Event Name: Q2 2012 Teck Resources Limited Earnings Conference Call
Event Date: July 25 2012

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PRESENTATION
Operator: Welcome to Teck's second-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 July 25, 2012. I would now like to turn the conference call over to Greg Waller, Vice President -- Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller: Good morning, thank you Katherine. Good morning, everyone, and thanks for joining us this morning for Teck's second-quarter earnings conference call. Before we start, I'd like to draw your attention to the forward-looking information slides on pages 2 and 3 of our presentation package. This presentation contains 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 statement. At this point, I'd like to turn the call over to Don Lindsay.

Don Lindsay: Thanks Greg, and good morning everyone, and thank you for joining us. I will start with a review of the results for the quarter, and then turn the presentation over to Ron Millos, our CFO, to address more in-depth financial topics. I should say that a number of other members of the management team are on the call this morning and available to answer your questions.

Starting on slide 5, this quarter we achieved record copper production of 90,000 tonnes, thanks in part to the completion of Antamina's expansion, which is now up and running, at slightly better than its nameplate capacity. In coal, our sales during the quarter were over 6.7 million tonnes, or at an annualized rate of almost 27 million tonnes. We ended the quarter with a cash balance of

about $3.6 billion, and we have new five-year labour agreements that were ratified at our Trail operation in June, and at our Cardinal River operation in July.

Turning to slide 6, our second quarter revenues were over $2.5 billion, and gross profit before depreciation and amortization was approximately $992 million. And profit attributable to shareholders was $268 million. EBITDA was $790 million, and adjusted profit, which removes the effect of one-time items and derivative and exchange gains and losses was $312 million. I'll discuss these items on the next slide. This quarter, the most significant adjustment was related to the one-time labour settlement at Trail, which resulted in a $38 million after-tax charge. Other adjustment items were for asset sales, foreign exchange and derivative gains. And adjusting for these items, profit was $312 million for the quarter, or $0.53 per share.

Turning to our operating results for the quarter on slide 8, in our coal business, production was 5.7 million tonnes, and sales were 1.0 million tonnes higher at 6.7 million tonnes, as customer demand was strong. Production was approximately 700,000 tonnes lower than expected due to the CP Rail strike. Adjusting for this, production would have been 6.4 million tonnes, or about 26 million tonnes on an annualized basis. The average realized price for the second quarter was US$203 per tonne and that's about a 3% discount to a benchmark price of US$210 per tonne for the premium brands of coal. Now usually, the average realized price is about a 10% discount to the benchmark price, due to the mix of products, including some lower PCI and thermal coals. Second quarter 2012 unit type costs were $77 per tonne and distribution costs came in at $37 per tonne. This gave us combined cost of $114 per tonne. And increased waste stripping during the second quarter gave rise to higher unit site costs, which was related to the CP strike.

Turning to slide 9. We started the second quarter well-positioned due to our inventory build during Q1 2012 and Q4 2011. As a result, we were able to deal with our main rail carrier's labour disruption, and increased customer demand by drawing down our stockpiles at the ports. The rail strike however, did impact production at our Elk Valley operations. The inability to move coal out of the Valley pushed mine site inventories to capacity and resulted in shutdowns at most of the operations. We estimate lost production to be approximately 700,000 tonnes. Total material moved in the quarter, combining raw coal production and waste rock, increased 10% on a year-over-year basis and is now stabilizing at the rate that we feel is necessary to achieve our production target.

At Quintette, newly issued draft guidelines pertaining to caribou management have extended the permitting process. This, in turn, has impacted the feasibility study and the timeline for the re-opening of our Quintette mine. The feasibility is now expected to be complete in Q3 of 2012, so this quarter, with the first coal expected in 2014. Also, subsequent to quarter-end, we ratified a new five-year labour agreement at Cardinal River, and the next labour agreement in coal expires in May 2014 at our Line Creek operation. And finally, quarter-to-date, we have reached agreements with a portion of our coal customers to sell 5.0 million tonnes at an average price of US$199 per tonne, and this includes carryover tonnage. I think it's important to keep in mind that we were further along in negotiations this time last quarter, and so the quarter-over-quarter comparison to the 6.3 million tonnes we have sold at this time in the last quarter is not directly comparable. Just repeat that, that the 5.0 million tonnes we have in the press release so far this quarter is not an apples-to-apples comparison to the 6.3 million tonnes we had sold at this time last quarter.

Slide 10 highlights the progress we're making towards our 28 million tonne production target at our existing six mines. This chart shows coal production in the red line, in millions of tonnes, and total material movement in the blue bars as millions of bank cubic metres or BCMs on a rolling four-quarter basis. As you can see, total material movement continues to move ahead at a steady rate, but clean coal production is somewhat more volatile being impacted by various issues such as strikes and transportation disruptions. A 28 million tonne annual production rate requires that we move 310 million BCMs of total material, at an 11 to 1 strip ratio. As you can see from the

chart, we were operating very close to this level during the second quarter. Due to the strike, we ran out of storage capacity, and although we had to curtail coal production, we continued with waste movement and accelerated some maintenance work in order to benefit future production, once the rail strike ended. We continue to be very pleased with the progress made on our expansion plans in coal.

Now turning to our copper business unit on slide 11, we had record total copper production of 90,000 tonnes. Production was up 13% versus Q2 last year, with cathode production steady and concentrate production increasing. Copper in concentrate was up 10,000 tonnes primarily due to additional production from Antamina's expansion program, and due to increased throughput from Highland Valley. Our operating costs were up versus the same period last year, reflecting higher costs for labour, energy and various consumables. However, unit costs are lower than in the previous two quarters.

Turning to slide 12, this chart, which shows rolling four quarters of production illustrates the good progress we're making towards our goal of increasing production to the 400,000 tonne rate. Copper production of 90,000 tonnes of the quarter was an increase of 13% from the same period a year ago. A number of factors helped us realize this record level of production. At Antamina, we have started to realize the benefits from the expansion program. Tonnes milled during the second quarter at 135,000 tonnes per day, with 33% higher than a year ago, and in June in fact, we ran at over 140,000 tonnes per day.

At Highland Valley, throughput improvement projects continue to show results as the mill processed 16% more material than the same quarter last year. We're now mining at improved head grades. And finally at Andacollo, production rose by 6% reflecting additional mill throughput as a result of mill modification enhancements completed this year. We expect more improvement here shortly with the commissioning of the pre-crushing plant as well. All three of these operations will continue to add to growth in copper production over the balance of 2012.

Turning to slide 13. Earlier in the second quarter, we completed the feasibility study from the QB2 hypogene development and we filed a social and environmental impact assessment for the project. In July, however, we announced a temporary withdrawal of the application in response to requests from Chilean regulators for additional information. The bulk of the additional information requested revolves around the hydrology and vegetation impact at QB2. We are currently reviewing the various requests from the regulators, and we will resubmit the application in due course.

Turning to our zinc business on slide 14. Zinc concentrate production for the quarter was down about 10% compared to last year. At Red Dog, lower mill throughput due to unplanned maintenance and restricted operating rates resulted in lower production. At Antamina, even though the total ore throughput has increased, zinc production declined, due to 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 at Antamina are reported in our copper business. Lead concentrate production was over 9% higher than the zinc quarter last year, as both grades and recoveries improved. And at Trail, production was generally stable, bit profits were down due to lower prices and a one-time labour charge related to a new five-year agreement.

Slide 15. We continue to move ahead with the announced upgrades at Trail. We are currently engaged in demolition and site preparation for construction of the new slag furnace and settling furnace in 2014. Ground breaking for the acid plant commenced in June and the supply of major component equipment is on schedule. Now briefly about our energy business. The Frontier project regulatory application was submitted to regulators in November 2011, as you know. Provincial and federal agencies are currently reviewing that application, and compiling supplemental information requests, which are otherwise known as “SIR’s”. We anticipate

receiving the final SIRs in third quarter of 2012 and responding to these information requests in the fourth quarter of 2012.

And finally, in early April, we completed our purchase of SilverBirch Energy, so it was in the last quarter. This creates a simplified ownership structure for Frontier and streamlines the project. The acquisition also provides an opportunity to explore new partnerships and other alternatives to move the project towards development. I will now turn the call over to Ron Millos to address some financial issues.

Ron Millos: Thanks, Don. I'm on slide 17, where we've summarized our changes in cash for the quarter. Our cash flow from operations was approximately $725 million in the quarter. Capital expenditures and investments were $445 million. And in early April, as Don mentioned, we completed our acquisition of SilverBirch Energy for a net cash outlay of $432 million. After allowing for principal and interest payments on our debt, exchange rate changes and other items, our cash decrease in the quarter was about $159 million, and we ended the quarter with about $3.6 billion in cash.

Slide 18 shows our final pricing adjustments for the second quarter which are included in our other operating income and expense on our income statement. Our total pricing adjustments for the quarter were negative, due to the falling prices during the quarter, resulting in an $84 million loss on a pre-tax basis. And of course, remember when analyzing the impact of price adjustments, the refining and treatment charges, and the Canadian/US dollar exchange rate must be included in your calculations. In addition, when analyzing the impact on our net earnings, you need to consider taxes and royalties.

And on the next slide, I wanted to spend a second or two highlighting the relationship between pricing adjustments and the change in commodity prices. The chart on slide 19 plots total pricing adjustments in millions of dollars on the Y-axis versus the change in quarter-end copper and zinc prices on the X-axis. There are other elements that impact the total settlement adjustments like volumes, and lead and silver prices, and refining and treatment charges, but clearly copper and zinc prices are the most significant factor. And the chart highlights a relatively clear relationship. Of course, the key driver is the quarter-over-quarter change in commodity prices.

Moving onto slide 20, we've updated our forecast capital expenditures for 2012. Overall, sustaining and development capital expenditures are expected to be approximately $2.1 billion, down about $200 million from our previous guidance, and this change is mainly due to the timing of spending on the various projects. The spending on our development projects include $140 million Quintette, $265 million for Phase 2 of Quebrada Blanca, and $310 million for Highland Valley. As always, the amount and timing of actual capital expenditures is dependent upon numerous factors, including permitting, availability of equipment and people, economic conditions et cetera. We also expect to invest approximately $220 million as our share of the cost for the Fort Hill oil sands project which is accounted for as an investment on our balance sheet, but we view it internally as capital spending. And with that, I will turn the call back to Don.

Don Lindsay: Thank you, Ron. Turning to slide 22. I would like to update you on the status of the many development projects we have underway. In coal, the feasibility study for the re-start of the Quintette coal mine is proceeding, with additional work revolving around caribou management plans. We expect the feasibility study next quarter and the permit approval is now expected during the first half of 2013. The mine could be in production in the first half of 2014, and potentially be operating at an annualized rate of about 3 million to 4 million tonnes by the end of 2014.

At the Neptune Coal Terminal, we are moving forward with plans to further expand the terminal to 12.5 million tonne throughput capacity. The principal enhancement will include a new stacker/reclaimer unit. At Relincho, we continue to move forward with the feasibility study, and

expect it to be complete by the end of the first quarter of 2013. And in our energy division at Fort Hill, Suncor continues with the work required to get a project sanction decision, expected in 2013. The acquisition of SilverBirch's interest in the Frontier project will now enable us to add value by moving the project to fully permitted status as quickly as possible.

So in summary, Teck remains in strong financial shape and is well-positioned in uncertain economic times. Our long-term view remains favourable, particularly for our key products that of steelmaking coal and copper. Our copper production is increasing and is still expected to grow over the next two quarters. Coal production is also increasing and is moving towards our target level of 28 million tonnes of production at our existing six mines, and that's before the re-start of Quintette. And lastly, we're continuing to move through the permitting process with Quebrada Blanca Phase 2, which is a large, long-life low-cost expandable project in a great jurisdiction. And with that, I would like to turn the call now over to questions.

QUESTIONS AND ANSWERS

Our first question is from Curt Woodworth of Nomura. Please go ahead.

Curt Woodworth: I was wondering if you give a little bit more colour on the price differential for the 5 million priced tonnes at US$198. I know you mentioned you included, there was some carryover left in that number, but it seems like it's still a little bit larger discount to the benchmark, so I'm wondering if that includes any lower quality tonnes, or potentially some spot business that was done at lower levels.

Don Lindsay: I will turn that over to Bob Bell.

Bob Bell: Good morning Curt, of course that average pricing includes all of that pricing, so that would be the quarterly price. And also any spot pricing, and includes carryover. It also includes the mix of products that we see, so we have slightly more of the lower priced tonnes this coming quarter than we did the previous quarter, and we have slightly more spot pricing in that quarter, and all that’s already worked into the price.

Curt Woodworth: Great. Okay. In terms of the unpriced position, would you expect to be able to realize the similar level at the US$198 or do you have a bigger component that was maybe tied to spot that's going to be more reflective of what we've been seeing happening in that market the last couple of days?

Bob Bell: Those discussions are on-going, so it would be somewhat speculation, but our expectation is we would settle that pricing at the same level as we settled our other pricing at the quarterly benchmark, so the US$225 for the very highest quality coal, and would come in similarly, but then obviously we can't be certain as to the lifting schedule of what our customers are going to take and also, we're also looking at the possibilities of more spot sales. In the end, the mix we based on whatever we finally achieve in that.

Curt Woodworth: Okay and then lastly, in terms of the spot capability, it seems like just with the seasonal weakness in terms of steel production in a little bit of underlying maybe a buyers striking where spot pricing is done relative to what the benchmarks and the sellers are getting pushback on that. Are you seeing any pushback on contract volumes, and what is the strategy to try to push tonnes the spot market as the demand doesn't seem to maybe be there right now. Any colour on that would be helpful, thanks.

Bob Bell: Well, I think you are seeing the impact of that already in the number that we provided, that's what we've already sold, you'll see that's lower than the previous quarter. But when it comes to what we decide to do in the spot market, we will make decisions that we feel are best of the time, and obviously that will include what we see is the pricing.

Curt Woodworth: Thank you.

Don Lindsay: I might just add a comment on the first question, which was the spread between benchmark and our average price. We think about it over the course of a year or two as being about 10%. We went back last quarter, it was only 3%, and the reason primarily was because there was carryover tonnage at a higher price from the previous two quarters that was included in that, relative to the benchmark in that quarter. And of course if you go this quarter where the benchmark is higher, US$225 and you have carryover from last quarter, and that will increase this price. So this is a pretty normal and to be expected. I don't think anyone should be surprised that the discount this time is little more than 10%, maybe 12% versus last time just being 3%. That's very predictable.

Operator: Our next question is from Meredith Bandy of BMO Capital Markets. Please go ahead.

Meredith Bandy: My question is, Don you mentioned in your remarks that the 5 million or so that you sold quarter-to-date is not apples and apples to the, I think it was 6.3 million last quarter. I'm just wondering if you could give us a little bit more colour on that?

Don Lindsay: Last quarter, when we announced the 6.3, we were basically finished our quarterly contract discussions. This quarter, it was obviously market is turning weaker. We are not finishing those discussions, so we can only make a partial announcement of what has been settled of the total package of quarterly contracts that we carry. We expect to settle the rest of that volume, and as Bob just said, our expectation is to settle on that price, the same as the other customers, but we have to finish those discussions.

Meredith Bandy: Does that mean that the volumes are contracted, and the pricing hasn't been settled or? I guess how are the conversations going, and how are the conversations different, maybe than they were last quarter?

Bob Bell: This is Bob. Yes, those quarterly contracts, the volume is contracted, and so it's now a matter of settling price. Naturally with the market turning a bit weaker, some people are taking longer to come to the decision to finally settle.

Meredith Bandy: And so the volume that settled is greater than the 5 million? Or no?

Don Lindsay: The volume that we have contracts for is greater than 5 million, that's right.

Meredith Bandy: Can you tell us with the volume is?

Bob Bell: We've got over 0.5 million tonnes left to settle. That's already contracted on a quarterly basis.

Meredith Bandy: Okay. Thank you.

Bob Bell: Important to point out that in the end, what is actually lifted by our customers will depend on what they finally nominate in vessels, they control the vessels and we will be out looking for more business on the spot market so we really can't say today what the final sales will be for the quarter.

Operator: Thank you. Our next question is from Sal Tharani of Goldman Sachs. Please go ahead.

Sal Tharani: Also, the zinc shipment that was lighter, are you seeing any pushback in there, of the macro situation, or you think that the demand is still there and you would be able to manage to ship the guided numbers?

Don Lindsay: Turn that over to Andrew Stonkus.

Andrew Stonkus: The big concentrate shipments that we had strong first quarter, and that was a reflection of consumption by our customers. And the second quarter is reflected of lower starting inventory, and there is no -- the demand for zinc concentrates is still extremely strong and the market is healthy. The spot market on treatment charges is still significantly below the benchmark, which reflects a tight market.

Sal Tharani: Okay. One more question, Ron. Your projects: the Quebrada Blanco 2, Relincho, and Fort Hills. In the past, you have mentioned that these were coming along, very close to each other perhaps in 2016, 2017, 2018. I was wondering if you have any thoughts of delaying any of these at the moment as the macro concerns are – and putting some more gaps, so you are not so far out on all of them and things get turned around and you may not be able to stop any of these, or are they too far out at the time?

Don Lindsay: Good question. What seems to be happening and not just within Teck, but within the mining industry globally, is that you don't have to decide to defer projects because the permitting process will do it for you. The QB2 situation, while we haven't formally changed the schedule at all, we are watching what happens with the SEIA quite closely, and clearly there's been a delay of some sort, but we don't know whether it's short one or a medium one or long one yet. We have a lot of people really focused on it. And so at this stage, there isn't enough information to make a decision. It's being delayed by a permitting process on its own. Though it might -- we just don't know how long it is.

In Relincho, that's a different case. The full feasibility study is scheduled to be finished by the end of 2013, so theoretically that is a year behind QB2, but we won't make a decision on what the final schedule of Relincho is until we know what's happening with QB2. We want it to be ready to go, in case anything happens at the first QB2, but if QB2 is still on schedule at that stage, then the odds are that we would put a bit more of a gap between Relincho and QB2, just from an execution point of view and the people associated with the project, because one of the things that we like is that we have the same owners team, a lot of the same key people who built the concentrator at Andacollo are now working on the concentrator at QB2 and then would work on the one at Relincho. You do things three times in a row – generally you get pretty good at it. We want to make sure we can apply the learning from each construction effort to the next one, so that's how we would schedule that. And in terms of Fort Hills, Suncor is the operator there, and they are going through their work right now, and in due course, they will announce where they come to but we anticipate the project sanction will be sometime next year. And then when all that detail is released, we'll see what the final schedule is at the time.

Sal Tharani: Thank you very much.

Operator: Our next question is from Jorge Beristain of Deutsche Bank. Please go ahead.

Jorge Beristain: I guess my first question is for Ron. Just on the purchases that you did of securities in the mining industry, last quarter, I believe, would there be any expected markdown of any kind of mark-to-- market that you would have to make on that investment in the future, given what the broader markets have done?

Ron Millos: We mark our investments to market every quarter.

Jorge Beristain: Okay. Is that reflected anywhere in your P&L this quarter?

Ron Millos: Goes into other comprehensive income.

Jorge Beristain: Okay.

Ron Millos: So it doesn't go through the P&L until we actually realize any gains or losses.

Jorge Beristain: So if and when those securities are sold, then you would actually book it through the P&L? As a realized cost?

Ron Millos: Yes.

Jorge Beristain: Okay. My second question is I guess for Don, and just in the context of, you have had the delay that you are seeing now about a six months on Quintette, and you said it's too early to comment on Quebrada Blanca, but could you give us a ballpark at least on QB? Do you think this is an issue of the delay measured in quarters or months? By re-jigging the issues to address the vegetation and the water issues.

Don Lindsay: So I will make an overall overview comment, and turn it over to Roger Higgins. One of the things that we are finding, and not just in Chile but in various jurisdictions, is that governments are updating their regulations and requirements, and often the civil service, the regulators and so on who are working on it, are applying them for the first time, and they're going up a learning curve as well. And given that factor, it is very hard to predict and therefore answer your question with anything that is very certain, so I just want to put that context out there, and then I'll turn it over to Roger for more specifics.

Roger Higgins: Thanks Don, and good morning Jorge. The Quebrada Blanca Phase 2 SEIA was withdrawn, based on comments from the regulator, and are looking for some additional information, or aren't completely happy with some of what they are seeing, principally around ground water hydrology and vegetation and some level of engineering details. How long it will take us to address that is really part of our on-going discussions with the regulators. We are in contact with them regularly, and we have been all the way through. They have made it quite clear that they like the project, and they want to see the project proceed.

They're very keen to help us through the process. But this business of stopping and re-examining some of the information from their point of view has become part of the regular process of projects in Chile, and as Don said, elsewhere, but how long it takes really is something we will have to work out with them, in consultation with them as we progressively go through the comments that they've had, so it's difficult to assess it, but we've had a very constructive set of discussions with the state about those issues.

Jorge Beristain: Thank you. If I could have one more follow-up for Don. Don, has your mind changed at all in the past six months, given the fairly weak performance we've seen year-to-date again in mining equities, and this is compounding the weakness that we saw already in 2011 to the point where it looks on my map, that is far cheaper to buy “going concern” companies then to build a project from scratch, and then when you compound it with these time delays through the permitting process it seems to me that the greenfield CapEx and brownfield CapEx has continued to wither on the vine due to the time delays. But at the same time, the “going concern” companies are getting cheaper and cheaper by the day. So in your mind, is the pendulum swinging in terms of favouring more of an M&A strategy to bolt immediately to accretive growth, or are you still happy to stick with your portfolio of long-term projects?

Don Lindsay: My first comment is that is an excellent question and very well phrased. And it goes to the heart of the discussions that we have here all the time. We're looking at capital allocations as one of it, if not the single most important thing that we do. And there is no question that from a market values point of view, the landscape is tilted towards buy versus build. Having said that, and we have teams that do a lot of work on this, we have reviewed all sorts of opportunities, including ones I'm sure you're watching that are getting cheaper. They may well get cheaper from here by the way. And the issue that you have to remember is that the assets themselves haven't changed. They may be valued in the market more cheaply, but they are still the same assets. And

in many cases, those assets have something associated with them that make them not very interesting to us. It could be that there is short life, it could be they have significant environmental and sustainability issues. It could be that their geopolitical risk is bad and getting worse from a resource nationalism point of view, or from a health and safety and violence point of view. So those who are trading in the market don't have to deal with those issues, they can buy and sell and get out if things go seriously wrong, but we have to live with them for a long long time. And so as we go to build a company, we are very, very conscious of all these other more qualitative factors in trying to build a good strong company.

We always start with the resource base, and are there any significant risks to it. Is it long life, is it going to catch several cycles, during which we can get all of our capital back and earn a decent return. We look at labour laws. I could go on and on, a list of questions, but and then finally, even though the market price the current bid might be quite cheap, in quite a number of these companies, they are really controlled in terms of trying to buy them out by five or six shareholders who own perhaps 30%, and they won't sell for the normal takeover premium of 30%. They will want 60%, 70%, 80%, so in fact, the valuation that you can take it out for hasn't really dropped quite as much as it might appear. So I can assure you that I personally, and our Chairman and others on the team here are looking at that issue all the time. It is intriguing as this market unfolds, but at the moment, we haven't changed our plans.

Jorge Beristain: Thank you.

Operator: Our next question is from Oscar Cabrera of Bank of America Merrill Lynch. Please go ahead.

Oscar Cabrera: Thanks operation. Good morning everyone. Just want to focus on your copper business, and if I may just start with the current operations. Don, during your remarks, you said that the price or the cost -- the unit costs were declining – I'm assuming that you are talking about per ore milled. Your costs on a per pound basis have increased, and just wanted to make sure I understand where the increases are coming from, like no numbers we have first quarter or, sorry second quarter 2011, US$1.30 or less, and that increased last quarter to US$1.60 this quarter, US$1.74?

Don Lindsay: Okay. We will turn that over to Roger.

Roger Higgins: Thanks, Oscar. Good morning. Obviously unit costs, and we're really talking unit costs, Oscar, on a per pound basis. Heavily dependent on the production rates through the plants. But also if you remember, clearly dependent on by- product credits in the C1 top unit costs of by-products made quite a bit of difference in this quarter. As was mentioned earlier, production at Antamina is increasing significantly, for example, in terms of copper, but stayed stable or slightly less than stable in terms of zinc. So the impact of by-product credit adjustments on overall unit cost at Antamina is reasonably significant in the last couple of quarters and that's influencing how that weights into our total cost basis as well.

As we are going forward, we have increased recovery rates being realized at Highland Valley, with Antamina having gone through the quarter, really it was its final ramp-up quarter we think in getting to its nameplate, both in the mine and in the mill. And with additional production coming out of Andacollo as we ramp up the crushing plant there in the next quarter. We can say the volume is going up essentially fairly similar total cost so that will bring hopefully unit costs back down around in the next few quarters. But there are a number of factors which influence that unit cost, and it's partly throughput but also partly by-product credit.

Oscar Cabrera: Okay. Thanks. And moving onto development projects. Specifically on Quebrada Blanca. Could you provide further details on what is the government asking with respect to hydrology, there is a number of projects that have been using saltwater. All I can surmise is that

the questions are coming either on the tailings or with the water use for the construction of the project, and so if that is the case, is there a risk that the CapEx could increase significantly, because of what the government is looking for?

Roger Higgins: I will answer again on that one, Oscar. The current operations at Quebrada Blanca is underground water from the salar close to the operations, and in fact, it's the same salar for which Collahausi takes a quite larger proportion, not all, but quite a lot of this water. For Quebrada Blanca Phase 2, we are planning, and we already have in the capital costs the costs of the desalination plant, and pumping of seawater from the ocean. By the time Quebrada Blanca Phase 2 is fully commissioned and operating, we will actually stop using underground water in the vicinity of the mine completely, that is the plan, and that is what we have in our feasibility study. However in the meantime, we're continuing to use the salar for existing operations and we will have a small additional increase in just for construction water, it's a small number but it is a small increase on the salar, which is are ready pumped by both ourselves and our neighbours. So it's principally that issue and the modelling of that underground water supply which is being raised by the authorities.

Oscar Cabrera: That's helpful, thank you. Lastly, turning over to coal, can you just remind us what the -- what your targets or objectives are in terms of contracted volumes versus spot. Based on the comments earlier on, if it's 5.5 tonnes a quarter, on contracted volumes 22 you are looking to produce about 20 -- between 24.5 and 25.5. Is that -- could we be using those metrics as something for the year or are you targeting different percentages?

Bob Bell: This is Bob. Good morning. The guidance for the year we gave was actually on production and not on sales. So – and we actually have quite a bit of room at ports to stockpile more coal if we have a disconnect between production and sales for the quarter. Historically, we had been around 10% for spot and we're quite a bit higher than that now, as we have moved forward with additional efforts into China. We don't have a specific target, we're really working to make sure that we get the best price for the sales that we are going to make to meet our production objectives, and we have really migrated what we used to call spot, we now contractual obligations on the tonnage and we negotiate the price, so it's not really the same as spot was in the past. But this quarter, we don't have a specific target for spot. We will work to sell the production as long as we are satisfied with the pricing.

Oscar Cabrera: All right. And remind me one more thing about while I have you. In terms of inventory, what are the stockpiling capability at the port and at the mine place?

Bob Bell: We generally try to keep about 1.0 million tonnes at the port, but we can actually go much closer to 2.0 million tonnes at the ports. It depends on which ports we're using at the time, but at the moment we are actively using Westshore terminals, Neptune terminals, and Ridley terminals for the West Coast. At the mine sites, we can exceed 1.5 million tonnes. We are below that now, and it's actually declining. But that's sort of the capability we have.

Oscar Cabrera: Great. Thank you.

Don Lindsay: I might just make a couple of comments for context on that last question. If you go back the last say, three quarters, we had two weak quarters, Q4 of 2011 and Q1 of 2012, when we produced more than we sold, but we were able to manage the inventories such that we didn't have to cut production and this quarter just finished, we sold 1.0 million tonnes more than we produced and worked it down. So we have got reasonable flexibility in the system as we go forward. Looking at the next quarter, where obviously things have turned weaker recently, we do have room for inventory so that allows us to produce more consistently. As for the other question, I want to go back to the first question, not just for yourself but for the benefit of probably others on the call as well.

And that was the comment on unit cost going down when cost per pound has gone up. So unit cost is the cost of a tonne that we processed through the mill, and that is what is under our control, and that has gone down, and so we're quite pleased with the operations on that side. But we can't control the grade or how much content of both copper the core commodity, or the by-products. And so the amount of by-product in the tonne of ore, and the price we are receiving for that by-product both go down, then the net cost per pound of copper is going to go up, even though we managed to process it through the mill for a lower cost. So hopefully that simplifies it.

Oscar Cabrera: Thank you very much.

Operator: Our next question is from Greg Barnes of TD Securities. Please go ahead.

Greg Barnes: Don, I guess some questions or maybe you can provide some colour around this spot price that some of the press are reporting around US$190 a tonne, that's down sharply over the last several days. Can you give us a feel for what's going on, or is that a real price?

Don Lindsay: That's a good question.

Bob Bell: Well Greg we do see a lot of spot prices reported in the trade press and we don't comment on our specific transactions, we won't do that. But it's hard to know whether a given spot price as reported is accurate, based on the times where we have seen that they don't agree with what we see. But, to the extent it reflects a weakening market, then obviously that's consistent with what we've been reading and we've experienced.

Greg Barnes: And what about in your view what is the marginal cost of production in hard premium quality coking coal at the moment?

Don Lindsay: That is one where you would have a variety of data points, and so I will just quote a recent one, I had lunch with the Chairman of one of our large Chinese customers two weeks ago, and he said that marginal cost of domestic Chinese coal was in the US$180 to US$200 range.

Greg Barnes: Any views outside of China? Say the US?

Don Lindsay: One of the factors that I think people need to look at is the exchange rates, and exchange rates over the last kind of three or four years, and what’s happened with the Australian dollar too, and then with the fairly strong growth in production in the US, in conversion to sending more to the export market, there has been quite an increase in the marginal cost there. But it also moves quarter to quarter as different things shut down and get reconfigured so it's hard to tell, but if I were to make a ballpark estimate, I think it's certainly US175 or higher. I see my coal marketing team are nodding their heads very strongly, so I might be low on that.

Greg Barnes: You might be low on the US$175?

Don Lindsay: Yes. But when you go to marginal cost, at the very top end, there's not that much volume as well. Again, Greg, these are excellent questions. We look at this all the time trying to figure out where the threshold is, a bunch of production falls away and it's hard to tell.

Greg Barnes: We did see some production come out of the market earlier this year, when we got down to about these levels.

Don Lindsay: Well, we think some of that was over US$200.

Greg Barnes: Okay. Thanks very much, Don.

Operator: And next question is from Garrett Nelson of BB&T Capital Markets. Please go ahead.

Garrett Nelson: I was wondering if you could provide an update on negotiations at Antamina. Are you close to reaching the new collective bargaining agreement there? And I know your interest is only 22.5%, but any information would be appreciated. Thanks.

Roger Higgins: It's Roger. The forward part of the process with the negotiations has commenced, that's principally the process of talking about the words in the document, the discussions around value have not commenced and we wouldn't expect that. Perhaps it may come towards the end of Q3, but more likely early in Q4 before the contract agreement has to be settled, and so the final deal will be done close to the deadlines.

Garrett Nelson: Okay great. Thank you.

Operator: Thank you. Our next question is from David Beard of IBERIA. Please go ahead.

David Beard: A question related to your capital allocation. When you look at expanding QB2 versus making acquisitions, are the two mutually exclusive?

Don Lindsay: No. We're going to look at our balance sheet very carefully but as you know we've termed out most of the bond issues we have out there, so our maturities coming due in the next five years are quite manageable. And if QB2 was on a slower schedule then we would have at this level, and the fact is that we own 76.5% of QB2 and control it, so if we saw an acquisition that made a lot of sense to us, we could always do that and put QB2 on hold for a couple of years depending upon what the size and cash was required. So, they are not mutually exclusive. We thought that at our board meetings in each of September and November and February, I allocated significant amount of time for us to review, I think it was 480 different copper projects around the world to compare those to allocations for QB2. So it's a pretty disciplined process. So yes, we are always looking at both.

David Beard: Thank you, and just to switch to coal relative to breakeven, and then adequate return on invested capital. By what price would Quintette be fully loaded break-even and what coking coal price do you need to earn a decent return on capital in that project.

Don Lindsay: With Quintette it’s somewhere down like US$130 or something. Quintette, we don't have any concerns about return on capital, our concerns are with the caribou.

David Beard: And where do you think that break-even would be? I'm sorry. You mean US$130 as breakeven or where you can earn an adequate return on capital?

Don Lindsay: Adequate return.

David Beard: Great, thank you.

Operator: Thank you. Our next question is from Alec Kodatsky of CIBC. Please go ahead.

Alec Kodatsky: Thanks, good morning, everyone. Just a couple of questions here. You mentioned in the release that you're investigating alternative port options, and I'm just curious maybe little bit of colour around what spurred the process, and what magnitude of spare capacity you might actually see?

Don Lindsay: Bob Bell?

Bob Bell: Good morning Alex, this is Bob. What we see as critical to making sure that we can move all of our sales in any given quarter is making sure we have options on ports, and we're very well served by Westshore and Ridley and Neptune, so it's not an issue of seeking an alternative, it's more seeking and sure that we have the options, so we did a couple of vessels at

the Port of Quebec to test that through the Great Lakes, and it worked very well. It's expensive, so it's not something we would do often. And that would go through Thunder Bay. But we've also used PCT which is primarily a sulfur terminal, and we have sent several vessels there, and we expect we will send more vessels there during an outage later in the year at Westshore terminals, just to ensure we continue to have fluidity of our transportation system.

Alec Kodatsky: Okay and how long is the outage at Westshore anticipated to be?

Bob Bell: It's about five weeks in October. They're adding a – they're replacing a single dumper with a double dumper, so they will have two double dumpers, and that is part of their expansion to 33 million tonnes. So it's a very important part of the expansion, but it does mean they will lose one dumper during that outage. We will still have 60% dumping capacity at the terminal so it's not being totally shut down, but regardless, because we want to ensure that we're not going to lose any sales during that period, we will be taking advantage of other port options.

Alec Kodatsky: Okay. Thanks. And just in terms of your production outlook you obviously haven't shifted from where you were. Just wondering if, at what point do actually start to reconsider the production outlook, based on how your order book is building. Is it something you are going to worry about this quarter, next quarter or at all, based on how much the phones ring?

Don Lindsay: We would certainly be too soon to make any decisions to change at this point. Just tracking it quarter to quarter, you look to last quarter this call, most people were pretty negative because we had two weak quarters, but we were seeing really strong demand and no one believed us, but we just delivered a quarter where we sold more than 6.7 million tonnes and 1.0 million tonnes more than we produced. So we know how much it can swing quarter to quarter. We don't see any change in the macro trends in terms of development in China and emerging markets that's requiring a lot of steel. It is weaker right now, but governments in China are about to change over in terms of leadership in the next few months and there has been a number of projects that have gotten approval that they're building that require steel and some of our customers are getting their plants approved that will require coal, so we don't see any reason to change our long-term plan to get capacity in the coal business to 31–32 million tonnes, and in fact, long-term, we see that there's going to be more needed and we're looking at the conceptual plans for how to go further than that.

Since you asked the question, it brings me back to the question that was asked earlier about what coal price would you need to have an adequate return on Quintette and a little more colour on that. The reason we can say that is because the capital to get Quintette into production is relatively low, and about half of the capital is mobile equipment that we can use elsewhere, at Highland Valley or in Elk Valley or even in Chile. So in order to get your capital back, you're producing 4.0 million tonnes a year. It doesn't take much, one good year like we had last year, and you basically get it all back. So whether it's 130 or 135, it's certainly nowhere near 200, and we think it's a good investment to bring in to production, if we can get a solution to the caribou management issue.

Alec Kodatsky: Great. And if think you already partially answered my last question. That was just really to contrast your view on China relative to last quarter. I think the last discussion you held a pretty constructive view. The market is obviously starting to shift in terms of sentiment towards the prospects for China, and just curious as to your thoughts on how or if anything you've seen change in the last three months.

Don Lindsay: So I had a good visit two weeks ago and I met with quite a number of senior people at our customer levels and with CIC and government and so on, Congress and the rest. And we don't think anything has changed in the macro trend, and we go back to one of the slides we have in our IR presentation that just shows the math of what 7% growth really means. And 7%, because the denominator was so large, that's an incremental addition of $500 billion of absolute

GDP growth. And when you compare that to five or more years ago, when the growth percentage rate was higher 10%, 12%, 13%, the actual incremental distribution GDP in dollars was lower. It was $250 million to $300 million. We think if you're adding $500 billion or $0.5 trillion to the economy, that that's pretty good.

We see that the Premier has announced several times that they are concerned about the slowing growth. And we think they are highly likely to continue to do something about it. We don't think there will be a very large stimulus program. In fact we were told several times that there wouldn't be, like the one that was in 2008, the RMB4 trillion. That won't occur. They believe they over did it at that stage. But they have the ability to manage their economy quite tightly, which the Western world clearly doesn't. And the fact that inflation came in at 2.2% gives them room to make some moves, if they so choose. I think they're going to do that, but on a cautious basis until leadership transition finished, which won't be long now.

Yes, we see it in the macro trend, nothing has changed, and so when you look at our long-term plans, whether it's the coal expansion or building QB2 or Fort Hills or Relincho, we don't think we should change that either. And keep assessing them on the basis of are they quality projects, do they have long-life reserves, are they in good geopolitical jurisdictions and so on, and so that is why currently we are still on the stated core strategy. We are conscious that slowing percentage growth matters to financial markets, because financial markets tend to value momentum a lot. And so that hit valuations and hit confidence quite a bit in the investor market. But for us, we don't care about percentage growth as much as we care about tonnes, and there is no question that more tonnes are going to be needed on the demand side, and on the supply side it is proving, and I said this before. It is proving more and more difficult to bring on new supply or even to maintain production at current levels. And so I think the mining industry will still be challenged to bring on enough supply to meet the long-term demand. It will always be volatile, it will always be bumpy and go up and down. We are in a weak period right now but we think the long-term trend is on track.

Alec Kodatsky: Great. Thanks very much.

Operator: Thank you. Our next question is from Brian MacArthur of UBS. Please go ahead.

Brian MacArthur: I have a couple of questions. I just want to go back to QB again, and maybe ask the question differently. One of the nice things about this originally was sequenced after the expire of QB1. At what point does it become critical in the delay path that you would actually have a big gap between say QB1 and QB2 if you were going to do it, you would have to worry about relocating people and issues like that.

Don Lindsay: Roger?

Roger Higgins: Thanks for your question. We have production of cathode at QB continuing through 2017. So a year or so at this stage beyond where we would expect to bring in concentrate production, but probably more importantly, the mine changes very little, so the mine keeps operating at approximately the same rate, slight increases as we go into QB Phase 2, but not significant. Because the ore body for the QB Phase 2 project is essentially being stripped by the current operations. So as a point of fact, mine operations can be pretty continuous, and we would be able to sustain most of our people through that period. We will also be wanting of course to retrain and engage additional people for concentrator operations compared with leaching operations. We have got quite a bit of flexibility here after a couple years, I would say.

Brian MacArthur: Great. Thanks. And totally different question. I noticed this quarter and the last couple of quarters actually, the deferred tax portion is very, very low of your taxes. Now I know some of that is obviously a function of earnings going down at HVC, and Trail and the coal operations off the big deferrals. But it still looks like it's awfully low as a percentage, so it

obviously affects your cash flow coming out. Is this something different that's happening right now or is it just a purely lower earnings, even though I don't think the ratio is right, or does that negative loss at Trail come into it, or is a less deferred taxes at Andacollo? Is there something going on differently because the cash portion of the taxes, and I thought you have a big tax pool is pretty low at the moment.

John Gingell: It's John Gingell, the Controller. Really the change comes about as a result of where our earnings are. And as a lower proportion of our earnings are in Canada this quarter, particularly because our gross profit has shrunk in relation to our overhead, and all the overhead and the interest charges are in Canada. The deferral is less because that is only, or mainly on the Canadian income. So it's a function of where our earnings are, and the relationship of our gross profit to our overhead.

Brian MacArthur: So I guess it's also because all the debt is in Canada, too, so that's going up and that's driven that relative margin down as well, too, I guess is what happened.

John Gingell: That’s exactly the case.

Brian MacArthur: Thank you.

Operator: Thank you. Our next question is from Kerry Smith of Haywood Securities. Please go ahead.

Kerry Smith: Don, so for the expansion at Neptune to 12.5 million and ultimately 18.5 million tonne a year, does that lower your cost much, or is it really just a way to give you more flexibility in terms of tonnes out to the customers?

Don Lindsay: Good question.

Bob Bell: It's Bob Bell here. It certainly will lower the cost of handling the costs at Neptune, because a large portion of the costs, a material portion of the cost is fixed cost, so any time you add additional throughput, then the overall costs go down. Very definitely, though, it is also intended to give us access to port capacity, which has proven to be a strategic asset on the West Coast, so driven primarily by making sure we have the capacity to expand our mines as we planned, and offer potential if something else comes along.

Kerry Smith: And so can you give us a rough idea as to what the impact on the cost might be at say 12.5 million tonnes a year there? Like even percentage or is it $2 a tonne or --?

Bob Bell: Well, of course, you are looking -- we have a mix -- the problem of giving the most specific is from quarter to quarter we have a varying mix between the 3 ports and how much is going North, and plus we give our distribution costs that includes rail, so quite a mix. But you have seen Westshore's disclosure and you would get a sense of it.

Kerry Smith: Okay.

Don Lindsay: Kerry, you also have to remember that we have to negotiate contracts with the other two ports, and so some of this information we protect for that reason.

Kerry Smith: Okay, sure enough. And for QB, as I remember you carry Enami on the capital side so for QB2 you would carry their 10%, but for your partner they have to contribute. Is there some kind of a dilution clause and if there is, would Teck be prepared to put up 100% of the capital to build it through some sort of dilution clause, or do you really only want to put up as minimal capital as required?

Don Lindsay: Yes, that's a good question. I think what we have to say at this stage is we are in discussions with Enami and IMSA about a number of factors, and trying to get final resolution on how things will be going forward, so we're not in a position right today to answer that question as clearly as you would like, so probably save it for next quarter, and hopefully we will be.

Kerry Smith: Okay, but Don, am I correct that Enami is carried?

Don Lindsay: You're absolutely correct. The 10% Enami interest is carried.

Kerry Smith: So the only real discussion is with IMSA then.

Don Lindsay: Right.

Kerry Smith: And then just one last question, maybe for Ron. You have $265 million of CapEx in 2012 at QB2. And if the project is essentially on hold, pending the resubmission of the EIS, what is that $265 million actually for?

Ron Millos: I'll let Roger speak to that one. Or Tim?

Roger Higgins: Short answer Kerry, is that we're not putting it on hold, we're continuing with the program that we have on the project at this stage. Which is mostly around engineering, and the securing of some long lead-time items, and Tim might like to add some more colour to that.

Don Lindsay: Tim, are you there?

Ron Millos: Tim is probably unmuting himself. He's not in the office here.

Kerry Smith: Okay so the bulk of it is engineering and ordering long lead items. That's fine. That answers the question.

Don Lindsay: We should say, and Roger did earlier, as we have been strongly encouraged by the government and the local communities that they do want to see this project go ahead, so we have a pretty good degree of confidence that all of these issues will be resolved eventually.

Kerry Smith: That's great. Thank you.

Operator: Thank you. Our next question is from John Hughes of Desjardins Securities. Please go ahead.

John Hughes: Just a couple of quick ones. On slide 10 I think that's a great slide. The total material moved. This is coal-related So about 300 million-plus BCM material moved in that trend. Is that upward trend going to continue, or now that we've got to that 310 marker around there, is it going to start to level off, and of course, that leads into the strip ratio and should we be using 11, 12, or 13 or less, going forward?

Ian Kilgour: John, Ian Kilgour here. We are going to be levelling off. We have pretty much reached the level that we need to continue at to get to our 28 million tonnes per annum. And the ratio is going to continue around the 11 to 1.

John Hughes: And would that be true through 2013 as well?

Ian Kilgour: Yes, pretty much the next couple years.

John Hughes: Great, and one sort of technical, Ian, on that. What specific gravity should be using for the coal? Like average guess just for conversion purposes?

Ian Kilgour: About one. Basically you turn one BCM of coal into one tonne of clean coal.

John Hughes: Very good. Last question, Don, leadership transition in China. We're all watching that. It's certainly been over the summer and the late spring it's been in the news. Does this transition to present any additional opportunities for Teck?

Don Lindsay: In what way, can you elaborate?

John Hughes: I'm just sort of thinking with your – you obviously do spend quite a bit of time there; whether it be coal sales into the country. Because every 10 years we really get a political change and with your ownership connection that type of, I'm just wondering if there is opportunity for doing more business following October than there has been in the past.

Don Lindsay: I wouldn't want to make any definitive statement on that. I guess I would say that we have made a lot of progress with Chinese customers since the CIC investment and it continues to be really helpful. Enormously helpful. We have the largest market share of two of the very largest fuel companies now in terms of their purchases of seaborne coal, where we certainly weren't in that position before, and we have personal access to very senior leaders, I see them frequently. So all that has been beneficial. I think it will continue to be beneficial.

But the leadership change hasn't occurred yet, and we will have to see what happens, but I go back to my original comments. I think nothing has changed in terms of the macro trend and at this stage, we don't see any sign that even with the leadership change, that there will be any significant change in direction. That 12 five-year plan will carry on and within the 12 five-year plan there are going to be a lot of tonnes of coal and copper and so on. So I think we will continue to make progress there, but I wouldn't want to make anything too definitive about the actual leadership changes.

John Hughes: Great. Thank you Don. That's it for me Operator.

Operator: Thank you. Our next question is from David Lipschitz of CLSA. Please go ahead.

David Lipschitz: You talked about, not to beat a dead horse, but on the coal side, you talk about you are still in negotiations with people on price. How does that work if you can't come to an agreement, and also if they do come back to you, let's say a month from now, and say we need the coal now, do they have to go back to the benchmark price, or is it negotiated more on the current prices?

Bob Bell: It's Bob Bell here. It's a price negotiation, so you can't force someone to accept your price. But obviously we're not going to undermine the agreements we have already reached with our other customers, so if it came to a point where they just wouldn't agree to the price, then they would have to risk not getting the coal. They certainly couldn't come back later and demand coal at a price they hadn't accepted. So and if you look at it from the customer perspective, in the end, they want access to our coal. It's a very good quality coal and we're one of the reliable suppliers, one of the largest suppliers of the market. So in the end, it's often just a matter of it takes a certain amount of time for customers to get the internal approval and get their head around the requirement to finally come and agree to the price.

Don Lindsay: And so I might comment, a lot of the questions of this nature from the street are fairly short term, but when you're in the negotiating room with the customers, these are long-term relationships, and each side knows what the other can do next quarter, the quarter after if the market conditions turn, and that is not far from the negotiation. For example, in the 2008-2009 period, when of course the global financial crisis occurred, we had several customers who actually reneged on their contracts, so when market turned tight after, we cut their volume in half. And three of them came to us and wrote a cheque to make up the lost margin that we had

from the volume that they had reneged on, because they needed to get back to the volume, and so we did with them, but two customers who didn't do that, we kept them at half, and they had to pay very high prices in the spot market. So people remember that, and likewise, we remember customers who perform their contracts when the markets were very weak, and so when we had a strike and other companies declared force majeure or didn't deliver volumes, we delivered volumes at the prices they would've had to, because we respect the long-term relationship. So you have to have all this factors in mind when you look at the negotiations, and so if the customer takes a week or two or three longer to finalize their decision, in that context, I guess that's just part of the game.

David Lipschitz: Okay. So basically, you are sticking to the US$225, if take a couple more weeks in spots, if it's US$190 or something like that, you will stick to that, no matter what.

Don Lindsay: Oh yes.

David Lipschitz: Okay. Thank you.

Operator: Your next question is from John Tumazos of Very Independent Research. Please go ahead.

John Tumazos: Thank you. Earlier this morning, your partner Suncor reported earnings, and Mr. Williams appeared unhappy that the earnings were down, and specifically talked about lowering capital spending, and he didn't exactly say he was cancelling Joslyn, Fort Hills, and Voyageur, he said he was looking at it. Maybe this is new news and you can't comment, but could you just run through your carrying value on Fort Hills and I am interpreting that Suncor had its own specific issues including a write-off of natural gas in Syria and things that weren't related to the project specifically, but might be corporate reasons why it would spend less.

Don Lindsay: I'm not sure what the actual end question was there but --

John Tumazos: What do you do if Suncor doesn't go forward?

Don Lindsay: If they don't go forward, it's that they don't go forward for now. This scenario has occurred to us before, and we don't think anybody is going to give us any value on our share price for Fort Hill at the moment anyway, so it's not a question -- for us, we have 20% interest, and we really wanted to go ahead because we like it, we think the returns are pretty solid. It's a 50 year mine life once you get through the construction phase, the capital phase, and it will be a core asset of the company for generations. So big picture, we like it. Whether it goes on the current schedule or is deferred for a year, based on Suncor and Total's needs, is not a huge deal to us. But at the moment, the way we look at it, we would like to see it go ahead.

John Tumazos: Thank you.

Operator: Our next question is from Fraser Phillips of RBC Capital Markets. Please go ahead.

Fraser Phillips: Thanks. Don I just wanted, if I could, to confirm two timelines. Relincho and QB, just in case of Relincho, I'm not sure I heard you correctly, when feasibility is due to be finished, and when you might make a decision. And QB, I know it's up in the air, but when are you expecting to be in a position to make a decision prior to the latest environmental pushback?

Don Lindsay: On Relincho, we're keeping the full feasibility on schedule to be complete at the end of Q1 of 2013. And that is to give us the option, that if QB has been delayed, that we could just go ahead with Relincho instead. But currently our priority is QB2, and that is what we want to go ahead with. And to your question of when we get a final decision, we don't know, we'd like to get

on with it, but we've got these, the FCIA and the discussions with the owners so we're just working through those. Eventually, we will get there.

Fraser Phillips: And when -- before that environmental, I was just curious, when you're expecting, I know it's now up in the air, but was it the end of this year at that point or was it a little later that you were hoping or you were able to be in that position.

Don Lindsay: Well so there's a two or three part answer to that question. And it depends on what level of decision you're talking about. So we hope from an owner's point of view actually, that the three owners would be clear on their agreement to go forward. Probably we would've hoped that to have occurred by the April Board meeting. So that is three months behind or so. In terms of the SEIA, maybe on that schedule, turn it back to Roger and then for final construction, and things, decisions with all those other permits, I'll let Roger and Tim answer that.

Roger Higgins: Sure. In the case of the approval process, we had originally submitted a month or so ago, and allowed approximately a 12 month approval process which was in line with the approval processes within the government of Chile process. So we had assumed we would get an approval, we were working on the assumption that we would get an approval about second quarter of next year. We are not sure about that now, and we will have to see how that goes depending on on-going discussions with government parties. Once we have that approval we would be in a position to commence execution with a construction period through 2016 and I'm sure Tim would love to comment on that further. So it's a two-lined plant, so we will be starting up one line ahead of the other line, so it's not even just a fixed- conveniently single date for when we would have been starting production.

Fraser Phillips: That's great. Take you.

Don Lindsay: Just back to the person who asked about the net book value of Fort Hill, it's $730 million, and obviously, we feel we could sell for a lot more than that.

Operator: We have no further questions registered at this time, I would now like to return the meeting over to Mr. Lindsay.

Don Lindsay: Thank you very much for joining the call this morning. Just to summarize, we are pleased with the operating results, coal sales were much higher than I think people expected. The operations and expansion is going very well. And we're pleased with the record copper production, and we look to be on track to hit our target of annualized rate of production of 400,000 tonnes a year, so operationally, we're feeling pretty good. The market though is weaker and the outlook is uncertain, still driven by Western Europe, and certainly which we didn't discuss much today, but that is an on-going issue but our firm belief is the long-term macro trend is still in place and that China and other emerging markets are going to continue to require more commodities as they urbanize their countries and continue their development. Thank you once again, and look forward to speaking to you for the third-quarter conference call.

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