Second Quarter 2020 Results

July 23, 2020

Teck

Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentation certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as forward-looking statements). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “should”, “believe” and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this presentation. These forward-looking statements include, but are not limited to, statements concerning: our focus and strategy; anticipated global and regional supply, demand and market outlook for our commodities; the potential impact of the COVID-19 on our business and operations, including our ability to continue operations at our sites; production expectations; our ability to manage challenges presented by COVID-19; expectations regarding our QB2 ramp-up, including but not limited to workforce and progress targets, cost, timing and schedule impacts of the COVID-19 related suspension, and timing of Teck’s next contributions; Neptune upgrade cost and timing expectations; cost reduction program targets and timing of achieving those targets; all guidance including but not limited to production, sales, cost, unit cost, capital expenditure, cost reduction and other guidance included in these slides or the accompanying oral presentation; liquidity and availability of borrowings under our credit facilities and the QB2 project finance facility; our strong financial position and our expectations regarding our business and markets.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, commodity and power prices, acts of foreign or domestic governments and the outcome of legal proceedings, the supply and demand for, deliveries of, and the level and volatility of prices of copper, coal, zinc and blended bitumen and our other metals and minerals, as well as oil, natural gas and other petroleum products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, including mine extensions; positive results from the studies on our expansion and development projects; our ability to secure adequate transportation, including rail, pipeline and port service, for our products our costs of production and our production and productivity levels, as well as those of our competitors, continuing availability of water and power resources for our operations, our ability to secure adequate transportation, pipeline and port services for our products; changes in credit market conditions and conditions in financial markets generally; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors for our operations, including our new developments and our ability to attract and retain skilled employees; the satisfactory negotiation of collective agreements with unionized employees; the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results; engineering and construction timetables and capital costs for our development and expansion projects; the accuracy of our mineral reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based; tax benefits and tax rates; our ability to obtain, comply with and renew permits in a timely manner; and our ongoing relations with our employees and with our business and joint venture partners. Statements regarding our QB2 project and the Neptune upgrade include assumptions regarding the impacts of COVID-19 on the project and assume development progresses in line with current plans. Statements regarding the availability of our credit facilities and project financing facility are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the facilities are not otherwise terminated or accelerated due to an event of default. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, and changes or further deterioration in general economic conditions. Certain operations and projects are not controlled by us; schedules and costs may be adjusted by our partners, and timing of spending and operation of the operation or project is not in our control.

These forward-looking statements and actual results will also be impacted by the effects of COVID-19 and related matters. The overall effects of COVID-19 related matters on our business and operations and projects will depend on how quickly our sites can safely return to normal operations, and on the duration of impacts on our suppliers, customers and markets for our products, all of which are unknown at this time. Returning to normal operating activities is highly dependent on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on business activities.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2019, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile. In addition, see our “Cautionary Statement on Forward-Looking Statements” in our news release announcing our Q2 2020 results for further assumptions and risks regarding our guidance and other forward-looking statements in this presentation.

Second Quarter 2020 Highlights

- Continuing to operate responsibly and safely to support economic recovery
- Took steps to:
  - Further strengthen our financial position
  - Reduce costs; and
  - Position Teck to significantly improve margins towards the end of 2020 and early 2021, as we complete major capital projects
- Named to the Best 50 Corporate Citizens in Canada for the 14th consecutive year

Second Quarter 2020 Earnings
Impacted by COVID-19

	Q2 2020	Q2 2019
Revenue	$ 1.7 billion	$ 3.1 billion
Gross profit before depreciation and amortization[1]	$ 453 million	$ 1.4 billion
Gross profit	$ 139 million	$ 1.1 billion
EBITDA[1]	$ 177 million	$ 827 million
Adjusted EBITDA[1]	$ 485 million	$ 1.3 billion
Profit (loss) attributable to shareholders	$ (149) million	$ 231 million
Adjusted profit attributable to shareholders[1]	$ 89 million	$ 498 million
Adjusted basic earnings per share[1]	$ 0.17/share	$ 0.88/share
Adjusted diluted earnings per share[1]	$ 0.17/share	$ 0.87/share

Second Quarter 2020 Earnings & Adjusted Earnings

(C$M)	Q2 2020	Q2 2019
Profit (loss) attributable to shareholders	$ (149)	$ 231
Add (deduct) on an after-tax basis:		
Asset impairment	-	109
COVID-19 costs	147	-
Environmental costs	69	25
Inventory write-downs (reversals)	38	9
Share-based compensation	17	7
Commodity derivatives losses (gains)	(20)	8
Debt prepayment option gain	-	(26)
Loss on debt redemption or purchase	8	166
Taxes and other	(21)	(31)
Adjusted profit attributable to shareholders[1]	$ 89	$ 498
Adjusted basic earnings per share[1] ($/share)	$ 0.17	$ 0.88
Adjusted diluted earnings per share[1] ($/share)	$ 0.17	$ 0.87

Key Updates: COVID-19 Impact on our Business

- All operations are currently producing
- Economic impacts of the pandemic have reduced demand and prices for our products
- Expensed $260 million in COVID-19 costs in Q2 2020

Key Updates: Steelmaking Coal Business Update

- Focus on increasing margins, not volumes
- Q2 2020 sales were 5 million tonnes
- Shifting our cost base lower due to:
  - Declining strip ratio
  - Elkview plant expansion
  - Cardinal River closure
  - Cost Reduction Program
  - RACE21™

Key Updates: QB2 Update

- Construction ramping back up, with over 3,000 people currently on site
- Planning to continue a gradual ramp up of the construction workforce over the next three months towards the pre-suspension workforce level, as conditions allow
  - Expect to have ~4,000 people on site by the end of July and ~8,000 people on site by the end of October
- Aim to achieve overall project progress of close to 40% by year end

QB2 restarted port marine works.

Impact of the construction suspension on cost and schedule depends on length of the suspension and ramp up period

Key Updates: Neptune Facility Upgrade Progress

- Project remains in line with our previously announced capital estimate and schedule
- Five-month suspension of terminal operations began in May 2020
- Completion of construction expected in Q1 2021

The new double dumper barrels, staged at Neptune in July 2020.

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Key Updates: Strong Financial Position

- Reduced near-term debt maturities and further strengthened liquidity by adding a US$1 billion revolving credit facility
- Continue to focus on our cost reduction program
- Achieved significant reductions as at June 30, 2020:
  - **~$250 million**[1] in operating cost reductions
  - **~$430 million**[1] of capital cost reductions

Key Updates: Guidance Update

- Issued updated guidance for H2 2020
- Changed categories for capital expenditures guidance to sustaining capital, growth capital or capitalized stripping
- Nearing the end of the major capital deployment phase for Neptune and Active Water Treatment Facilities at Elkview and Fording River

Steelmaking Coal Business Unit

Q2 2020

- Sales were 5.0 Mt, despite steelmakers cutting production faster than during the Global Financial Crisis in 2008/09
- Adjusted site cash cost of sales[1] of $68 per tonne reflects lower sales volumes
- Production averaged ~80% of plan due COVID-19

Looking Forward

- Expect 5.0-5.4 Mt of sales in Q3 2020
- Adjusted site cost of sales[1] are expected to decrease over the remainder of 2020 and to end the year <$60 per tonne
- Production guidance for H2 2020 reflects the Neptune shutdown and estimated impacts of COVID-19

Updated Guidance	2019A	H1 2020A	H2 2020
Production (Mt)	25.7	10.0	11.0-12.0
Adjusted Site Cost of Sales[1] ($/t)	$65	$66	$60-64
Transport Costs ($/t)	$39	$41	$39-42

Copper Business Unit

Q2 2020

- Production reflects temporary suspension of operations at Antamina, which ramped up to full production ahead of plan
- Highland Valley gradually ramped back up to full production rates
- Significantly lower total cash unit costs[2] reflect our cost reduction program and favourable exchange rates

Looking Forward

- All operations are currently at full production rates, which we expect to maintain through H2 2020
- Production guidance for H2 2020 reflects production plan changes at Highland Valley due to COVID-19
- COVID-19 costs are not expected to have a material impact on our cash unit costs[2] in H2 2020

Updated Guidance	2019A	H1 2020A	H2 2020
Production[1] (kt)	297	130	145-160
Net Cash Unit Costs[2] (US$/lb)	$1.39	$1.31	$1.20-1.30

QB2 Update

Construction activities partially suspended since mid-March

- Strict COVID-19 protocols in place to protect the health and safety of our workers and communities where we operate

Planning to continue a gradual ramp up of the construction workforce over the next three months, as conditions permit

- Initially focused on high value low density work
- Also continue to advance permitting, procurement, manufacturing and the transportation/delivery of materials

Ultimate cost and schedule impact will depend on the length of partial suspension & required protocols to manage COVID-19

- Assuming a staged ramp-up through Q3 2020, the aggregate estimated impact from the suspension is expected to be ~US$260-290 million, excluding interest, with a schedule delay of ~5-6 months
- In addition, we expect to construct more camp space at an incremental cost of ~US$25-40 million that would not have been required absent COVID-19
- Should ramp up be delayed, each additional month of partial suspension is expected to have an additional cost impact of ~US$25-35 million and one month of additional schedule delay

Pipeline area, mountain sector right of way

Zinc Business Unit

Q2 2020

- Lower Red Dog production due to maintenance challenges and lower grades
- Red Dog zinc sales of 93 kt, in line with seasonality
- Lower net cash unit costs[2]
- Trail's zinc production impacted by annual zinc roaster maintenance

Looking Forward

- Expect Red Dog zinc in concentrate sales of 160-180 kt in Q3 2020, reflecting normal seasonality
- Start of Red Dog shipping season delayed; still expect to ship all of its production during the shipping season
- Red Dog expected to return to full production rate in Q3 2020; site water levels may restrict access to high grade ore in H2 2020
- COVID-19 costs are not expected to have a material impact on our cash unit costs[2] in H2 2020

Updated Guidance	2019A	H1 2020A	H2 2020
Production, Mined Zinc[1] (kt)	640	248	315-345
Production, Refined Zinc (kt)	287	149	155-165
Net Cash Unit Costs[2] (US$/lb)	$0.34	$0.44	$0.40-0.50

Energy Business Unit

Q2 2020

- Fort Hills Partners safely and efficiently reduced operations to a single train facility in Q2 2020, which helped reduce negative cash flows in light of COVID-19 and unprecedented low Western Canadian Select prices
- Inventory write-down of $23 million
  - Adjusted operating costs[2] are low because of inventory write-downs, which are adjusted out
- Production negatively impacted by flooding due to extreme wet weather in June and early July

Looking Forward

- Guidance for production, operating costs and capital spending unchanged from disclosure in Q1 2020
- The partners may further adjust the operating plan

Updated Guidance	2019A	H1 2020A	H2 2020
Production, Bitumen[1] (M barrels)	12.3	4.6	3.4-4.4
Adjusted Operating Costs[2] (C$/barrel bitumen)	$29.24	$29.54	$37-40

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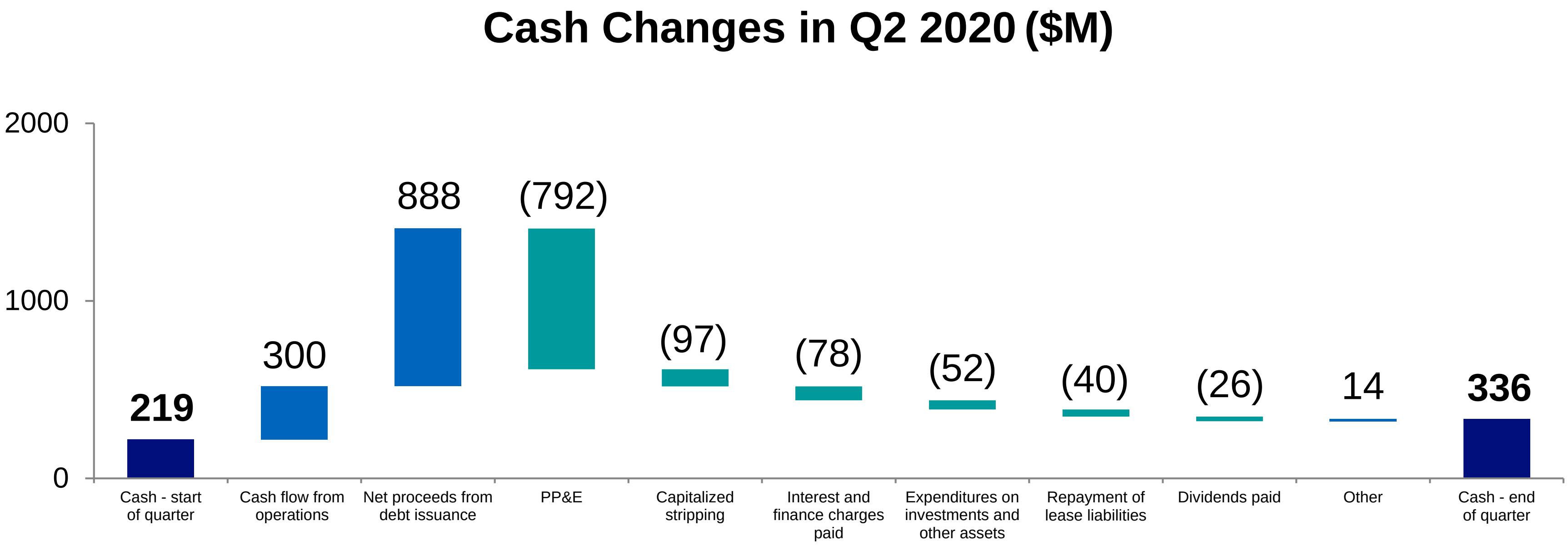
Cash Flow



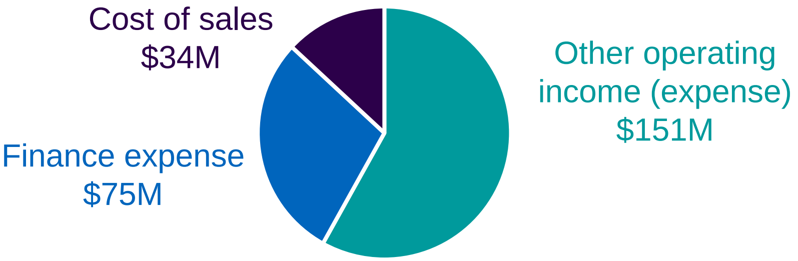
Cash Changes in Q2 2020 ($M)
2000
1000
0
219
300
888
(792)
(97)
(78)
(52)
(40)
(26)
14
336
Cash - start of quarter
Cash flow from operations
Net proceeds from debt issuance
PP&E
Capitalized stripping
Interest and finance charges paid
Expenditures on investments and other assets
Repayment of lease liabilities
Dividends paid
Other
Cash - end of quarter

COVID-19 Expenditures

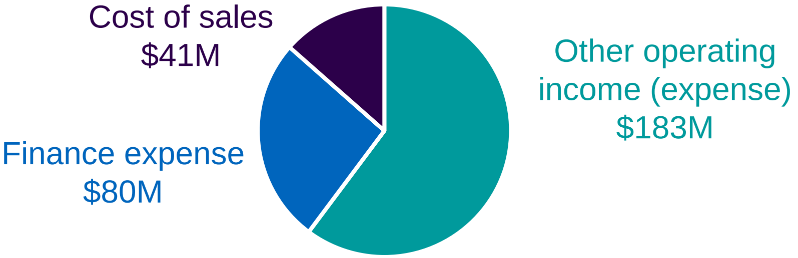
- Costs related to capital projects that do not qualify for capitalization are expensed as incurred in **other operating income (expense)**
- Costs not directly related to production are expensed as incurred in **cost of sales**; excluded in inventory costing
- Borrowing costs on capital projects that are temporarily suspended are charged against **finance expense**, as they are not allowed to be capitalized

COVID-19 Expenditures

$260 million in Q2 2020



$304 million in H1 2020



Cost Reduction Program (CRP)

- Achieved significant total reductions to June 30, 2020:
  - **~$250 million** in operating cost reductions
  - **~$430 million** in capital cost reductions
- Our cost reduction program has been included in our guidance since Q3 2019
- No change to previous target of **~$1 billion**
- Reductions are from expected spending contemplated as at June 30th, 2019

Strong Financial Position

Further Strengthened Liquidity

- C$6.9 billion of liquidity[1] as at July 22, 2020, including $430 million in cash
- US$5.0 billion available through two committed revolving credit facilities
  - US$4.0 billion maturing November 2024 and new US$1.0 billion maturing June 2022
  - US$4.8 billion available as at July 22, 2020
  - Neither facility has a cash-flow based financial covenant, credit rating trigger, or general material adverse effect borrowing condition clause

Executing our Prudent QB2 Funding and Financing Plan

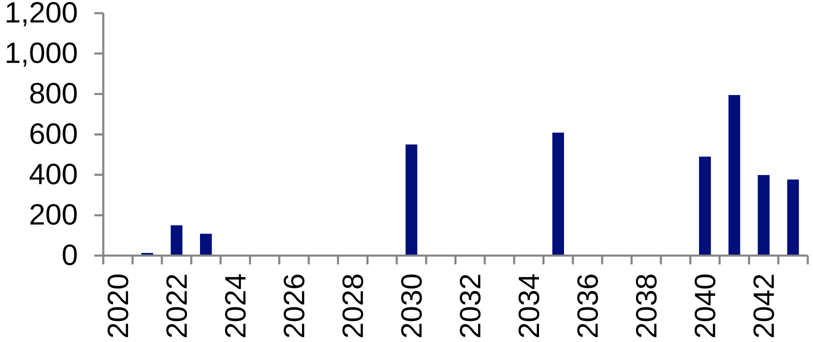
- US$2.5 billion QB2 project finance facility; US$563 million drawn as at July 22, 2020
- No contributions to project capital from Teck expected until the first half of 2021

Maintaining Investment Grade Credit Ratings

Reduced Near-Term Debt Maturities

- Issued US$550 million of 3.9% 10-year senior unsecured notes
- Purchased US$268 million of 2021, 2022 and 2023 Notes and paid down our US$4 billion credit facility
- The combination of these items is leverage neutral

Note Maturity Profile as at June 30, 2020 (C$M)



Summary

- Quality operating assets in stable jurisdictions
- Copper growth strategy - funded and being implemented
- Continuing to advance our key priorities to generate long term value for shareholders:
  1. QB2 Project
  2. Neptune Facility Upgrade
  3. RACE21™
  4. Cost Reduction Program

Significant potential Teck share price upside

Appendix

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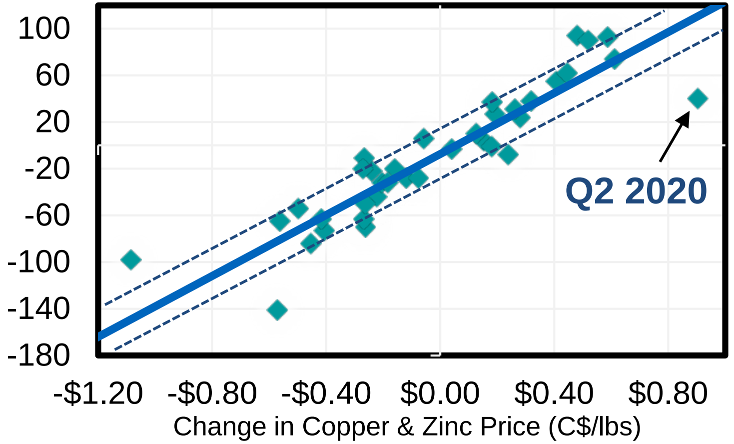
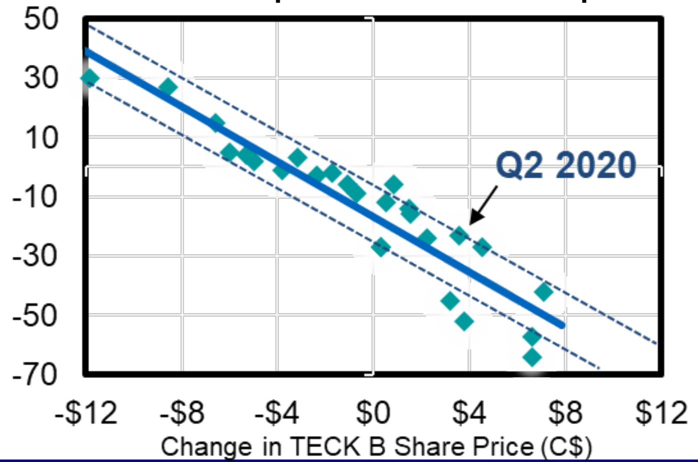
Other Operating Income (Expense)

Simplified Settlement Pricing Adjustment Model
(Pre-tax settlement pricing adjustment in C$M)



	Outstanding at March 31, 2020		Outstanding at June 30, 2020		Quarterly Pricing Adjustments
	Mlbs	US$/lb	Mlbs	US$/lb	C$M
Copper	101	2.18	81	2.73	59
Zinc	248	0.85	117	0.93	5
Other					(24)
Total					**40**

Simplified Compensation Expense Model
(Pre-tax share based compensation income / expense in C$M)



	March 31, 2020	June 30, 2020	Quarterly Price Change	Quarterly Compensation Income (Expense)
	C$/share	C$/share	C$/share	C$M
Teck B	10.67	14.22	3.55	**(23)**

Notes

Slide 4: Second Quarter 2020 Earnings

1. Gross profit before depreciation and amortization, EBITDA, adjusted EBITDA, adjusted profit attributable to shareholders, adjusted basic earnings per share and adjusted diluted earnings per share are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 5: Second Quarter 2020 Earnings & Adjusted Earnings

1. Adjusted profit attributable to shareholders, adjusted basic earnings per shares, and adjusted diluted earnings per share are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 10: Key Updates: Strong Financial Position

1. Our cost reduction program was launched at the beginning of Q4 2019 and is scheduled to end on December 31, 2020. Cost reductions are expressed as reductions from planned spending as at June 2019.

Slide 12: Steelmaking Coal Business Unit

1. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 13: Copper Business Unit

1. Metal contained in concentrate. We include 100% of production and sales from our Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes even though we do not own 100% of these operations because we fully consolidate their results in our financial statements. We include 22.5% of production and sales from Antamina, representing our proportionate ownership interest. Copper production includes cathode production at Quebrada Blanca and Carmen de Andacollo.
2. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper total cash costs include adjusted cash cost of sales and smelter processing charges. Copper net cash costs include adjusted cash cost of sales and smelter processing charges, less cash margins for by-products including co-products. Guidance for H2 2019 assumes a zinc price of US$0.93 per pound, a molybdenum price of US$8 per pound, a silver price of US$17 per ounce, a gold price of US$1,725 per ounce and a Canadian/U.S. dollar exchange rate of $1.36. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 15: Zinc Business Unit

1. Metal contained in concentrate. We include 22.5% of production and sales from Antamina, representing our proportionate ownership interest. Total zinc production includes co-product zinc production from our Copper business unit.
2. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc net cash costs are mine costs including adjusted cash cost of sales and smelter processing charges, less cash margins for by-products. Guidance for H2 2019 assumes a lead price of US$0.82 per pound, a silver price of US$17 per ounce and a Canadian/U.S. dollar exchange rate of $1.36. By-products include both by-products and co-products.] Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 16: Energy Business Unit

1. We include 21.3% of production from Fort Hills, representing our proportionate ownership interest.
2. Bitumen unit costs are reported in Canadian dollars per barrel. Adjusted operating costs represent costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Inventory write-downs of $23 million ($13.73 per bitumen barrel sold) in the second quarter are excluded from adjusted operating costs but are included in gross profit so adjusted operating costs are low as a result. For the six months ended June 30, 2020, we recorded inventory write-downs of $46 million ($9.28 per bitumen barrel sold). Including inventory write-downs recorded in the first two quarters, our site production costs are within our previously issued annual guidance of C$37 to C$40 per barrel. Non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q2 2020 news release for further information.

Slide 19: Cost Reduction Program (CRP)

1. Our cost reduction program was launched at the beginning of Q4 2019 and is scheduled to end on December 31, 2020. Cost reductions are expressed as reductions from planned spending as at June 2019.

Slide 20: Strong Financial Position

1. As at June 22, 2020.

Non-GAAP Financial Measures

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Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This document refers to a number of Non-GAAP Financial Measures which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States.

The Non-GAAP Measures described below do not have standardized meanings under IFRS, may differ from those used by other issuers, and may not be comparable to such measures as reported by others. These measures have been derived from our financial statements and applied on a consistent basis as appropriate. We disclose these measures because we believe they assist readers in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

We have changed our calculations of adjusted profit attributable to shareholders and adjusted EBITDA to include additional items that we have not previously included in our adjustments and have also changed our debt ratios to compare debt and net debt to adjusted EBITDA rather than EBITDA. These changes were made from January 1, 2020 onwards and comparative figures have been restated to conform to the current period presentation. In addition to items previously adjusted, our adjusted profit attributable to shareholders and adjusted EBITDA now include adjustments for environmental costs, including changes relating to the remeasurement of decommissioning and restoration costs for our closed operations due to changes in discount rates, share-based compensation costs, inventory write-downs and reversals and commodity derivatives. We believe that by including these items, which reflect measurement changes on our balance sheet, in our adjustments, our adjusted profit attributable to shareholders and adjusted EBITDA will reflect the recurring results of our core operating activities. This revised presentation will help us and readers to analyze the rest of our results more clearly and to understand the ongoing cash generating potential of our business. With respect to our debt ratios, we believe that using adjusted EBITDA, will present a more meaningful basis for us and the reader to understand the debt service capacity of our core operating activities.

Adjusted profit attributable to shareholders – For adjusted profit, we adjust profit attributable to shareholders as reported to remove the after-tax effect of certain types of transactions that reflect measurement changes on our balance sheet or are not indicative of our normal operating activities. We believe adjusted profit helps us and readers better understand the results of our core operating activities and the ongoing cash generating potential of our business.

Adjusted basic earnings per share – Adjusted basic earnings per share is adjusted profit divided by average number of shares outstanding in the period.

Adjusted diluted earnings per share – Adjusted diluted earnings per share is adjusted profit divided by average number of fully diluted shares in a period.

EBITDA – EBITDA is profit before net finance expense, provision for income taxes, and depreciation and amortization.

Adjusted EBITDA – Adjusted EBITDA is EBITDA before the pre-tax effect of the adjustments that we make to adjusted profit attributable to shareholders as described above.

The adjustments described above to profit attributable to shareholders and EBITDA highlight items and allow us and readers to analyze the rest of our results more clearly. We believe that disclosing these measures assists readers in understanding the ongoing cash generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends.

Gross profit before depreciation and amortization – Gross profit before depreciation and amortization is gross profit with the depreciation and amortization expense added back. We believe this measure assists us and readers to assess our ability to generate cash flow from our business units or operations.

Gross profit margins before depreciation – Gross profit margins before depreciation are gross profit before depreciation and amortization, divided by revenue for each respective business unit. We believe this measure assists us and readers to compare margins on a percentage basis among our business units.

Unit costs – Unit costs for our steelmaking coal operations are total cost of goods sold, divided by tonnes sold in the period, excluding depreciation and amortization charges. We include this information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in the industry.

Adjusted site cash cost of sales – Adjusted site cash cost of sales for our steelmaking coal operations is defined as the cost of the product as it leaves the mine excluding depreciation and amortization charges, out-bound transportation costs and any one-time collective agreement charges and inventory write-down provisions.

Total cash unit costs – Total cash unit costs for our copper and zinc operations includes adjusted cash costs of sales, as described above, plus the smelter and refining charges added back in determining adjusted revenue. This presentation allows a comparison of total cash unit costs, including smelter charges, to the underlying price of copper or zinc in order to assess the margin for the mine on a per unit basis.

Non-GAAP Financial Measures

Net cash unit costs – Net cash unit costs of principal product, after deducting co-product and by-product margins, are also a common industry measure. By deducting the co- and by-product margin per unit of the principal product, the margin for the mine on a per unit basis may be presented in a single metric for comparison to other operations. Readers should be aware that this metric, by excluding certain items and reclassifying cost and revenue items, distorts our actual production costs as determined under IFRS.

Adjusted cash cost of sales – Adjusted cash cost of sales for our copper and zinc operations is defined as the cost of the product delivered to the port of shipment, excluding depreciation and amortization charges, any one-time collective agreement charges or inventory write-down provisions and by-product cost of sales. It is common practice in the industry to exclude depreciation and amortization as these costs are non-cash and discounted cash flow valuation models used in the industry substitute expectations of future capital spending for these amounts.

Adjusted operating costs for our energy business unit is defined as the costs of product as it leaves the mine, excluding depreciation and amortization charges, cost of diluent for blending to transport our bitumen by pipeline, cost of non-proprietary product purchased and transportation costs of our product and non-proprietary product and any one-time collective agreement charges or inventory write-down provisions.

Cash margins for by-products – Cash margins for by-products is revenue from by- and co-products, less any associated cost of sales of the by and co-product. In addition, for our copper operations, by-product cost of sales also includes cost recoveries associated with our streaming transactions.

Adjusted revenue – Adjusted revenue for our copper and zinc operations excludes the revenue from co-products and by-products, but adds back the processing and refining charges to arrive at the value of the underlying payable pounds of copper and zinc. Readers may compare this on a per unit basis with the price of copper and zinc on the LME.

Adjusted revenue for our energy business unit excludes the cost of diluent for blending and non-proprietary product revenues, but adds back crown royalties to arrive at the value of the underlying bitumen.

Blended bitumen revenue – Blended bitumen revenue is revenue as reported for our energy business unit, but excludes non-proprietary product revenue, and adds back crown royalties that are deducted from revenue.

Blended bitumen price realized – Blended bitumen price realized is blended bitumen revenue divided by blended bitumen barrels sold in the period.

Operating netback – Operating netbacks per barrel in our energy business unit are calculated as blended bitumen sales revenue net of diluent expenses (also referred to as bitumen price realized), less crown royalties, transportation and operating expenses divided by barrels of bitumen sold. We include this information as investors and investment analysts use it to measure our profitability on a per barrel basis and compare it to similar information provided by other companies in the oil sands industry.

The debt-related measures outlined below are disclosed as we believe they provide readers with information that allows them to assess our credit capacity and the ability to meet our short and long-term financial obligations.

Net debt – Net debt is total debt, less cash and cash equivalents.

Debt to debt-plus-equity ratio – debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity, expressed as a percentage.

Net debt to net debt-plus-equity ratio – net debt to net debt-plus-equity ratio is net debt divided by the sum of net debt plus total equity, expressed as a percentage.

Debt to Adjusted EBITDA ratio – debt to adjusted EBITDA ratio takes total debt as reported and divides that by adjusted EBITDA for the twelve months ended at the reporting period, expressed as the number of times adjusted EBITDA needs to be earned to repay all of the outstanding debt.

Net debt to Adjusted EBITDA ratio – net debt to adjusted EBITDA ratio is the same calculation as the debt to adjusted EBITDA ratio, but using net debt as the numerator.

Net debt to capitalization ratio – net debt to capitalization ratio is net debt divided by the sum of total debt plus equity attributable to shareholders. The ratio is a financial covenant under our revolving credit facility.

Non-GAAP Financial Measures

Reconciliation of Profit (Loss) and Adjusted Profit

(C$ in millions)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Profit (loss) attributable to shareholders	**$ (149)**	**$ 231**	**$ (461)**	**$ 861**
Add (deduct):				
Asset impairment	-	109	474	109
COVID-19 costs	147	-	169	-
Environmental costs	69	25	(18)	54
Inventory write-downs (reversals)	38	9	65	1
Share-based compensation	17	7	(5)	19
Commodity derivative losses (gains)	(20)	8	(5)	(6)
Debt prepayment option gain	-	(26)	-	(77)
Loss on debt redemption or purchase	8	166	8	166
Taxes and other	(21)	(31)	(44)	(42))
Adjusted profit attributable to shareholders	**$ 89**	**$ 498**	**$ 183**	**$ 1,085**
Adjusted basic earnings per share	**$ 0.17**	**$ 0.88**	**$ 0.34**	**$ 1.92**
Adjusted diluted earnings per share	**$ 0.17**	**$ 0.87**	**$ 0.34**	**$ 1.90**

Non-GAAP Financial Measures

Reconciliation of Basic Earnings (Loss) Per Share to Adjusted Basic Earnings (Loss) Per Share

(Per share amounts)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Basic earnings (loss) per share	**$ (0.28)**	**$ 0.41**	**$ (0.86)**	**$ 1.52**
Add (deduct):				
Asset impairment	-	0.19	0.88	0.19
COVID-19 costs	0.28	-	0.31	-
Environmental costs	0.13	0.04	(0.03)	0.10
Inventory write-downs (reversals)	0.07	0.02	0.12	0.01
Share-based compensation	0.03	0.01	(0.01)	0.03
Commodity derivative losses (gains)	(0.04)	0.01	(0.01)	(0.01)
Debt prepayment option gain	-	(0.04)	-	(0.13)
Loss on debt redemption or purchase	0.01	0.29	0.01	0.29
Taxes and other	(0.03)	(0.05)	(0.07)	(0.08)
Adjusted basic earnings (loss) per share	**$ 0.17**	**$ 0.88**	**$ 0.34**	**$ 1.92**

Non-GAAP Financial Measures

Reconciliation of Diluted Earnings (Loss) Per Share to Adjusted Diluted Earnings Per Share

(Per share amounts)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Diluted earnings (loss) per share	**$ (0.28)**	**$ 0.41**	**$ (0.86)**	**$ 1.51**
Add (deduct):				
Asset impairment	-	0.19	0.88	0.19
COVID-19 costs	0.28	-	0.31	-
Environmental costs	0.13	0.04	(0.03)	0.10
Inventory write-downs (reversals)	0.07	0.02	0.12	-
Share-based compensation	0.03	0.01	(0.01)	0.03
Commodity derivative losses (gains)	(0.04)	0.01	(0.01)	(0.01)
Debt prepayment option gain	-	(0.04)	-	(0.13)
Loss on debt redemption or purchase	0.01	0.29	0.01	0.29
Taxes and other	(0.03)	(0.06)	(0.07)	(0.08)
Adjusted diluted earnings (loss) per share	**$ 0.17**	**$ 0.87**	**$ 0.34**	**$ 1.90**

Non-GAAP Financial Measures

Reconciliation of Net Debt to Adjusted EBITDA Ratio

(C$ in millions)	(A) Twelve months ended December 31, 2019	(B) Three months ended June 30, 2019	(C) Three months ended June 30, 2020	(A+B+C) Twelve months ended June 30, 2020
Profit (loss)	$ (588)	$ 894	$ (496)	$ (1,978)
Finance expense net of finance income	218	116	161	263
Provision for (recovery of) income taxes	120	459	(135)	(474)
Depreciation and amortization	1,619	768	692	1,543
EBITDA	$ 1,369	$ 2,237	$ 222	$ (646)
Add (deduct):				
Asset impairment	2,678	171	647	3,154
COVID-19 costs	-	-	229	229
Environmental costs	197	77	(25)	95
Inventory write-downs (reversals)	60	2	93	151
Share-based compensation	4	25	(7)	(28)
Commodity derivative losses (gains)	(17)	(8)	(7)	(16)
Debt prepayment option gain	(105)	(105)	-	-
Loss on debt redemption or purchase	224	224	11	11
Taxes and other	51	1	(70)	(20)
Adjusted EBITDA	**(D) $ 4,461**	**$ 2,624**	**$ 1,093**	**(E) $ 2,930**

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Non-GAAP Financial Measures

Reconciliation of Net Debt to Adjusted EBITDA Ratio - Continued

(C$ in millions)		(A) Twelve months ended December 31, 2019	(B) Three months ended June 30, 2019	(C) Three months ended June 30, 2020		(A+B+C) Twelve months ended June 30, 2020
Total debt at period end	(F)	$ 4,834			(G)	$ 6,157
Less: cash and cash equivalents at period end		(1,026)				(336)
Net debt	**(H)**	**$ 3,808**			**(I)**	**$ 5,821**
Debt to adjusted EBITDA ratio	**(F/D)**	**1.1**			**(G/E)**	**2.1**
Net debt to adjusted EBITDA ratio	**(H/D)**	**0.9**			**(I/E)**	**2.0**
Equity attributable to shareholders of the company	(J)	21,304			(K)	20,814
Net debt to capitalization ratio	**(H/(F+J))**	**0.15**			**(I/(G+K))**	**0.22**

We include net debt measures as we believe they provide readers with information that allows them to assess our credit capacity and the ability to meet our short and long-term financial obligations, as well as providing a comparison to our peers.

Non-GAAP Financial Measures

Reconciliation of EBITDA and Adjusted EBITDA

(C$ in millions)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Profit (loss)	$ (185)	$ 250	$ (496)	$ 894
Finance expense net of finance income	114	62	161	116
Provision for (recovery of) income taxes	(66)	120	(135)	459
Depreciation and amortization	314	395	692	768
EBITDA	**$ 177**	**$ 827**	**$ 222**	**$ 2,237**
Add (deduct):				
Asset impairment	-	171	647	171
COVID-19 costs	185	-	229	-
Environmental costs	96	36	(25)	77
Inventory write-downs (reversals)	57	13	93	2
Share-based compensation	23	9	(7)	25
Commodity derivative losses (gains)	(28)	11	(7)	(8)
Debt prepayment option gain	-	(35)	-	(105)
Loss on debt redemption or purchase	11	224	11	224
Taxes and other	(36)	8	(70)	1
Adjusted EBITDA	**$ 485**	**$ 1,264**	**$ 1,093**	**$ 2,624**

Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation and Amortization

(C$ in millions)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Gross profit	$ 139	$ 1,051	$ 537	$ 2,093
Depreciation and amortization	314	395	692	768
Gross profit before depreciation and amortization	**$ 453**	**$ 1,446**	**$ 1,229**	**$ 2,861**
Reported as:				
Steelmaking coal	$ 220	$ 919	$ 641	$ 1,828
Copper				
Highland Valley Copper	93	103	170	171
Antamina	60	157	183	314
Carmen de Andacollo	16	36	76	73
Quebrada Blanca	4	(6)	7	16
Other	1	(1)	-	(2)
	174	289	436	572
Zinc				
Trail Operations	13	(1)	24	8
Red Dog	116	165	274	343
Pend Oreille	-	(4)	-	(1)
Other	3	8	17	19
	132	168	315	369
Energy	(73)	70	(163)	92
Gross profit before depreciation and amortization	**$ 453**	**$ 1,446**	**$ 1,229**	**$ 2,861**

Non-GAAP Financial Measures

Reconciliation of Gross Profit (Loss) Margins Before Depreciation

(C$ in millions)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenues				
Steelmaking coal (E)	$ 792	$ 1,588	$ 1,815	$ 3,140
Copper (F)	405	646	975	1,276
Zinc (G)	479	609	1,087	1,321
Energy (H)	44	295	220	507
Total	**$ 1,720**	**$ 3,138**	**$ 4,097**	**$ 6,244**
Gross profit (loss) before depreciation and amortization				
Steelmaking coal (A)	$ 220	$ 919	$ 641	$ 1,828
Copper (B)	174	289	436	572
Zinc (C)	132	168	315	369
Energy (D)	(73)	70	(163)	92
Total	**$ 453**	**$ 1,446**	**$ 1,229**	**$ 2,861**
Gross profit margins before depreciation				
Steelmaking coal (A/E)	28%	58%	35%	58%
Copper (B/F)	43%	45%	45%	45%
Zinc (C/G)	28%	28%	29%	28%
Energy (D/H)	(166)%	24%	(74)%	18%

Non-GAAP Financial Measures

Steelmaking Coal Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cost of sales as reported	**$ 734**	**$ 868**	**$ 1,511**	**$ 1,694**
Less:				
Transportation costs	(197)	(250)	(439)	(490)
Depreciation and amortization	(162)	(199)	(337)	(382)
Inventory (write-down) reversal	(32)	-	(27)	-
Labour settlement	(4)	-	(4)	-
Adjusted site cash cost of sales	$ 339	$ 419	$ 704	$ 822
Tonnes sold (millions)	5.0	6.4	10.7	12.6
Per unit amounts (C$/t)				
Adjusted site cash cost of sales	$ 68	$ 66	$ 66	$ 65
Transportation costs	39	39	41	39
Inventory write-downs	6	-	3	-
Labour settlement	1	-	-	-
Unit costs (C$/t)	$ 114	$ 105	$ 110	$ 104
US$ AMOUNTS[1]				
Average exchange rate (C$/US$)	$ 1.39	$ 1.34	$ 1.37	$ 1.33
Per unit amounts (US$/t)				
Adjusted site cash cost of sales	$ 49	$ 49	$ 48	$ 49
Transportation costs	28	29	30	29
Inventory write-downs	5	-	2	-
Labour settlement	1	-	-	-
Unit costs (US$/t)	$ 83	$ 78	$ 80	$ 78

1. Average period exchange rates are used to convert to US$ per tonne equivalent.
We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Copper Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue as reported	$ 405	$ 646	$ 975	$ 1,276
By-product revenue (A)	(41)	(90)	(118)	(164)
Smelter processing charges (B)	27	42	64	85
Adjusted revenue	$ 391	$ 598	$ 921	$ 1,197
Cost of sales as reported	$ 302	$ 472	$ 716	$ 932
Less:				
Depreciation and amortization	(71)	(115)	(177)	(228)
Inventory (write-down) provision reversal	-	(8)	-	3
By-product cost of sales (C)	(5)	(16)	(25)	(27)
Adjusted cash cost of sales (D)	$ 226	$ 333	$ 514	$ 680
Payable pounds sold (millions) (E)	116.4	162.6	272.2	321.0
Per unit amounts (C$/lb)				
Adjusted cash cost of sales (D/E)	$ 1.94	$ 2.05	$ 1.89	$ 2.12
Smelter processing charges (B/E)	0.23	0.26	0.23	0.26
Total cash unit costs (C$/lb)	$ 2.17	$ 2.31	$ 2.12	$ 2.38
Cash margin for by-products (C$/lb) ((A-C)/E)	(0.31)	(0.46)	(0.34)	(0.43)
Net cash unit costs (C$/lb)	$ 1.86	$ 1.85	$ 1.78	$ 1.95
US$ AMOUNTS[1]				
Average exchange rate (C$/US$)	$ 1.39	$ 1.34	$ 1.37	$ 1.33
Per unit amounts (US$/lb)				
Adjusted cash cost of sales	$ 1.40	$ 1.53	$ 1.39	$ 1.59
Smelter processing charges	0.17	0.19	0.17	0.20
Total cash unit costs (US$/lb)	$ 1.57	$ 1.72	$ 1.56	$ 1.79
Cash margin for by-products (US$/lb)	(0.22)	(0.34)	(0.25)	(0.32)
Net cash unit costs (US$/lb)	$ 1.35	$ 1.38	$ 1.31	$ 1.47

1. Average period exchange rates are used to convert to US$ per pound equivalent.
We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1]

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue as reported	$ 479	$ 609	$ 1,087	$ 1,321
Less:				
Trail Operations revenues as reported	(395)	(496)	(847)	(967)
Other revenues as reported	(2)	(2)	(4)	(4)
Add back: Intra-segment revenues as reported	89	140	185	272
	$ 171	$ 251	$ 421	$ 622
By-product revenue (A)	(10)	(6)	(12)	(16)
Smelter processing charges (B)	53	47	130	104
Adjusted revenue	$ 214	$ 292	$ 539	$ 710
Cost of sales as reported	$ 406	$ 486	$ 895	$ 1,047
Less:				
Trail Operations cost of sales as reported	(405)	(518)	(868)	(1,000)
Other costs of sales as reported	1	6	13	15
Add back: Intra-segment as reported	89	140	185	272
	$ 91	$ 114	$ 225	$ 334
Less:				
Depreciation and amortization	(36)	(24)	(78)	(54)
Severance charge	-	(4)	-	(4)
Royalty costs	6	(10)	(7)	(94)
By-product cost of sales (C)	(2)	-	(2)	-
Adjusted cash cost of sales (D)	$ 59	$ 76	$ 138	$ 182

1. Red Dog and Pend Oreille (closed in July 2019).
We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1] - Continued

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Payable pounds sold (millions) (E)	173.4	177.3	424.3	437.2
Per unit amounts (C$/lb)				
Adjusted cash cost of sales (D/E)	$ 0.34	$ 0.43	$ 0.32	$ 0.41
Smelter processing charges (B/E)	0.31	0.26	0.31	0.24
Total cash unit costs (C$/lb)	$ 0.65	$ 0.69	$ 0.63	$ 0.65
Cash margin for by-products (C$/lb) ((A-C)/B)	(0.05)	(0.03)	(0.02)	(0.03)
Net cash unit costs (C$/lb)	$ 0.60	$ 0.66	$ 0.61	$ 0.62
US$ AMOUNTS[2]				
Average exchange rate (C$/US$)	$ 1.39	$ 1.34	$ 1.37	$ 1.33
Per unit amounts (US$/lb)				
Adjusted cash cost of sales	$ 0.25	$ 0.32	$ 0.24	$ 0.31
Smelter processing charges	0.22	0.19	0.22	0.18
Total cash unit costs (US$/lb)	$ 0.47	$ 0.51	$ 0.46	$ 0.49
Cash margin for by-products (US$/lb)	(0.04)	(0.02)	(0.02)	(0.03)
Net cash unit costs (US$/lb)	$ 0.43	$ 0.49	$ 0.44	$ 0.46

1. Red Dog and Pend Oreille (closed in July 2019).

2. Average period exchange rates are used to convert to US$ per pound equivalent.

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue as reported	**$ 44**	**$ 295**	**$ 220**	**$ 507**
Less:				
Cost of diluent for blending	(33)	(90)	(130)	(163)
Non-proprietary product revenue	(1)	(9)	(8)	(17)
Add back: Crown royalties (D)	-	4	3	9
Adjusted revenue (A)	$ 10	$ 200	$ 85	$ 336
Cost of sales as reported	$ 140	$ 261	$ 438	$ 478
Less:				
Depreciation and amortization	(22)	(36)	(55)	(63)
Inventory write-downs	(23)	-	(46)	-
Cash cost of sales	$ 95	$ 225	$ 337	$ 415
Less:				
Cost of diluent for blending	(33)	(90)	(130)	(163)
Cost of non-proprietary product purchased	(1)	(10)	(4)	(19)
Transportation costs for non-proprietary product purchased[1]	(3)	(30)	(4)	(59)
Transportation costs for FRB (C)	(26)	(4)	(55)	(1)
Adjusted operating costs (E)	$ 32	$ 91	$ 144	$ 173
Blended bitumen barrels sold (000’s)	2,226	4,221	6,645	7,946
Less: diluent barrels included in blended bitumen (000’s)	(568)	(1,007)	(1,745)	(1,932)
Bitumen barrels sold (000’s) (B)	1,658	3,214	4,900	6,014

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1. Reflects adjustments for costs not directly attributed to the production of Fort Hills bitumen, including transportation for non-proprietary product purchased.

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations - Continued

(C$ in millions, except where noted)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Per barrel amounts (C$)				
Bitumen price realized[1] (A/B)	$ 6.03	$ 62.28	$ 17.34	$ 55.83
Crown royalties (D/B)	(0.10)	(1.19)	(0.64)	(1.45)
Transportation costs for FRB (C/B)	(16.01)	(9.41)	(11.24)	(9.83)
Adjusted operating costs (E/B)	(19.07)	(28.06)	(29.54)	(28.69)
Operating netback (C$/barrel)	**$ (29.15)**	**$ 23.62**	**$ (24.08)**	**$ 15.86**
Revenue as reported	**$ 44**	**$ 295**	**$ 220**	**$ 507**
Less: Non-proprietary product revenue	(1)	(9)	(8)	(17)
Add back: Crown royalties	-	4	3	9
Blended bitumen revenue (A)	$ 43	$ 290	$ 215	$ 499
Blended bitumen barrels sold (000s) (B)	2,226	4,221	6,645	7,946
Blended bitumen price realized[1] (C$) (A/B)=D	$ 19.30	$ 68.75	$ 32.32	$ 62.77
Average exchange rate (C$ per US$1) (C)	1.39	1.34	1.37	1.33
Blended bitumen price realized (US$/barrel) (D/C)	$ 13.93	$ 51.40	$ 23.67	$ 47.08

1. *Bitumen price realized represents the realized petroleum revenue (blended bitumen sales revenue) net of diluent expense, expressed on a per barrel basis. Blended bitumen sales revenue represents revenue from our share of the heavy crude oil blend known as Fort Hills Reduced Carbon Life Cycle Dilbit Blend (FRB), sold at the Hardisty and U.S. Gulf Coast market hubs. FRB is comprised of bitumen produced from Fort Hills blended with purchased diluent. The cost of blending is affected by the amount of diluent required and the cost of purchasing, transporting and blending the diluent. A portion of diluent expense is effectively recovered in the sales price of the blended product. Diluent expense is also affected by Canadian and U.S. benchmark pricing and changes in the value of the Canadian dollar relative to the U.S. dollar.*

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Reconciliation of Coal Business Unit Adjusted EBITDA

(C$ in millions)	October 1, 2008 to June 30, 2020
Gross Profit	**$ 19,463**
Add back: Depreciation and amortization	7,466
Gross profit, before depreciation and amortization	**$ 26,929**
Deduct: Other costs	(422)
Adjusted EBITDA	**$ 26,507**

Non-GAAP Financial Measures

Reconciliation of Free Cash Flow

(C$ in millions)	2003 to Q2 2020
Cash Flow from Operations	**$47,166**
Debt interest and finance charges paid	(5,652)
Capital expenditures, including capitalized stripping costs	(26,853)
Payments to non-controlling interests (NCI)	(642)
Free Cash Flow	**$14,019**
Dividends paid	$4,434
Payout ratio	32%

Second Quarter 2020 Results

July 23, 2020

Teck