - *Cowen and Company LLC - Analyst*

Okay. And then one more question for me. Just on Highland Valley, it was really strong grade this quarter. What's the cadence look like from a grade perspective for the balance of the year? Does it drop off fairly significantly in Q2, or is it steady state and then rolls off in the second half? Anything on grades would be helpful. Thanks.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah. We do expect to see some reduction in grades, but Brock perhaps you just want to comment on that a little more.

Brock Gill - *Teck Resources Ltd - Senior Vice President, Operations, North America*

Yes. Thanks very much, Craig. So the grade in Q1 '26 was expected and in line with our plan and within our annual guidance range. Grades in the first quarter were slightly higher than projected; that was a function of sequencing within the mine plan. Just as you know, we do expect some additional downtime in the second half of the year associated with the mine life extension project. As Jonathan mentioned, we are going to convert the autogenous mill to a SAG mill and we're going to install the tertiary grinding mill, so connecting those two things will impact capacity.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

(inaudible) with the guidance, Craig. So no change there.

Craig Hutchison - *Cowen and Company LLC - Analyst*

Great. Thanks, guys.

Operator

Carlos De Alba, Morgan Stanley.

Carlos De Alba - *Morgan Stanley & Co Ltd - Equity Analyst*

Yeah, thank you. Good morning, everyone. Sorry if this question was asked before or the topic was addressed; I joined a little bit late. Has the Chinese authorities indicated any potential request in terms of asset divestitures or something of that nature as they go through the review of the proposed transaction?

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Hi, Carlos. Yeah, we did address this earlier. Essentially, that process is unfolding under the normal course in terms of the -- our responding to information requests that we're receiving from SANA. No indication of any requests for remedies associated with the approval process at this time.

Carlos De Alba - *Morgan Stanley & Co Ltd - Equity Analyst*

Thank you.

Operator

Myles Allsop, UBS.

Myles Allsop - *UBS AG - Analyst*

Hi, great, thanks. Just on the guidance, obviously a very strong first quarter. Do you -- I mean, do you think that the guidance now is more conservative? I can understand why you'd want to keep guidance conservative, but yeah, why was there no change to production guidance for the year and no.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Miles, yeah. We've worked very hard last year, but also this quarter, of course, to achieve the guidance and deliver the performance that we have this quarter, and we'll have to continue to remain very focused and work very hard to meet guidance through the balance this year. So we don't see any case for changing at this point in time.

Myles Allsop - *UBS AG - Analyst*

Where do you see the key vulnerabilities as we've done today after the strong first quarter?

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Look, I mean, it's just the mining industry is an unpredictable industry, and we just have lots of moving parts at all of our sites all of the time, and it's very important that we just remain focused on delivering the plans that we've put forward for the year. Of course, we're always striving for improvement and continuous improvement across our sites, but we think that the guidance that we've set out for 2026 is appropriate in reflecting the potential of the assets that we have and reflecting the risks that exist around all of the assets that we have.

So there's no specific issues that we are concerned about here. It's a matter of consistent production throughout the course of the year, establishing that steady baseline on which we can continue to focus on improvement above and beyond that.

Myles Allsop - *UBS AG - Analyst*

Okay. And then maybe just one last question on the projects, (inaudible) are they -- how -- once the merger completes, how shelf ready are they now? In theory, could Duncan and yourself move those forward quickly to execution, or do you think you'll take -- is there still -- are there still issues that need to be resolved first?

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

I think in, for both projects at the moment, they are at a relatively advanced stage, but we don't yet have all of the permits that are needed. We do still have some studies to be completed and engineering to be further progressed. We're certainly targeting having these projects sanctioned and ready either late this year or early next year, and then they will be decisions, of course, that will be considered by Anglo Teck in our combined form.

Myles Allsop - *UBS AG - Analyst*

Great, thanks.

Operator

Brian MacArthur, Raymond James.

Brian MacArthur - *Raymond James Holdings (Canada) Inc - Equity Analyst*

Hi, good morning. Sorry, can I go back to the trail? And I appreciate it's difficult to forecast given the mix of feed and prices. But you sort of did, they call it $100 million in the fourth quarter and $250 million this quarter, and prices are up. But did you benefit on a relative basis this quarter because you had less Red Dog feeding higher third-party this quarter where you're making a lot of profit? And if so, do we have to think about that variability going forward as well as pricing? Thank you.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Yeah, I'll get you (inaudible) to just respond in terms of the (inaudible) I think the short answer is no, Brian.

Unidentified Company Representative

Morning, Brian. How are you? In short, Noel, we've really kept our feed profile both stable and optimized, and that consistently comprises portions of Red Dog as well as third-party feed. And really, it's been the increase in pricing that has driven what we've done relatively. Thank you.

Brian MacArthur - *Raymond James Holdings (Canada) Inc - Equity Analyst*

Great. Thank you very much. That's very clear.

Operator

Thank you. We are out of time for further questions. I will now hand the call back over to Jonathan Price for closing remarks. Please go ahead.

Jonathan Price - *Teck Resources Ltd - President, Chief Executive Officer, Director*

Okay. Thank you, operator. Thanks, everyone, for joining us today. As ever, any further questions, please follow-up with Emma and the IR team and wish you all a good day. Thanks.

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.
