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CORPORATE PARTICIPANTS
Greg Waller; Teck Resources Limited; VP Investor Relations & Strategic Analysis
Don Lindsay; Teck Resources Limited; President & CEO
Ron Millos; Teck Resources Limited; SVP Finance & CFO
Real Foley; Teck Resources Limited; VP Coal Marketing
Ian Kilgour; Teck Resources Limited; SVP Coal
Roger Higgins; Teck Resources Limited; SVP Copper
Tim Watson; Teck Resources Limited; SVP Project Development

CONFERENCE CALL PARTICIPANTS
Curt Woodworth; Nomura Securities
Meredith Bandy; BMO Capital Markets
Jorge Beristain; Deutsche Bank
Orest Wowkodaw; Canaccord Genuity
Greg Barnes; TD Newcrest/Waterhouse Securities
John Tumazos; John Tumazos Very Independent Research
Oscar Cabrera; Bank of America Merrill Lynch
Sal Tharani; Goldman Sachs
John Hughes; Desjardins Securities
Kerry Smith; Haywood Securities
Brian MacArthur; UBS Securities
Paretosh Misra; Morgan Stanley
Alec Kodatsky; CIBC World Markets
Harry Mateer; Barclays Capital
David Neuhauser; Livermore Partners

PRESENTATION
Operator: Welcome to Teck's third 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 Wednesday, October 24, 2012. I would now like to turn the conference call over to Mr. Greg Waller, Vice President, Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller: Thanks very much, operator. Good morning, everyone, and thanks for joining us this morning for our third 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.

I would like to add this morning that our presentation is a little longer than usual, so bear with us as we get through it, because we've got a number of issues we want to cover. But we will get to Q&A and look forward to that discussion. At this point, I'd like to turn the call over to Don Lindsay.

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

Starting with slide 5, this quarter we achieved record copper production of 99,000 tonnes, and that's thanks in part to the completion of Antamina's expansion, which is now up and running and it's at its design capacity, and as well, it's also thanks to incremental improvements at several other copper operations. We ended the quarter with a cash balance of $3.9 billion and today we have approximately $4.2 billion at the time of this release. We also have announced that we are deferring about $1.5 billion of our capital spending program and I'll get into the details of the deferrals a bit later. And subsequent to the quarter end, we did wrap up another successful shipping season at Red Dog. Finally, just last week, we announced the redemption of the last outstanding tranche of our high-yield debt and this is a milestone event as it marks the last of the high-yield debt that we issued in May 2009.

Turning to slide 6, our second quarter revenues were over $2.5 billion, and gross profit before depreciation and amortization was approximately $933 million, and profit attributable to shareholders is $180 million. EBITDA was $721 million and adjusted profit, which removes the effect of one-time items and derivative and exchange gains and losses, was $349 million. I should also note that EBITDA was approximately $960 million before the $238 million pre-tax charge related to the redemption of our high-yield notes in the quarter. I'll discuss these items on the next slide. This quarter, the most significant adjustment is related to the debt redemption, which resulted in a $196 million after-tax charge. Other significant items include derivative losses of $48 million and tax items that added $32 million. The balance is made up of asset sales, a one-time labour settlement at Cardinal River, and foreign exchange losses. After these items, adjusted profit was $349 million for the quarter or $0.60 per share.

Turning to our operating results on slide 8, in our coal business, production was 6.3 million tonnes, while sales came in at 5.5 million tonnes, as customers grew cautious during the quarter. The average realized price for the second quarter was US$193, about a 14% discount to the benchmark price of US$225 per tonne for the premium brands of coal. Usually on average, the realized price is about a 10% discount to the benchmark price, due to the mix of products that we have, including some lower value PCI and thermal coals. It is important to remember the discount is larger when the quarter-over-quarter benchmark price increases, as it did in Q3, as lower price carryover tonnes are brought forward.

Third quarter unit site costs were at $77 per tonne and distribution costs came in at $37 per tonne, for a combined cost of $114 per tonne. Increased costs compared to last year were mainly due to the new labor agreements effective at all mines, also, the one-time labor settlement charge and higher ports and ocean freight rates. We do expect our costs for the year to be within our guidance of $72 to $78 per tonne.

Turning to slide 9, during the quarter, a decision to adjust production was implemented in mid-August to better align ourselves with customer demand, as steel producers remained cautious. We currently expect to come in at the low end of our production guidance range for the year. We continue to monitor the situation and will modify our production plans as we see fit. Also during the quarter, the plant upgrades at Elkview contributed to higher year-over-year production and as well, other debottlenecking efforts across the operations helped in that production number.

In terms of sales for the third quarter, our highest quality coal achieved pricing of US$170 per tonne, which is in line with prices reportedly achieved by our competitors. As of this release, we have contracted sales for about 6.2 million tonnes to be delivered in Q4 at an average price of

US$163 per tonne. The market has certainly improved from the low point in August, with improved steel production, and this is being reflected in sales volumes and spot pricing. Finally, also during Q3, we completed the feasibility study for the reopening of our Quintette mine.

Slide 10 highlights the main takeaways from the Quintette feasibility study. Capital costs are expected to be $858 million, or just north of $200 per tonne of installed capacity, based on 4.0 million tonnes of mine capacity. You will note on the chart that shows the capital intensity of various coal projects or transactions around the world, that this project comes in at the low end of the capital intensity curve and represents very efficient use of capital. Operating costs are not expected to be materially different from our existing operations. Currently, the life of mine is 12 years. However, we are evaluating options to extend the mine beyond the present reserves and we do believe it will be significantly longer. Given the capital and operating costs, Quintette remains a highly economic project.

Turning to slide 11, we are excited to report on the progress of the expansion project at our Neptune Coal Terminal. The pictures here show the construction assembly of the new stacker-reclaimer offsite. You can get a sense of the size of this unit compared to the mobile equipment and people in the picture. This new unit will allow simultaneous unloading of rail cars and loading of ships, which will help the terminal to grow from its existing capacity of 9.0 million tonnes to 12.5 million tonnes. We anticipate the expansion to be effective in the spring of next year. We are also working on a feasibility study to expand Neptune to 18.5 million tonnes and this is expected in the fourth quarter 2012, but we likely won't proceed until 2014.

Slide 12 is an update on the ongoing rail system upgrades. Back in 2011, we touched on the efforts CP was making to improve rail service from the valley to the coast. One of the key improvements cited then was the introduction of longer trains. Specifically, train lengths were increasing from 126 cars to 152 cars. The chart on the right highlights the steady growth of longer trains that are now servicing our five mines in the valley. We're very pleased with the progress. Currently, we are running 19 of 24 car sets at 152 cars or 80% of the sets. As more sidings are extended, more trains will be able to run in these longer configurations.

In our copper business unit, slide 13, we had record total copper production of 99,000 tonnes; 10% higher than last quarter's record production. Production was up 29% versus Q3 of last year, with cathode production relatively steady and concentrate production increasing significantly. Aggregate operating costs were up versus the same period last year, reflecting higher overall sales volumes. However, on a per unit basis, costs have started to decline with our increased production. Unit costs in the copper business overall were down 5% from Q2, with decreases at each of Antamina, Highland Valley, and Andacollo. The costs that are within our control, which are measured as cash costs before by-product credits, were, in fact, down 6% from last quarter, so that's a positive.

Turning to slide 14, this chart shows rolling four quarters of production and it illustrates the tremendous progress we've made in increasing production. At QB, cathode production was up by 10%, due to higher amounts of heap leach and dump leach processing. Copper in concentrate was up almost 20,000 tonnes due to additional production from Antamina's expansion, increased throughput, and better grade ore from Highland Valley now that we're through the buttress project of a couple years. At Carmen de Andacollo, production rose 32% to a record 20,800 tonnes. We're very pleased with that. The increase is mainly attributed to the new 20,000 tonne per day pre-crushing plant that is ramping up to full rate very well. We expect copper production to be within our guidance for the year of 350,000 to 375,000 tonnes.

On slide 15, the mill modernization project at our Highland Valley copper operation is progressing, with concrete work well advanced and steel erection and major equipment installation commencing in the third quarter. During the third quarter, an updated cost estimate for the project was completed. The forecast completion costs for the project is now estimated at $550 million, which compares with the pre-feasibility study cost estimate of $475 million. The increase in costs of approximately 15% is primarily due to finalizing the project scope, bulk commodity quantities, and the resulting construction hours for the project. The project is on schedule for completion commissioning at the end of 2013. The economics are still very good, due to the increased throughput, better recoveries, and lower operating and maintenance costs.

Turning to our zinc business, on slide 16, zinc concentrate production for the quarter was down about 12% compared to last year. At Red Dog, lower mill throughput, due to higher silica and lower ore grades, resulted in decreased production. At Antamina, additional mill throughput and a greater proportion of copper-zinc ores helped boost zinc production by 63% to over 51,000 tonnes on a 100% basis. As in previous quarters, I should note that even though we show Antamina's share of zinc production in these figures, the financial results of Antamina are reported in our copper business. Lead concentrate production was over 16% higher than third quarter last year, as both grades and recoveries improved. At Trail, production was generally stable, but profits were down mainly due to lower metal prices.

On slide 17, the 2012 shipping season was completed on October 19, following the shipment of 950,000 tonnes of zinc concentrates and 175,000 tonnes of lead concentrates. Product not sold this quarter is either still in transit or in storage at various locations in North America, Asia, and Europe, to be sold over the following quarters. Zinc sales weren't as strong in Q3, weren't as strong as normal due to poor weather early in the season which delayed shipping progress. In the end, though, we did get all of the product out, so we can expect a pretty good fourth quarter. Finally, it is important to note that starting in Q4, the NANA royalty is increasing by 5% to 30% and will remain at that level for the next five years. I'll now turn the call over to Ron Millos to address some of the financial issues.

Ron Millos: Thanks very much, Don. I'm on slide 19, where we've summarized our changes in cash for the quarter. Our cash from operations was approximately $741 million in the quarter. Capital expenditures and investments were $497 million and in early August, we issued US$1.75 billion of long-term notes with a portion used to refinance some of the outstanding high-yield debt. We are using the balance of the proceeds from this debt issued to redeem the last of our outstanding high-yield notes and we announced that last week. In early July, we paid a $0.40 per share dividend. After allowing for principle and interest payments on our debt, exchange rate changes, and other items, our cash balance in the quarter was about $289 million lower down to $3.9 billion, as Don mentioned earlier, we currently have about $4.2 billion in cash.

Slide 20 shows our final pricing adjustments for the quarter, which are included in our other operating income and expense on our income statement. Our total pricing adjustments for the quarter were positive due to rising copper prices during the quarter resulting in a $55 million gain on a pre-tax basis.

Turning on to slide 21, last quarter, we highlighted the relationship between the pricing adjustment and the changing commodity prices. Some of you may remember the chart here. The total pricing adjustment in millions of dollars on the Y-axis versus the change in the quarter-open versus quarter-end copper and zinc prices on the X-axis. We've updated the chart and you can see the third quarter adjustment is in line with what we would expect from our historical relationships. Just as we mentioned last quarter, there are other elements that impact the total settlement adjustment and those relate to total volumes, lead and silver prices, but clearly copper and zinc changes are the most significant factor. Hopefully, this chart helps to eliminate some of the mystery over the settlement adjustment.

I do want to remind you that, when analyzing the impact of price changes in the adjustment, refining and treatment charges, the Canadian/US dollar exchange rate must be included in your calculations. In addition, when trying to analyze the impact on our net earnings, you also need to consider taxes and royalties.

Slide 22 summarizes our outstanding debt, and as mentioned last week, we announced the redemption of the final portion of the high-yield notes that we issued back in 2009. Over the last two-plus years, we've been taking advantage of historically low interest rates and our investment-grade credit rating to reduce our all-in interest rates, reduce the maturity towers, and extend our average term to maturity. We have reduced our average coupon from about 7.6% down to 4.8%, which has reduced our annual interest expense by approximately US$250 million. Our average maturity has stretched out to over 16 years, with maturities averaging about US$600 million in the years that we have issues coming due. But most importantly, we only have about US$323 million due within the next four years. The next tower in 2017 will be paid in early January of that year. We're pleased with this accomplishment and as Don indicated earlier, this marks the end of our planned re-financings and we can look forward to some cleaner quarters in the future.

Finally, our capital on the next slide, slide 23, our updated forecast capital expenditures for 2012 are summarized in the table on slide 23. Overall, sustaining and development capital expenditures are now expected to be approximately $1.9 billion, including our investment in Fort Hills. This compares to our original guidance at the start of the year of about $2.5 billion. Sustaining capital expenditures are expected to be about 20% lower than our previous estimate, while development capital has declined approximately 16%. As always, the amount and timing of actual capital expenditures is dependent upon numerous factors, including decisions on major projects, expected costs, and obtaining necessary permits on a timing basis. With that, I will turn the call back to Don.

Don Lindsay: Thanks, Ron. On slide 25, we're focusing on decisions to reduce operating and capital spending, as you have seen in the release. In terms of operating costs, we expect to achieve annual cost savings in the order of $200 million, probably higher, through various company-wide cost control programs. As well, we have deferred approximately $300 million of capital spending out of 2012 and about $1.2 billion out of 2013. At QB, the re-filing of the SEIA is not expected before Q2 of 2013. This delay in the resubmission postpones the original spending program. At Quintette, environmental permitting issues are expected to delay that project as well, while at Relincho, changes in plans for local infrastructure is pushing back the completion of the feasibility study. At Trail, we've elected to defer the construction of the number four slag-fuming furnace and at Fort Hills, the project schedule has been pushed back there as well.

I'd like to update you on the status of the many development projects that we have underway; this is slide 26. At the Neptune Coal Terminal that I commented earlier, our plans to expand to 18.5 million tonnes of capacity in the foreseeable future will be a big positive for the company. As you know, cost per tonne of loading at that terminal is lower than elsewhere, so it's a real benefit to the company. For Quintette, the feasibility study for the restart is now complete and we expect to be in a position to make a decision sometime in the latter half of 2013, subject to the permitting process. At Relincho, the completion of the feasibility study has been deferred past Q1 of 2013 now until we get some clarity on the port and power project that we had been planning to make use of. At Fort Hills, work continues towards a project sanction decision expected in the latter half of

2013. Finally, at QB, the SEIA resubmission is not expected to be resubmitted until after Q1 of 2013, but that timing is still unclear.

In summary, Teck remains in great financial shape and is well-positioned in uncertain economic times. Our long-term view remains favourable, particularly for our key products -- steel-making coal and copper. Our copper production has grown materially and we continue to work on decreasing our cost position. Our coal production is making the necessary adjustments to ensure it is responding to market demand. Lastly, we are adjusting our capital spending program, but we may modify it more, depending on commodity markets and our financial position or other factors. With that, I would like to turn the call over to questions.

QUESTIONS AND ANSWERS

Curt Woodworth, Nomura.

Curt Woodworth: I was wondering if you could elaborate a little bit on the comments you had in the press release that the met market could remain weakened the first half of 2013? Yet, it seems like the sales levels have picked up given your guidance for the fourth quarter and you mentioned that you'd seen spot price bounce and maybe order entry picking up. I'm just curious how to balance those two statements.

Don Lindsay: Thank you for the question. I am very pleased that you noticed the sales levels were very strong. We're very pleased with that, but I'll turn that question over to Real Foley.

Real Foley: To answer your question, we still see uncertainty in the world economic conditions and the steel production continues to run at low capacity level. But at the same time, the measures that are announced by the various central banks and governments seem to be starting to improve the market sentiment.

Curt Woodworth: Okay, great. In terms of the sales pickup, maybe from what you were seeing in the third quarter, do you think that's driven from deferrals in the quarter that got pitched into 4Q or vessel scheduling? Or do you think it's more of the real demand recovery or even restocking than -- do you have any more colour you can provide?

Real Foley: Actually, it's a reflection of the large effort that we've put into building solid and long-term relationships with customers in all of our market areas, and that's allowing us to maintain our position even when the market conditions are uncertain. Yes, that's pretty much it.

Don Lindsay: I think if you look at the last couple of years, we've established a pretty good record of reliability and that's very important to customers. Also, our relationships in China are getting stronger and stronger, partly helped by our strategic partner there.

Curt Woodworth: Okay, great. Thank you very much.

Operator: Meredith Bandy, BMO Capital Markets.

Meredith Bandy: Good morning and congratulations on the quarter.

Don Lindsay: Thanks, Meredith.

Meredith Bandy: On the met side, again, when we look at the spot pricing that everybody looks at in the various trade journals, how does that relate to the spot pricing that you get on the 15% to 20% of your sales that are spot?

Real Foley: Meredith, we do not comment on individual deals, but what we can say is that off of the price indication that we're giving for Q4, it includes all of our contract sales, our quarterly priced sales. It includes our spot sales. It includes the sales mix that we have in our sales portfolio, as well as the spot sales.

Meredith Bandy: Yes, maybe just to clarify, I don't mean to ask about a specific transaction, but the question I get a lot, and I don't know the answer to it, are those real spot prices or should we just think about them as sort of indications? How should we, as analysts, use those spot prices? Do you feel like they're real prices?

Don Lindsay: Meredith, just for clarification, you're talking about prices that you might read in trade journals such as Platts and so on?

Meredith Bandy: Sure, yes.

Don Lindsay: We have a view on that, so why don't you go ahead.

Real Foley: Yes, so what is published by Platts or others is market assessments, Meredith, and they do not necessarily reflect actual deals that are being done in the market. It's not like an index, in the case of LME, for instance, where we know that transactions are done at those pricing levels. In the case of the price assessments for coal, they do not reflect actual transactions in our view.

Meredith Bandy: Okay. Thank you.

Operator: Jorge Beristain, Deutsche Bank.

Jorge Beristain: My question is, on the CapEx deferral, which is a fairly chunky number if you average it across the two years, it would appear to be about 30% of your CapEx is being deferred. Could you comment on the split as to how much of that deferral is voluntary in the sense that you are sensing, perhaps, some weakness in your end markets, or it's a choice that the company is making? How much of that would be because of regulatory permitting delays, et cetera?

Don Lindsay: Sure. A significant amount is due to regulatory delays. Clearly, QB2 is a prime example of that with the SEIA having been withdrawn and still without clarity on what the new requirements will be. There's still discussions going on with the regulators there and so we don't know how long it will take to resubmit. We can make estimates, but we don't know for sure.

And that's the same situation with Quintette. Those deferrals, if you like, they're kind of deferring themselves.

Then at Fort Hills, we've got two partners. We're only a 20% owner there and so their schedules are going to prevail and they are looking at all of their other commitments that would have nothing to do with Fort Hills, but will affect their own timelines, so that's fine.

Relincho, we saw the Supreme Court decision in Chile on the power in the port. That affected not just us, but two other projects as well. Again, it wasn't related to us, but that's what happened and that's delayed Relincho.

Those four are all delayed by regulatory matters and I think it's just characteristic of the industry. If you talk to other companies, they'd all have their own examples of that.

We deliberately delayed number four slag-fuming furnace at Trail. We had the flexibility. The project had to be at a point where you could delay it without having too much effect on the overall cost and go back at it a year or two from now. We'd really like to do it, but we look at the overall economic scene and we want to make sure that we're living within our means, if you like, and margins have compressed in coal and zinc and so we're just being careful with our spending.

I don't know what the exact percent is, but clearly, more from regulatory than from choices that we made. But if the regulatory delays weren't there, perhaps we would have made the choices anyway.

Jorge Beristain: Just a follow-up to that, does that change your thinking out toward 2013 in terms of uses of cash? Because you now seem to be -- your net debt is falling quite sharply quarter-on-quarter and you did not effect, it appears, the buyback -- or buyback of stock in the third quarter. Can you just comment about, if you do see these kind of large scale deferrals of CapEx that you had sort of earmarked for a year like 2013, what do you guys intend to do with that cash?

Don Lindsay: Yes, so the first part of the answer to that would be the deferrals are just that. They're deferrals that we are strongly committed to QB and Quintette and so on. We will still need the capital at some point in the future. We hope not in the too distant future.

I think it's important to put that in context that they might be deferred for a year, but we are still very committed to our “stay the course” strategy. Just to refresh on that, if you look out, whether it's four or five years to when Relincho was built and that means that QB2 is built and Fort Hills is built, at that stage, every single share of Teck will have twice as much copper production backing it, about 50% more coal production, and Fort Hills Phase I up and running, and just about the energy division about to go into very high growth phase.

Along the way we hope to moderately increase the dividend from year-to-year. Maybe not necessarily every year, but we certainly want to be consistently increasing the dividend and then we want to buy back a few shares every year. If we just do that “stay the course” strategy, at the end of five years, it looks pretty good for shareholders.

It may not be the most exciting strategy from analyst's point of view and the media, not a lot of catalysts and events and those kind of things, but steady growth for the company on a per share basis. Nothing has changed from that point of view. We're very committed to that. That means that we'll need that capital for those projects at some stage. Generally, the answer to the question is not much has changed in our philosophy.

Jorge Beristain: Great. Thanks very much.

Operator: Orest Wowkodaw, Canaccord Genuity.

Orest Wowkodaw: I was hoping you could provide some insight in terms of how we should think of your coal production going forward. You mentioned that you curtailed some production in August to meet customer demand levels. You've guided to sales of 6.2 million tonnes in the fourth quarter.

Should we assume that you plan to run at that current rate going into 2013? Or do you plan on increasing production, but just building inventories?

How does Quintette fit into the picture? Will you sanction Quintette if you don't see a pickup in demand, even though it's an economic project? Any insight would be helpful.

Don Lindsay: I'll turn it over to Ian Kilgour, our Senior Vice President of Coal.

Ian Kilgour: In terms of coal production, we've moderated our production rate to keep pace with the sales level. Our inventories are at very satisfactory levels and they allow us the ability to react in a timely way to changes in the sales picture; for example, the opportunity that we're seeing in quarter four.

Our most likely scenario is we'll continue with current production levels as we move into next year, but next year's production will depend on what we see actually happening in the market. We are hoping that the positive signs that are appearing now will follow through and that we'll be able to utilize the full capacity that we have installed in our coal business. Our expansion of our Elk Valley assets, the brownfield expansion is virtually complete and we have the capacity to increase our production and so we will do so as the market demands.

Orest Wowkodaw: What about with Quintette? Unless we see a pickup in demand, do you think that you would still push through with that project in hopes of just displacing other higher cost coal from elsewhere in the world? What's the philosophy there?

Ian Kilgour: Quintette is part of our long-term philosophy, which is that we see that the market for coking coal is going to be a very strong one in the future, as China's requirement for imported coking coal increases, as India's requirement for imported coking coal increases. Quintette's very much a part of that long-term plan.

In terms of when it will come online, assuming that we are able to get our permit in the first half next year, we'd see first coal in the first quarter of 2014. As we've seen with increasing costs of production across the world, the cost curve is increasing. Quintette is coming in at operating costs very similar to what we have in our Elk Valley coal mines so that we see that there is room for Quintette in the global scene and we know that it's a desirable product. We have many customers who were receiving Quintette coal before the mine shut down and will be very happy to receive it in the future.

Orest Wowkodaw: Again, unless we see a pickup in the demand side, do you think you would go ahead and sanction the restart or do you think there could be potential for delays on that?

Don Lindsay: The decisions that we make are all long-term. Yes, it's a weak quarter last quarter and this quarter, but we don't anticipate it staying this way at all. In fact, if you look at the four major coking coal producing regions in the world, meaning Canada, the US, Australia and Shanxi province, in each of the US, Australia, and Shanxi province, the costs are going up quite dramatically, where we have been able to hold our costs relatively stable.

If you look forward, we'll be in an even better position next year and the year after compared to those regions. When we bought Fording, it was about at 80th percentile on the cost curve, now it's in the bottom half and headed lower. To the extent that we can bring on production at lower costs than our competitors, we think we should do that.

Orest Wowkodaw: Thanks very much.

Operator: Greg Barnes, TD Securities.

Greg Barnes: Don, I guess this is a bigger picture question. In the past, you've talked about potentially looking at iron ore as something you'd add to your portfolio and preferably lower cost, high quality iron ore close to your Asian customers. Given what we're seeing in China and steel and bigger iron ore producers cutting longer-term projects, is that still something that you're interested in pursuing or not?

Don Lindsay: You phrased your question in terms of long-term, and long-term, we still believe that iron ore would be a good fit for our portfolio. We still believe that the OECD is roughly correct, that 3 billion people will be moving into the middle class between now and 2030 and that they will require a lot of steel, not just from China, but in many emerging markets. However, we have spent a lot of time looking at iron ore and we haven't been able to find an entry point.

We've had detailed discussions with a number of players, but it's pretty clear that their expectations for price are very rich and so we have made the decision to move on and we are committed to our "stay the course" strategy. Looks pretty good to us. We will keep our eyes open for opportunities in copper and occasionally in other commodities, although we don't have anything of interest right now, but for this particular point, we made the decision to move on.

Greg Barnes: So you'd push it far out in your view as a way you want to be?

Don Lindsay: We're not looking at iron ore at this stage and we've been through that, looked at it in a lot of detail. Fundamentally, we think it would be a good fit, but we're not spending any more time on it.

Greg Barnes: Good. Just one other question, too. On QB, it seems like it's having a bit of a tough time and cash costs in Q3, by my estimate, around US$3.50 a pound. What's going on and what can you do to address the situation there?

Don Lindsay: It's quite right. I'll turn it over to Roger Higgins, but I'll just make an overview comment. QB is a mature asset in its last years and that always poses some difficult challenges and Roger has put together a pretty clear strategy on how to deal with it. Roger?

Roger Higgins: You are correct in QB costs for the quarter were high, and they're right about the number you mentioned. Year-to-date, they're running lower than that, around US$2.75. It's a function of both lower production and higher input costs. We are in the transition between ore designed for leaching and ore which will be getting to soon for the QB Phase 2 project and we're having to manage that transition.

We have had some events, which haven't helped us in the desert, some rain in the desert again, which is unexpected. But we are really working to right size the project as the leaching aspects of it do taper off a little bit and we have to make sure we have the right size, running the right proportion of the plant, that we have the right number of people on site and not too many. We're working hard to bring that back into a cost range where we can comfortably continue to operate it through until the QB Phase 2 project is constructed.

Greg Barnes: What is the right size, Roger?

Roger Higgins: It's going to be around 60,000 tonnes, more or less, for the next few years.

Greg Barnes: Good. Thank you very much.

Operator: John Tumazos, John Tumazos Very Independent Research.

John Tumazos: Congratulations on all the good work and decisions you are doing. If this was a live meeting, I'd stand up and give you an ovation like you won the Grey Cup or Super Bowl for not having gone into iron ore.

Don Lindsay: Thank you.

Greg Waller: Thanks, John.

John Tumazos: I'm trying to ask the same question over again, but maybe in a way that you can answer better. World Steel outputs up 300 million tonnes since 2009, 1.51 versus 1.21 billion tonnes, yet your benchmark is down to US$170 from US$335 peak and the bottom in 2009 was US$128. I don't understand why coal is falling more than iron ore when the iron ore capacity additions are epic, epic, epic, 150 at Fortescue, 100 million tonnes everywhere you turn.

First question, could there be a very large expansion in port terminal capacity, Queensland, BC, or transportation infrastructure such that part of the bottlenecks in addition to the massive rains in Australia in spring of 2008 and 2011 were transportation issues? Second, are some of your steel mill customers under such terrible duress by high iron ore and high scrap that they're begging you to cut price so that they can keep their blast furnaces running?

Don Lindsay: Okay.

John Tumazos: I just don't understand why coal is falling more than iron ore.

Don Lindsay: Okay. Why don't I start with some comments and then I can turn it over to Real Foley, our Vice President of Coal Marketing. First comment would be is that the coal market is a lot smaller than the iron ore market, just a very significant degree smaller. It's a primarily seaborne market, coastal plant, so there aren't that many customers in the world. So when markets turn down, they can all spot it and kind of act in concert and go into de-stocking phase pretty quickly.

When you combine that with a large supplier, in fact the world's largest supplier, that had been constrained from the flood back in 2011 and rotating strikes and all of a sudden they're dried out and the strikes are over and they have supply quite quickly that they haven't placed with customers and they can't keep it. There's only so much room to store coal and if you store it too long it, can lose quantities, so they have to sell.

So a situation like that can have quite an effect on the market in a small market, but it is only for a certain period of time and then you see suppliers respond to price. We've seen a total of 25 million tonnes, I'll get one of my colleagues to confirm that number in a minute, of production that has been announced as shutting down. But more than that, and this is what gets us quite excited, is that, as you've seen the cost structure, particularly in Australia, rise so significantly, up 60% in the not too distant past, that gives them pause for thought when it comes to investing in new capacity.

We've seen some pretty strong statements from the large players there, that they will not be going forth with their expansions, whether there's port or rail capacity available or not, because it's not very economic. Of course, there's been royalties put in place in Queensland as well.

When we see what's happening in the US, Australia and Shanxi province carrying on with geologically-driven challenges, getting deeper in their own things and their costs going up in addition to the geological structural issues also driven by labour costs that are going up at 13% to 15% per year. Remember, in the five-year plan, it's actually stated that they want minimum wage going up 13% per year to get more money into the hands of consumers, so they will be faced with that challenge for some time to come versus our 3% or 4% per year in our five-year contracts. We acknowledge that it's been weak, but the market is correcting and correcting pretty quickly.

The next comment I want to make is on the US$170 versus the US$330. The US$330 was during a period of time when there were floods in Queensland and production was dramatically constrained. While it is a significant drop, it's a drop from an elevated level due to nature. We don't think of the US$330 as a long-term price.

But having said that, seeing US$170, we are very encouraged. If that turns out to be the low, and so far that's what it looks like, but you never know, you never know. If that turns out to be the low, then that suggests that the long-term price is going to start with a 2, not 200 flat, but something above that. That benchmark US$170 was negotiated when the spot price was US$140, which speaks to the question that Meredith was asking earlier, that the spot price is not necessarily representative of a long-term negotiated price between customers and suppliers that have long-term relationships.

I think the customers know that if they put the price any lower, even more tonnes of production would have shut down and then they'd be stuck next year, might be paying US$275. I think the supply and demand negotiation is pretty reflective of the realities of the market.

Then looking backwards, you mentioned the benchmark of US$129. I recall in the fall of 2008 to nearly 2009, that there were a number of analysts that jumped on the band wagon and said the long-term price for coal was going to be US$75 and they were looking at cost curves and the rest and of course, the lowest it ever got to was US$129. Here we are in another very weak cycle.

Steel prices got to within 4% of the GFC lows and in fact rebar was below the GFC lows and yet the new low benchmark, it would appear, is US$170, up US$40 from US$129, and US$100 higher than what analysts thought it would be just four years ago. We've seen quite a structural shift in the industry. It looks to us like the long-term price is over US$200.

Our costs are about $110, so that looks like a pretty healthy business. We are very pleased we've taken the steps we have in terms of expanding the business and we're going to carry on with that. It's working very well. We've been very pleased with our operating results and we look forward to being able to make decisions on Quintette.

Sorry, that's a bit longer than I thought. I get quite passionate about my business, but Real, did you have anything else you wanted to add?

Real Foley: I think you've covered it well, Don.

Greg Waller: I've got one comment I'd add to that. I'd note the 20 or so analysts who cover us, the consensus long-term coal price that's used for valuations, NAD evaluations, is US$165 a tonne. Relative to your comments about how we see this US$170 at a low point in the cycle, we just don't see that US$165 is the right long-term price.

Don Lindsay: For a long-term price to be US$165, you'd have to have long periods of time significantly below that to average. You'd have to have long periods of time at US$120 or US$125 and the cost curve is well above that. We've seen several quarters that are significantly above165 from 200 to 225, 285, 300, 315, 330. We think that the long-term price is much higher.

A word of caution, while Teck itself is in very strong financial condition and we have a view on supply and demand in coal and steel, the reality is the world overall is still a very fragile place. There are a number of areas in the world where people could be and should be very concerned and depending on what happens, you never know.

You could see some event occur that causes the world to get simultaneously terrified like it did in 2008 and just come to a stop and then you get a demand shock. That can drive prices lower than you always expect. But so far, that hasn't happened and if it doesn't happen, if the world just carries on, in our view, at what's pretty meager growth, we think that supply is still going to have a tough time keeping up with demand. Particularly in copper, I should say, that unless there's some sort of really severe demand shock, I think the copper market looks very, very strong for the foreseeable future.

Operator: Oscar Cabrera, Bank of America Merrill Lynch.

Oscar Cabrera: Don, thank you for clarifying the iron ore question. I think that we can move on now. Turning our attention now to your copper business, if Quebrada Blanca were to obtain the permit in the second quarter 2013, when would you start spending money on the project and when would you think that you could get the first production?

Don Lindsay: Okay. I'll turn that over to Tim Watson.

Tim Watson: Oscar, you said if we got the approval in the first quarter of 2013, is that the first quarter of 2013 -- April 2013, we got the permit?

Oscar Cabrera: No, I think you stated that you expected the permit not before the second quarter 2013, so let's assume second half of 2013.

Don Lindsay: I think we need to clarify. We expect to re-file SEIA at that time. That doesn't mean the permit.

Oscar Cabrera: Okay. Let me rephrase that, then. When you get the permit, what do you expect the construction period to be and then first production?

Tim Watson: Oscar, there's still the period following the SEIA approval that we've estimated to be approximately three months that would require us to get our actual construction permits. For the project, we estimate that there are, in total, about 300 individual construction permits that we'd require. The earliest ones are a period of about three months and can be as long as about, we estimate, 18 months for permits for things like the ability for us to construct the tailings dam. With the timeframe that we're talking about, that you've mentioned, we believe from the point of the SEIA approval, we would have construction completion in approximately 39 months.

Oscar Cabrera: Okay. Just staying with that project, you mentioned the changes or the challenges in phase by copper producers with development projects in Chile, i.e., no coal plants. Would this have an impact on your estimates for QB in terms of CapEx or OpEx?

Tim Watson: From a specifically a QB perspective, we do not believe that what has occurred in the case of Relincho on the big Castilla power project having an impact on the availability of power for QB. We have negotiations ongoing with a power producer for the delivery of power for QB.

Oscar Cabrera: Thank you, Tim. I appreciate that.

Getting back into the coal business, I was interested in one of the comments on your release where you mentioned that ocean freight costs increased to higher portion of coal that has been sold inclusive of ocean freight. Has that changed? Because we understand that BHP is trying to move the quarterly settlements and contracts to monthly. Are ocean freights starting to be included in this, so we're not going to see FOB prices anymore?

Real Foley: Yes, Oscar, it's Real Foley here. I don't think that will be the case. It seems like the pricing out there is still FOB and that is the way most of the business is done.

In the case of Teck, as we say in our release, the majority of our quarterly price business is, the freight is controlled by the customers, by the steel makers, so it's FOB-basis sales. They control when the vessels come in and we don't see any changes from that point of view.

Oscar Cabrera: Okay, thank you. Your sustaining CapEx from the estimates provided last quarter came down from $830 million to $660 million. How should we think about the sustaining CapEx for the next year or so?

If you have Quintette, how should we think about that sustaining CapEx? Thanks.

Don Lindsay: We will be finishing our budgeting process in November and we'll have more definitive numbers on both sustained CapEx and development capital that we'd have put out in the next press release normally. But I think you should look at it over the next couple of years, it will go down because we're finishing a large expansion program, a lot of new equipment, shovels, and trucks and so on in the coal business in particular and with that newer equipment, the sustained capital requirements should decline. We should go into a period the next two to five years that should be pretty positive from a sustaining capital point of view; positive meaning it will be lower than it has been.

Oscar Cabrera: Okay, great. Thank you very much.

Operator: Sal Tharani, Goldman Sachs.

Sal Tharani: On the labour issues at Antamina, there have been a lot of labour issues around the world, I was wondering if something is happening over there as the union is working without contracts since, I believe, July?

Don Lindsay: Roger Higgins?

Roger Higgins: Yes, you're correct that this is completely normal in Peru. The contracts over the last three or four have expired in midyear and new contracts have not been negotiated or signed until about November or even early December. Differently from some other jurisdictions in Peru, the serious discussions stop about the time a contract expires and run for four to five months after that before an agreement is reached.

That process is underway. The company and the representatives of the union there are meeting regularly, meeting last week, this week, next week, and do appear to be on track for an agreement to be reached sometime during November, although it could slip or could even come forward, depending on how those discussions go.

Sal Tharani: Okay, and one last question. In your press release, you have mentioned some water treatment issues that you're handling at Elk Valley site, its $175 million you're going to spend over the next three years. But it also says the plans are not finished yet and it may end up to be a significantly higher cost. I was just wondering if significantly we assume is double of the cost or even more?

Ian Kilgour: It's a little early to say how these costs are going to pan out in the long-term. We're currently going through permitting processes for the extension of our mined properties and coming to agreements with the province on water quality requirements. As we work through that process, we're looking at the various forms of treatment that are going to be required to achieve those limits. We've got a number of projects happening, a number of types of mitigation processes. One of the most expensive ones is the one that is noted in the notes there, which is a water treatment plant using a bacterial process to reduce the selenium levels.

That's an active treatment process. We're also looking at other alternatives, which are passive treatment processes, which are less expensive capital-wise and operating-wise. We're also conducting extensive R&D programs to look at other means of combating the selenium issue in terms of building out waste dumps in different ways, using different covers, diverting water, quite a number of activities, which will gradually unfold into a total picture. As that picture emerges, we'll be able to give better guidance as to what costs we expect going forward.

Sal Tharani: Okay. Thank you very much.

Operator: John Hughes, Desjardins Securities.

John Hughes: Just to step back on Relincho and QB in Phase 2, is it -- following the “stayin the course” strategy, is it reasonable that those of us who do model for valuation purposes, that we just push these two projects out one year?

Don Lindsay: We don't know. If I were doing it, that's what I would do, yes.

John Hughes: Okay, great. Thank you, Don. Is the Quintette feasibility study available on the website or otherwise?

Greg Waller: Yes, I think the question, John, you're asking, do we file a 43-101 report associated with that, and Tim, can you comment on that?

Tim Watson: In terms of the 43-101, the 43-101 will be filed associated with the fourth quarter results. The actual feasibility study has been completed and we are going through a preparation and review of the 43-101 and we expect to have it filed in the first quarter of next year.

John Hughes: Okay. That helps. Thank you very much, gentlemen.

Operator: Kerry Smith, Haywood Securities.

Kerry Smith: Don, has the price decline in the met coal business created any opportunities for you to acquire complimentary met coal assets that might not have been available six months or 12 months ago?

Don Lindsay: Good question. We do watch opportunities in that quite closely. Our general philosophy is that we have 100% control or almost 100% control of what I would characterize, used to be characterized as second best resource in the world.

It's looking better and better all the time compared to our competitors. With literally several billion tonnes of high quality resource from a capital point of view, it is generally more efficient to expand our current operation than it would be to acquire something. That's not to say that it's not possible to acquire something on an efficient basis. We will watch it closely.

But generally we like what we have and it's performing very well and so when we get finished this current round of expansion to 31 million tonnes or a bit more, we'll stick our heads up and see what the market looks like and what demand is likely to be. Then we can look at another 10 million tonne expansion if we want. It's likely to be more capital efficient to do that with our own resource than elsewhere.

Particularly now that we've really ironed out the port situation, we're using actually four or five different ports now, if you add up, with three on the West Coast, with good contracts and with the expansion of Neptune, up to 18 million tonnes plus, that gives us a lot of flexibility and the 10-year deal with CP is working very well. We kind of think we should just stick to what we've got, because it's very high quality and getting better.

Kerry Smith: Okay. On next year's coal production, you had the slide in your last presentation, said that you were targeting 28 million tonnes of coal production in 2013. Is that still roughly the thinking then for next year?

Don Lindsay: I don't have that slide in front of me, so I'm not sure if that's exactly what it said, but it will be dependent on demand. We certainly have increased capacity, which is working very well, but that production number will be dependent on demand.

Kerry Smith: Was that 28 million tonnes, was that sort of the productive capacity next year?

Don Lindsay: I think that was at the end of 2013, not at the beginning of 2013. We're probably targeting 27 million for the year and hitting 28 million by the end of the year, so 28 million in 2014. I'm just looking at Ian to make sure that sounds correct.

Kerry Smith: Is that correct, Ian?

Ian Kilgour: We are obviously moderating production as sales permit over next year. Our capacity is basically in place for us to go to higher sales levels if the market permits, but I think it's a little bit early to be too definitive on that.

Kerry Smith: Okay. Ian, what would the productive capacity be next year, based on the equipment you have?

Ian Kilgour: Around 27 million tonnes Teck production.

Kerry Smith: Okay. Because I just pulled up the presentation on the website and it says target, it's slide 18, targeting 28 million tonnes per annum in 2013. I'm just trying to understand what that number is.

Greg Waller: Kerry, we were very clear when we presented that that was getting it to a 28 million tonne annualized rate by the end of the year in 2013.

Kerry Smith: By year end. Okay, okay. That's helpful, thanks.

Greg Waller: Not having that capacity in the year and as Ian just talked about, that's the productive capacity we would have, subject to what the market then determines we should produce out.

Kerry Smith: Right, okay. Okay. Perfect. That's helpful, thanks.

Then just on Relincho, can you talk a bit about what the permitting issues are that the third parties are having? I'm not that familiar with the issues, but just wondering how critical these issues are? If they're going to delay the project significantly, if you had a backup plan for port and power or if that's really the only option you have?

Don Lindsay: Roger Higgins?

Roger Higgins: With our Relincho plans, we were relying on third party suppliers for both power and port. We had in mind, in particular, to use a project that was under development by third party and which did have some of its approvals. Those approvals were subsequently withdrawn for inaction in the Supreme Court in Chile, so there's a great deal of uncertainty about if and when that port will be built.

We are, in fact, now actively exploring what our alternatives would be both other alternatives which would be third party supply for the port or even the possibility of a port construction within our own plant and looking at what other options are available for power supply. We aren't, at this stage, looking to build a power house of our own.

We're not the only development that's been affected this way and this is not the only development in Chile, the power house and port, it's not the only development in Chile that's being overturned by claims against approvals that have already been granted. There is a period of flux in Chile at the moment, as some of the new regulations and the new distribution of authority from the center to the regions is taking place and we just have to watch how that goes. In the meantime, we are starting to develop our own fallback positions.

Kerry Smith: Okay. Don, you had some discussions about possible funding partner for QB2. Is there any discussions going on as to, on that side now, or is that kind of on hold until the EIA is filed and approved?

Don Lindsay: We do have the two partners there, ENAMI, the state agency, owns 10% carried interest and IMSA, a private company in Chile, owns 13.5%, and we are waiting for them to go through their processes and determine whether they're -- ENAMI will stay in, of course, whether IMSA will stay in or sell their interest and if they do, who the new owner is before there would be any further decisions on that.

Kerry Smith: Okay. Okay. That's great. Thank you.

Operator: Brian MacArthur, UBS Securities.

Brian MacArthur: Can you just remind me exactly how this royalty on Red Dog's going to work? Does it work on production in Q4? If there is a delay as the inventory goes through or does it just start immediately in Q4 on sales and therefore, the fact that sales got pushed from Q3 to Q4, you actually absorbed the higher royalty?

Ron Millos: It's actually -- it's sort of a cash flow type royalty, Brian. It depends on when you collect your receivables, when you pay your bills, that sort of thing. It kicks in. The first payment will be made in January under the new royalty regime. Depending on the timing of the sales and the timing of the collection of the receivables, that will be sort of a key driver. Then, of course, you've got the capital spending that will go in there as well. It's a rather complicated, detailed calculation where you need to see the actual spreadsheet to go through it.

Brian MacArthur: Okay, but from my simple external thing, so I can still work probably on 25% of whatever I think you're going to sell in Q4, you'll still take a 25% in Q4 and then just put it 30% next year, simple thing to do?

Ron Millos: That's probably going to get you relatively close.

Brian MacArthur: Great. Thanks very much.

Operator: Paretosh Misra Morgan Stanley.

Paretosh Misra: Just wanted to go back to the cuts in sustaining CapEx to $600 to $660 million now. Is that mostly driven by less equipment requirement or are there other big moving parts there?

Don Lindsay: Two parts -- going forward there will be less equipment requirements because we have so much new equipment, so that's correct.

Also, the other part to think about, there are some big chunks in there. For example, doing the acid plant at Trail, that's a one-time item, but it's considered to be sustaining capital for that operation. You got a big chunk and then that's behind you and we want to get that finished. It's important to do.

Paretosh Misra: Got it. When you cut production in your coal segment, say in response to weak demand, how do you decide where to cut it? Is that totally driven by cost or do you look at the quality, so you're looking at the margins also? How do you think about it?

Ian Kilgour: I guess the main driver, really, is to sales. We match our production to the sales, so in the products that have the most restrictions is where we have our production limitations.

Paretosh Misra: Great. Thanks, guys.

Operator: Alec Kodatsky, CIBC.

Alec Kodatsky: With respect to the cost reduction, the $250 million annual operating cost reduction, what segments of the business do you think offer the most opportunity? Is this more at the corporate level? Is it an operating level? Just some sense for how that may filter through?

The second question is with respect to the 25 million tonnes in capacity reductions that you quoted, is there any sense for how much of that has already been done and by extension, how much has yet to be worked through? Do you have any sort of sense of what's sort of the conversion rate for these sort of cuts? Do they actually happen or not or do people just sort of claim that there's a reduction and it never occurs? Just any colour around that, it's sort of an open-ended question, but would be much appreciated.

Don Lindsay: Okay, on the first question, it is at the operating level, not the corporate level. There is a bit being done corporate, but to get materiality, it's at operations. We've been going through a process, literally the last day or so, where each general manager of all of our sites has come here to present their plan; both what they've done already and what they intended to do.

I sit through all of them personally and they get questions and suggestions from all of their peers and so that's where the operating cost cutting is coming from. Coal is our largest business, so a larger part will come from coal, but certainly, each part of the company is doing their bit on that. On the coal production cuts, I'll turn that back to Real Foley.

Real Foley: On the production cuts, the production cuts would be real, because the coal doesn't have a long shelf life.

Alec Kodatsky: Okay. So it's a pretty real number, but is that real as in this has already happened in terms of you monitoring the market? Or is this just a review of comments that people have said as far as cutbacks?

Real Foley: It's based on what has been announced, what has been reported by the various companies.

Alec Kodatsky: Okay. Thank you very much.

Don Lindsay: Just for clarity, you can't store it, so if you keep producing and you can't sell it, it eventually backs up your stock. How long could you store it, Real?

Rael Foley: It really depends--

Don Lindsay: If you had the room, by the way.

Rael Foley: -- on the product. But it could be three to six months to maybe a year very max. But depending on the quality of the product.

Alec Kodatsky: Okay. That's great. Thank you very much.

Operator: Harry Mateer, Barclays.

Harry Mateer: Just a quick question on the balance sheet. How should we be thinking about your cash balance? Is there a specific liquidity target we should keep in mind, in light of the uncertain environment? I know that the $4.2 billion number you gave in the press release as of yesterday will come down a bit for the bond redemption. But what should we be thinking about in terms of how you guys approach liquidity targets and how much cash is the right amount to keep on hand?

Don Lindsay: Our debt requirements between now and 2017, the redemption behind us, are only US$323 million, and of course, we'll have $4.2 billion cash less the redemption. The cash is there in advance of the project development that we have ahead of us, so we don't really think of it as liquidity target, because it's so far beyond what a normal operating threshold of cash would be.

We use $500 million as kind of a minimum cash level in our models, just to fund working capital and various other things. That can vary a bit and it will depend on markets and so on. But clearly, we're going to be well above that for some time.

Harry Mateer: Is it really just out of an abundance of caution or just waiting for the right spot to spend it?

Don Lindsay: I'll go back to what I said earlier on our “stay the course” strategy, which we're committed to and looks pretty good, we have major capital spending ahead of us for QB2 and Fort Hills and Quintette and Relincho and so we're going to need that cash and put it to good work.

I would just make a comment, we're spending a lot of time looking at copper opportunities lately, as I mentioned having moved on from the iron ore thing. The more we look at what's out there and compared to QB2, we wish we could just snap our fingers and build QB2. Because once QB2 is built and it's going to run for 50 years and be expandable, cash cost of US$1.07, high grade, clean concentrate, using water from the ocean, so not interfering with the salar and local communities and stuff. Boy, it looks really good; nice, clean, solid operation. We'd sure like to get that built, so that's a good use for the cash, so once we get to that point from a permitting point of view.

Harry Mateer: Got it. Thanks very much.

Operator: David Neuhauser, Livermore Partners.

David Neuhauser: What's your view at this point that the current views regarding the market? Obviously, there's been some sustained weakness and this type of weakness, of course, is different from several years ago when you had more of a shock to the system. And now it seems like we're much more in a prolonged, sustainable downtrend.

I know you touched on the comment earlier that confidence seems to be improving based on central bank's views, but is that simply, is that going to turn into demand at some point or is this just a short-term view that things are propped up a little bit?

Don Lindsay: Okay. I could talk about this at length, but I'll try and be brief.

Looking at three big sources of demand -- first China, November 8 is the key day, leadership change, at least the congress starts then. I'm not sure exactly when the leadership change will be announced, but it's coming soon. We're looking forward to getting that behind us. We think once that's in place and there's stability going forward that, generally, the new leadership are not going to want to have a bad first year. It's just human nature.

I think that elements that are already published in the 12 five-year plan will proceed and there's going to be a fair bit of fixed asset investment and that will help drive demand for commodities. I note that a 7% growth rate, as we have in our website IR presentation, on such a large denominator, the second largest economy in the world, adds up to $550 billion of absolute incremental GDP growth. Even if there's more consumption in that number, it's still a very large number. It's larger, by order of magnitude, than it was five, six, or seven years ago when growth rates were 10% to 13%.

As we've said before, we don't really care about the percent, we care about tonnes and the tonnes are going up. Last month's copper imports, 395,000 tonnes and the average over the last 12 months was 350,000. Record iron ore imports into China last month. Record exports for the country. China looks pretty good to us.

In the US, I'm not sure who's going to get elected. I'm not sure if anyone could make a very solid prediction on that. But either way, we look at the underlying industrial production in auto sales and so on.

And even the recent turn in housing, I think that's pretty encouraging, because confidence begets confidence. We're watching it closely. Things could change, but we almost think no matter who gets elected, that the sentiment and the level of confidence is starting to improve in the US and that's encouraging; notwithstanding the fact that the US is not the market that drives commodity prices nearly as much as it used to.

Western Europe, now that's a big problem. No one seems to have a very clear solution or a clear timetable. That's probably the biggest factor that shakes market confidence and when there's no confidence, people invest less. But I think China overwhelms Western Europe, but we'll have to see as it unfolds first quarter.

David Neuhauser: Okay. What about, though, in terms of the view of the whole play for long periods of time have been the supercycle, of course. You're seeing a lot of people start to forecast that we're going to see an end to the supercycle. What's your views on that at this point in time? I know what your long-term plans and views are for the company, but if you look at the past decade where prices are, it seems like a lot of the base metals, as well as even some of the energy products, have sort of flattened off. Is this something that's going to be prolonged or do you expect the supercycle to continue?

Don Lindsay: It's a good question. I'm not sure what a supercycle is. But we certainly have had positive times since about 2004, 2005, where there was a significant increase in demand, not just from China, but from emerging markets generally.

The industry couldn't keep up with supply and there was a need for a lot of investment. The common theme these days is the investment is starting to catch up and demand has slowed. To me, that's part of the ebbs and flows of the industry. There's always going to be cyclicality and so this has been a weaker part of the cycle and weaker in some commodities than others.

I'd point out the difference between copper and zinc, for example, just in terms of our portfolio. Copper at US$3.50 to US$3.75 is a pretty good price and we feel pretty good about our copper division and our projects going forward. It's all relative to what your expectations are.

As we go forward, we are certainly convinced that the urbanization trend in China will continue. They will still move another 350 million people from rural to urban, and in fact, those trends will continue in other emerging markets. As I mentioned earlier, the OECD is calling for 3 billion people to move into the middle class and that will involve the consumption of a lot of commodities. We think the long-term demand trends will continue.

The real challenge is on the supply side. I will say this, I've said before, but I will say this, that supply will not show up in any commodity anywhere near what the PowerPoint presentations you see say. We've seen a lot of evidence to that fact in commodity after commodity and that trend will continue because it's just getting tougher and tougher to bring on new production.

Look at what we've announced in our press release this quarter about four key projects -- QB2, the SEIA, Relincho, a Supreme Court decision in the country. This is in Chile, which is a pretty good country for money, and we've got delays due to partners, delays due to permitting here in British Columbia and every company is suffering through those challenges right now. I think if global growth even carries on at a moderate to meager rate, the mining industry will still be challenged to keep up with supply.

We think the long-term trend still looks pretty good. There will always be ebbs and flows. This is a weaker period. We will get through it. We're sticking to our “stay the course” strategy, because we strongly believe the world will need a QB2 to be built, for example.

David Neuhauser: Okay. But at this point, it seems like you're essentially being still somewhat nimble, because it seems a little cloudy out there. In terms of that, you also sort of have this bifurcation in some of the base metals and some of the other commodities where you look back to like 2008, 2009, everything was a straight downdraft. Today, even though you've had subdued growth, you've had ore fall, but yet you have things like gold and silver and to some degree, like brent oil, still maintain their bids and even copper.

But do you think that's going to sort of continue on and now each commodity is following their footings so to speak or do you think that -- and also, just to touch on that, you mention with China, 7% growth. But China hasn't been really a country that's shown stability to their growth. Either it's 10% or 13%, like you said or it's down at 7%. Is 7% going to essentially be the trend going forward or are we going to see that ramp up a bit in terms of use?

Don Lindsay: Again, I've got to refresh people's minds on the math. When it was 10% to 13%, the absolute dollar value of incremental growth was $250 billion to $350 billion. Now it's 7%, but the denominator is so large, that the absolute dollar value growth is $550 billion.

We don't think that what you just described is the situation at all. It's not about percent. It's about absolute growth. In our case, in particular, in terms of tonnes and the tonnes are still going up.

We feel pretty confident about that. Policies of China are actually pretty stable compared to the western world. Rightly or wrongly, they have the ability to implement their policies and as we've seen in Western Europe or super-committees in the US and various other things, western world doesn't have quite as much ability to do that.

I'm being told we're running out of time here, so I just want to make a couple of comments. One about strategy and we've made a number of significant calls over the year and we chose to invest in our steelmaking coal business and our copper business and we chose not to invest in zinc, for example. But one of the things driving that is that there is geological scarcity to high quality hard coking coal. It only occurs in about seven places in the world and then it takes a significant infrastructure to develop it.

In terms of choosing which commodities we go into, geological scarcity is very important to us. In copper, we've see the same thing. The exploration results in copper over the last, never mind 5 years, but 10 years or probably 20 years, haven't really kept up with the world's needs. We think the outlook for those two commodities is very strong. That's why we've invested in those.

We didn't invest in zinc. We had a policy of “read my lips, no new zinc” for the last five years or more. We think zinc's day in the sun is coming, but there's still clearly a lot of inventory out there that needs to be absorbed first. The production shutdowns that are coming, as we've shown in our IR presentation, 1.8 million tonnes of zinc production is going to close down in the coming years. That'll be quite significant, but it hasn't happened yet. It's still around the corner, but eventually, zinc will have its day in the sun.

In closing, we're very proud of the financial strength of the company. As I said, literally, between now and 2017 with the redemption behind us, we only have US$323 million of debt obligations and we're sitting on over $4.0 billion in cash. We'll redeem the bonds out of that, but we'll continue to generate cash from the operations. The company is in very, very strong financial condition.

We're proud of the operating results in copper. While QB remains a challenge, it's a mature asset in its declining years. We've hit the target that we had of annualized copper production of 400,000 tonnes in the second half and we anticipate Q4 will be another new record for copper production.

I'd point out that our costs are going down, particularly the costs that are under our control, before by-product credits because by-product prices vary, now they're down 6% quarter-over-quarter and we're quite pleased with that. We're pleased with our operating results in coal.

While the market is quite weak, the fact is the operations are doing well. The capacity is in place and gives us great opportunity to capitalize when the market turns, which we are sure it will. We'll wait for the world, which is a bit fragile, to fix itself, but it will, it always does. We'll look forward to talking to you again at the Q1 discussion of our Q4 results.

With that, I want to turn it over to Greg Waller to close it off.

Greg Waller: Yes, I just want to get a reminder out, we have our annual investor analyst day coming up November 6. It's half day event in the afternoon. If you haven't heard about it and this is the first time you're hearing about it, certainly contact us if you want to register to attend. Certainly, we'd look forward to seeing you there.

Other than that, operator, I think we're done with today's call.

Operator: Thank you. The conference call has now ended. Please disconnect your lines at this time. Thank you for your participation.