

2016 Economic
Contributions Report



Teck

Table of Contents

About Teck	1
Introduction from the CFO	2
Approach to Transparency and Tax	3
Overall Economic Contributions	4
Economic Value Generated and Distributed (by Country)	5
Economic Value Generated and Distributed (by Operation)	6
Basis of Report	10
2016 Total Payments to Governments	14
Income and Resource Taxes Paid	18
Auditor's Report	20
Cautionary Note on Forward-Looking Statements	21
Corporate Directory and Other Reports	21

About This Report

We believe it is important to be transparent in our activities so that communities and other stakeholders have a clear understanding of our payments to governments and our economic contributions overall.

Through our Annual and Sustainability Reports, Teck has a long history of disclosing taxes accrued and paid in accordance with applicable accounting standards and supplementing this with additional voluntary disclosure. For example, we voluntarily provide information on our tax payments in our principal operating countries on a country-by-country basis in our sustainability report and have done so since 2011.

Teck's 2016 Economic Contributions Report is our first annual independent report of payments to governments and other economic contributions. This report presents an overview of our tax strategy and governance and sets out the principles of our tax policy. We provide an analysis of our tax payments in 2016 by type, country and level of government. We also include additional detail on the value Teck generates for the communities in which we operate through wages, payments to suppliers and contractors, and other economic activities. This report complements our report under the *Extractive Sector Transparency Measures Act* (ESTMA), which was released in May 2017 on our [website](#) and on the [Natural Resources Canada website](#).

This report covers all of the operations managed by Teck and, where appropriate, exploration projects, development projects, joint venture operations and legacy properties.

Data included in this report is from January 1 to December 31, 2016, across our steelmaking coal, copper, zinc and energy projects and operations in Canada, the United States, Chile and Peru. All dollar values are in Canadian currency unless otherwise stated. A description of key terms and an explanation of the scope of reporting and the definitions applied for each type of tax payment is provided on page 10.

Total payments to governments in accordance with ESTMA of \$332 million included in the report have been audited by PricewaterhouseCoopers LLP. For their independent auditor's report, see page 20.

\$8.6 billion
In economic value distributed

\$6.3 billion
In payments to suppliers

\$1.4 billion
Paid to employees in wages and benefits

\$792 million
In taxes and other payments to governments

About Teck

Teck is a diversified resource company committed to responsible mining and mineral development with business units focused on steelmaking coal, copper, zinc and energy. Headquartered in Vancouver, British Columbia (B.C.), Canada, we own or have an interest in 12 operating mines, one large metallurgical complex, and several major development projects in Canada, the United States, Chile and Peru. We have expertise across a wide range of activities related to exploration, development, mining and minerals processing, including smelting and refining, safety, environmental protection, materials stewardship, recycling and research.

Operations and Major Projects

- **Steelmaking Coal**
 - Cardinal River
 - Steelmaking coal sites in B.C.
 - Coal Mountain
 - Elkview
 - Fording River
 - Greenhills
 - Line Creek
- **Copper**
 - Highland Valley Copper
 - Antamina*
 - Quebrada Blanca (including Quebrada Blanca Phase 2 project)
 - Carmen de Andacollo
 - NuevaUnión*
- **Zinc**
 - Red Dog
 - Trail Operations
 - Pend Oreille
- **Energy**
 - Frontier
 - Fort Hills*

Corporate Head Office

- Vancouver

*Operations and projects in which Teck has an ownership interest but is not the operator.

Table 1: Summary of Economic Contributions by Country in 2016

Canada	United States	Chile	Peru and Others ⁽¹⁾
\$6,538 million in economic value distributed ⁽³⁾	\$1,072 million in economic value distributed	\$560 million in economic value distributed	\$472 million in economic value distributed
\$1,065 million paid in employee wages & benefits	\$163 million paid in employee wages & benefits	\$92 million paid in employee wages & benefits	\$87 million paid in employee wages & benefits
\$375 million paid to governments	\$352 million paid to governments	\$(44) million paid to governments ⁽²⁾	\$109 million paid to governments

For more information, see page 5.

Steelmaking Coal

We are the world's second-largest seaborne exporter of steelmaking coal, with six operations in Western Canada with significant high-quality steelmaking coal reserves.

Copper

We are a top 10 copper producer in the Americas, with four operating mines in Canada, Chile and Peru, and copper development projects in North and South America.

Zinc

We are the world's third-largest producer of mined zinc, and operate one of the world's largest fully integrated zinc and lead smelting and refining facilities.

Energy

We are building an energy business through the development of Canadian oil sands projects with the potential to generate long-term value.

1 Our largest interest in Peru is our 22.5% interest in the Antamina mine.

2 Payments to governments in Chile of \$(44) million include tax refunds received of \$60 million due to prior overpayments.

3 Economic value distributed is net of internal cross-border sales elimination of \$430 million

Introduction from the CFO



At Teck, we produce materials that are essential to a modern, sustainable society and that help improve the quality of life for people around the world. We also provide economic contributions in the areas where we operate through taxes paid to governments as well as through wages, benefits, payments to suppliers, community investments and operating expenses.

In 2016, we paid \$792 million in payments to various levels of government where we operate, including \$272 million in income and resource taxes. In comparison to 2015, our payments of income and resource taxes have increased by 6%. We paid \$1.4 billion in wages and benefits to employees and \$6.3 billion in payments to suppliers, which is also an increase in comparison to 2015.

We contributed \$11.8 million in 2016 to charitable organizations and projects worldwide through our community investment program in support of community development, environmental protection, human health and education. We aim to contribute at least 1% of our pre-tax earnings on a five-year rolling average basis to community investment. With our target tied to earnings, our success as a company directly impacts our ability to invest in the communities where we operate.

We believe that transparency can help stakeholders to understand the economic benefits generated by our activities, and how those benefits are distributed for local, regional and national economic and social development.

Teck works to ensure that our disclosure is transparent, accessible, practical and reported in a way that is easily understood. As such, I am pleased to introduce our first Economic Contributions Report, which was created to complement and enhance our disclosure under the Canadian *Extractive Sector Transparency Measures Act* (ESTMA).

The information contained in this report is consistent with Teck's voluntary disclosure to the Extractive Industries Transparency Initiative (EITI) and our reporting in alignment with the Global Reporting Initiative (GRI) as part of our membership with the International Council on Mining and Metals (ICMM).

We welcome your feedback on this report.

A handwritten signature in black ink, appearing to read 'R. Millos', written in a cursive style.

Ronald A. Millos

Senior Vice President, Finance and Chief Financial Officer
Vancouver, B.C., Canada

June 28, 2017

Approach to Transparency and Tax

Our approach to taxation is aligned with our [Code of Ethics](#) and our approach to business and sustainability. We are, in all tax matters, compliant, transparent, cooperative and ethical, as outlined in our [Tax Policy](#).

Teck is a member of the Extractive Industries Transparency Initiative (EITI), which is a voluntary global initiative that promotes transparency in payments to governments and revenues for extractive industries. We voluntarily provide information on our tax payments in our principal operating countries on a country-by-country basis in our [Sustainability Report](#) and have done so since 2011. Our other (or “non-tax”) payments to governments are also reported to the Canadian government by country and on a project-by-project basis as required under the [Extractive Sector Transparency Measures Act](#). Our aims are to clearly disclose our payments to governments and to highlight our role in providing social and economic benefits in the areas where we operate.

Our Tax Policy

1. In all tax matters Teck is compliant, transparent, cooperative and ethical. Teck files all required tax returns and tax information slips on an accurate and timely basis. Teck pays its taxes on time and in full.
2. Teck responds openly and fully on a timely basis to all government requests for information pertaining to our legal structure, our financial results and our taxes in the course of their audits. Teck does not engage in tax planning that relies on the non-disclosure of activity or ownership in tax havens or secrecy jurisdictions.
3. Teck seeks to build open and trusting relationships with the tax authorities in all jurisdictions in which it operates, building on the common interest it has with the authorities in efficiently reaching a timely and accurate determination of its financial responsibilities for taxes. Where a dispute does arise, Teck will work with the authorities to reach an agreed statement of the relevant facts so that the issue can be resolved efficiently.
4. Teck undertakes tax planning in accordance with applicable laws and tax policy in relation to matters that arise in the ordinary course of Teck’s business. The goal is to support the growth and development of Teck’s business in a way that reflects its legal obligations and its commitments to its people, its shareholders, and to the communities in which it operates. Teck’s Code of Ethics is always considered and respected.
5. Material transfers of goods and services between companies in the Teck group are effected at arm’s length prices and on arm’s length terms in accordance with the substance of the commercial transaction and in compliance with international transfer pricing standards such as OECD guidelines.
6. Teck has a limited presence in offshore financial centres. This currently includes a financing affiliate that finances active mining operations outside of Canada and an insurance affiliate that insures our worldwide mining operations. In accordance with our Tax Policy, our activities in any such jurisdictions are fully disclosed to all relevant tax authorities in accordance with applicable law, are conducted on arm’s length terms in accordance with applicable transfer pricing rules, and are related to the ordinary course of our business. These activities are also fully compliant with the tax laws and policy applicable in the relevant financial center and in the operating jurisdiction which has received financing or insurance.
7. The tax consequences of material transactions are the subject of written analysis supported, where appropriate, by written external opinions and/or local government authority advance tax rulings.
8. Where there is a clear, unambiguous and material error in a filed tax return, Teck will disclose the error to the relevant tax authority if the error is discovered before the completion of the relevant tax audit cycle.
9. The Vice President, Tax reports regularly to the CFO and to the Audit Committee of Teck’s board. Taxes are a material cost of Teck’s business and the payment of our taxes is an important part of Teck’s obligations to the communities in which it operates. Tax planning is monitored to ensure that it does not create inappropriate financial risk and is consistent with our commitment to the communities in which we operate.

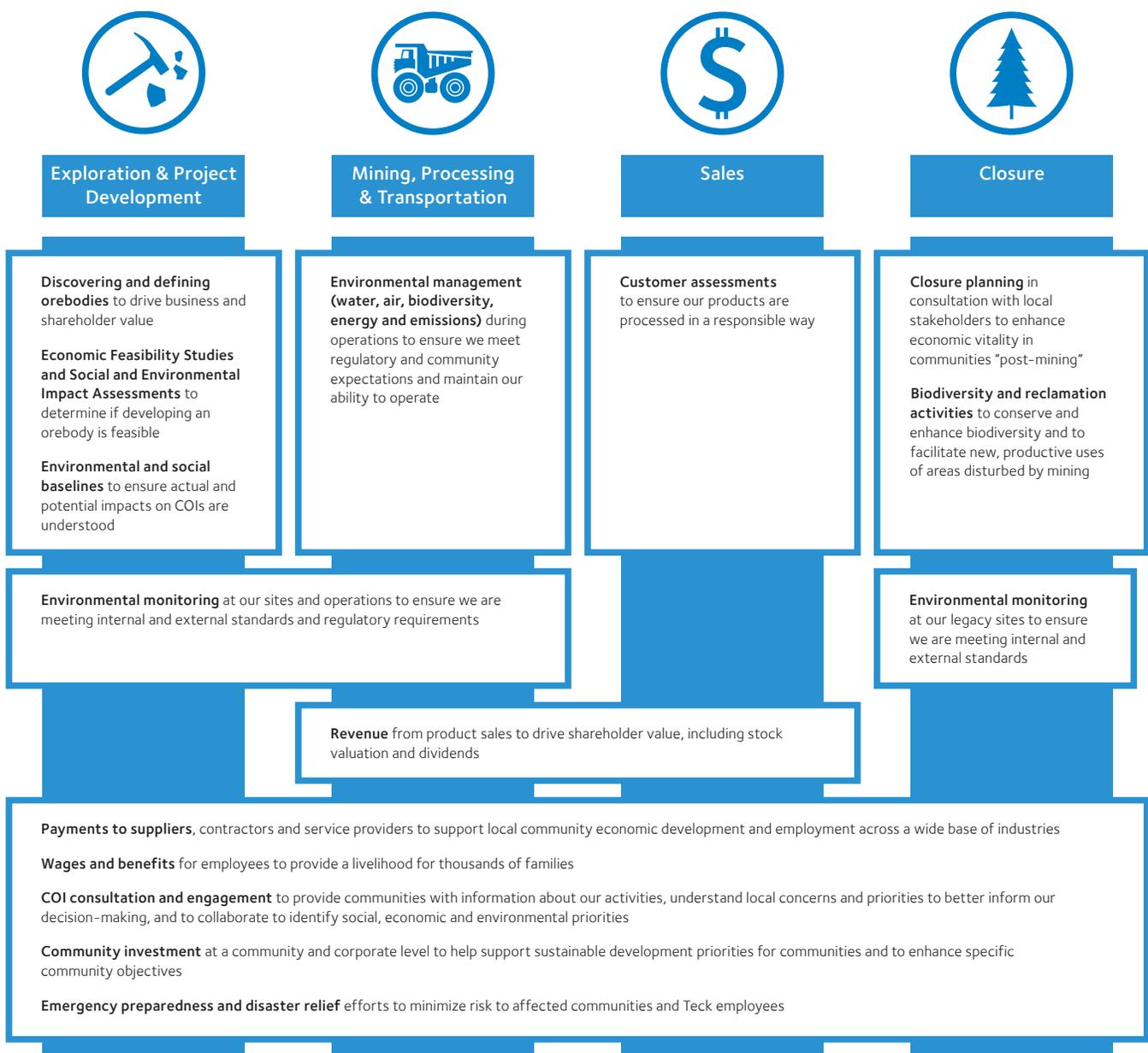
Overall Economic Contributions

Payments and Contributions throughout the Value Chain and Mining Life Cycle

Teck works to generate value from the extraction, processing and sale of mineral, coal and metal resources. This requires our operations to be economically viable across a range of commodity prices. We achieve this by focusing on maximizing the cost-efficiency of our operations and ensuring we receive full value for our products. This in turn helps to ensure the longer-term sustainability of our operations and their economic contributions to communities, including employment, procurement, capital investment, revenues to governments and Indigenous Peoples, and dividends to shareholders.

We also recognize that our ability to operate depends on the support of local communities and that economic development needs to be managed responsibly so that it does not lead to dependence. As such, we focus on facilitating long-term economic opportunities through local hiring and procurement, coupled with strategic community investments, to encourage lasting mutual benefits for our communities of interest (COIs).

Figure 1: Creating Value throughout the Mining Life Cycle



Economic Value Generated and Distributed (by Country)

In 2016, we generated approximately \$9.3 billion in revenue and distributed approximately \$8.6 billion in economic value as defined by the Global Reporting Initiative (outlined in Table 2). We paid \$792 million to various levels of government in the areas where we operate, including \$272 million in income and resource taxes, and we paid approximately \$6.3 billion to suppliers and \$1.3 billion in employee wages and benefits. Additionally, we contributed \$11.8 million through our community investment program towards partnerships with communities, governments, the non-profit sector and NGOs locally, nationally and globally in support of community development, environmental protection, human health and education.

In 2016, we achieved a profit of \$1.1 billion with a profit attributable to shareholders of \$1.0 billion. See our Annual Report for more detailed information on our [financial performance](#).

The table below summarizes economic value that Teck has generated and distributed in 2016, similar to our disclosure in the 2016 Sustainability Report, but with expanded information on payments made to governments.

Table 2: 2016 Economic Value Generated and Distributed by Country (CAD\$ millions)

	Economic Value Generated	Economic Value Distributed										Economic Value Retained	
		Payment to Suppliers ^(2,7)		Employee Wages and Benefits ⁽³⁾		Payments to Providers of Capital ⁽⁴⁾	Payments to Governments			Community Investments ⁽⁶⁾	Employer Payroll Taxes and Other Payments ⁽⁵⁾		Total
		Operating Costs	Capital Expenditures	Operating Costs	Capital Expenditures		Income and Resource Taxes ⁽⁸⁾	Employer Payroll Taxes ⁽⁵⁾	Other Payments ⁽⁵⁾				
Canada	\$6,982	\$3,967	\$1,178	\$1,056	\$9	\$629	\$124	\$51	\$200	\$5	(\$251)	\$6,968	\$14
United States	\$1,527	\$732	\$56	\$158	\$5	—	\$120	\$10	\$222	\$1	(\$232)	\$1,072	\$455
Chile	\$630	\$430	\$94	\$81	\$11	—	(\$60)	—	\$16	\$4	(\$16)	\$560	\$70
Peru	\$591	\$228	\$63	\$85	—	—	\$88	\$3	\$13	—	(\$16)	\$464	\$127
Other	—	\$4	—	\$2	—	—	—	\$1	\$4	\$2	(\$5)	\$8	(\$8)
Inter-segment elimination ⁽¹⁾	(\$430)	(\$430)	—	—	—	—	—	—	—	—	—	(\$430)	—
Total	\$9,300	\$4,931	\$1,391	\$1,382	\$25	\$629	\$272	\$65	\$455	\$12	(\$520)	\$8,642	\$658

1 Revenues are presented based on an accrual basis. Internal cross-border sales are eliminated as shown.

2 Payments to suppliers and contractors for materials and services include operating costs and capital expenditures. Operating costs include operating expenses at our mining and processing operations, general and administration, exploration and research and development expenses, and costs relating to production stripping. Operating expenses at our mining and processing locations include all the expenses required to produce our products, but exclude expenses relating to depreciation and employee wages and benefits, which are specified separately. Capital expenditures are payments for purchases of property, plant and equipment, excluding the component relating to capitalized wages and benefits, which is specified separately.

3 Wages and Benefits reflect total amounts paid to employees relating to wages and benefits. In addition to the employee wages and benefits recognized in expenses on the financial statements, wages and benefits that have been capitalized to property, plant and equipment are also presented.

4 Payments to providers of capital include dividends paid to shareholders and interest paid to debtholders.

5 Both employer payroll taxes and other payments to governments are included in operating costs. In Chile, employee benefit payments are made to private organizations.

6 Community investments include voluntary donations paid during the year.

7 Payments to suppliers made for materials, product components, facilities and services purchases comprises operating expenses and capital expenditures. Historical data that did not include capital expenditures have not been restated.

8 Income and resource taxes paid include \$90 million of cash tax refunds received in relation to tax filings from prior years.

Economic Value Generated and Distributed (by Operation)

Our operations in Canada, Chile, the United States and Peru generate significant economic contributions for their local communities. Below is a summary of the major contributions—wages and benefits, payments to suppliers, income and resource taxes and community investment—at each of our operations.

Table 3: 2016 Economic Value Distributed by Operation (CAD\$ millions)

Operation	Payments to Suppliers	Employee Wages and Benefits	Income and Resource Taxes	Other Payments to Governments	Total
Antamina	\$291	\$83	\$88	\$15	\$477
Carmen de Andacollo	\$273	\$46	\$(52)	\$6	\$275
Highland Valley Copper	\$363	\$187	\$6	\$21	\$577
Quebrada Blanca	\$217	\$65	\$(8)	\$2	\$276
Pend Oreille	\$44	\$39	—	\$6	\$89
Red Dog	\$496	\$114	\$105	\$225	\$941
Steelmaking coal operations ⁽¹⁾	\$1,896	\$575	\$124	\$125	\$2,721
Trail Operations	\$1,696	\$187	—	\$42	\$1,925

¹ Steelmaking coal operations include Cardinal River, Coal Mountain, Elkview, Greenhills, Fording River and Line Creek operations.

Local Hiring and Procurement

We contribute to the long-term employability of the people near our operations by providing a range of career opportunities. In 2016, we employed nearly 10,000 people worldwide in a wide range of activities related to mining and mineral processing, including exploration, development, smelting, refining, health and safety, environmental protection, social performance, product stewardship, recycling and research. This builds the economic resilience of communities and ensures that we leave a positive legacy. Sourcing local goods and services and hiring local people helps build community support for our activities, enhances our local knowledge, increases capacity, and mitigates business and social risks.

Local hiring and local procurement are a priority at Teck operations. Whenever possible, sites look for opportunities to utilize local suppliers, providing that they meet our standards and requirements. At a number of our sites, local suppliers also include those who self-identify as Indigenous Peoples. Commitments regarding procurement and hiring practices may be included in agreements between Teck and Indigenous communities.

For more information on our local procurement practices, please visit the [Economic Performance and Contributions](#) page on our website.



Pictured above: Line Creek Operations.

Case Study

Creating Opportunities in Alaska's Northwest Arctic

Red Dog Operations, one of the world's largest producers of zinc concentrate, is located about 170 kilometres north of the Arctic Circle in Northwest Alaska. For more than 25 years, Red Dog and the people of the Northwest Arctic region have worked together to create jobs and opportunities to make the region stronger. Red Dog was developed under an innovative operating agreement between the landowner NANA, a Regional Alaska Native corporation, and Teck.

We work to engage with the local villages and continuously demonstrate our ability to effectively manage environmental and social impacts while providing opportunities and mutually defined benefits throughout the mining life cycle. We recognize that the strength of our community relationships is vital to how we create long-term sustainable benefits for the local population.

Building Careers, Building Communities

Over \$5 billion in benefits have been realized by the region in the form of payments, such as wages, taxes, royalties and community investments, since the operation began. More than 715 jobs are directly supported by Red Dog, making the mine the largest source of non-government jobs in the entire region. 54% of full-time employees are NANA shareholders.

In addition to job creation, Red Dog undertakes a number of other projects to support the community, such as a scholarship program. Maggie Dunleavy has been working at Red Dog Operations for the past two years and has a long family history of working at the mine. Maggie began her employment as a college student and, upon receiving a scholarship, is now free of student debt.

In addition to scholarships, Red Dog has partnered with local schools to support job development. Dr. Annmarie O'Brien, Superintendent of the Northwest Arctic Borough School District, recognizes the impact of Red Dog on educational opportunities in the Northwest Arctic. "Teck is instrumental in supporting the school's Career Technical Education Program, which has seen the second-highest increase in the high school graduation rate in the past five years for the entire state," said Dr. O'Brien. "My assistant's daughter and her son work at Red Dog, so I see first-hand the lives they're able to lead as a result of being able to get high-paying and high-quality jobs."

Future Operations at Red Dog

As the mine life is expected to continue to 2031, Red Dog and local governments are working together to build on a solid track record, one that supports both the mine and the communities of the region.



Pictured above: Maggie Dunleavy, Warehouse Floor Person (Materials Management), Red Dog Operations.

Community Investment

Community investment is a key pillar of our company’s overall commitment to the communities where we live and work. We contribute to community organizations to help build strong relationships and create lasting mutual benefits. Through community investment, we support local development priorities.

Our community investment program is guided by best practices from the International Finance Corporation, the London Benchmarking Group and Imagine Canada. We aim to contribute at least 1% of our pre-tax earnings on a five-year rolling average basis to community investment. With our target tied to earnings, our success as a company directly impacts our ability to invest in the communities where we operate. For more information, please visit the Economic Performance and Contributions page on [our website](#). Our community investment expenditures in 2016 were \$11.8 million. For a detailed breakdown of community investments made from 2013 to 2016 by site, please see Table 16 on the same page.



Pictured above: Through our Zinc & Health program, Teck has partnered with UNICEF, Nutrition International and the Government of Canada to create the Zinc Alliance for Child Health. This partnership provides parents like Sabina Bano with access to critical zinc and ORS treatments for her child. © UNICEFCanada/India2017-001/Lively

Figure 2: What We Support

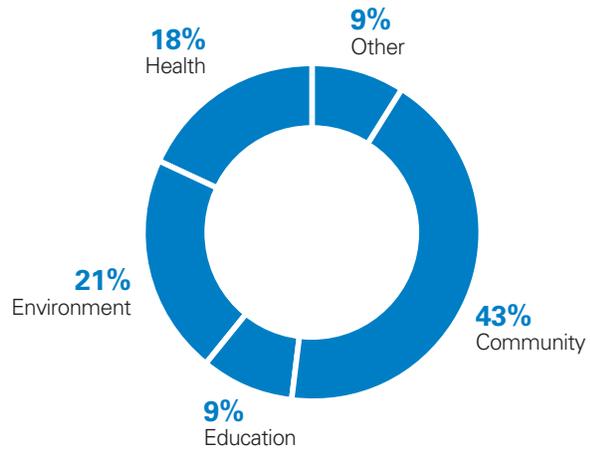


Figure 3: Where We Contribute

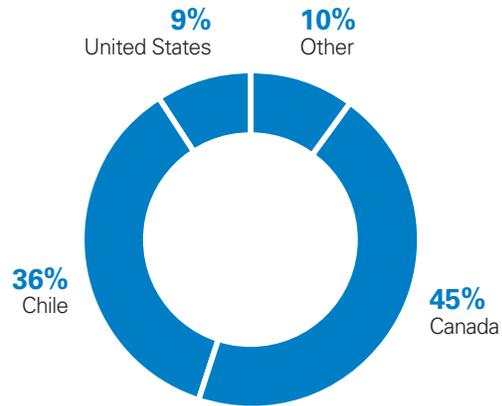
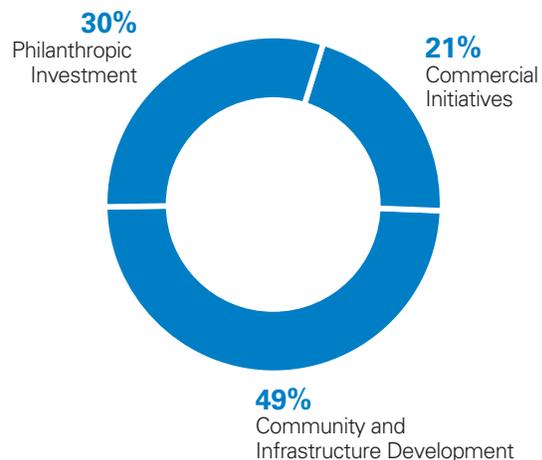


Figure 4: Why We Contribute



Case Study

Disaster Relief: Helping to Rebuild the Local Economy in Andacollo

Coquimbo, a mountainous region north of Santiago, Chile, is a popular travel destination with its white sand beaches and warm climate. With a growing tourism economy, traditional craft fairs in the city of Coquimbo have become a popular outlet for local entrepreneurs to sell goods and expand their businesses.

In September 2015, a magnitude 8.4 earthquake and subsequent tsunami severely damaged the northern-central region of Chile, in particular the coastal areas around Coquimbo. Along with the devastating damage to the community, the local market was destroyed, leaving people without a place to sell their goods and support themselves or their families.

Strategic Investments

As part of our commitment to helping build healthy, vibrant communities in the areas where we operate, Teck's Carmen de Andacollo (CdA) Operations, located near Coquimbo, stepped in to help after the earthquake. To assist entrepreneurs in recovering their source of employment, Teck donated US\$500,000 towards a reconstruction campaign organized by the foundation, Desafío Levantemos Chile. The funds went towards reconstructing the market infrastructure, which directly benefited 84 people and their families.

The reconstruction project also involved both governmental and social organizations. Public roads were rebuilt, street lights re-erected, gutter systems installed and other facilities reconstructed. Training programs in business management were offered for the community, with the goal of aiding entrepreneurs in rebuilding their businesses and strengthening the local economy.

"As members of the community, we at CdA wanted to help those affected by this disaster," said Manuel Novoa, General Manager, Teck Carmen de Andacollo. "We hope that our support will allow people in the Coquimbo Region to regain employment and revive this prosperous tourist site."

A Commitment to Our Communities

Natural disasters and extreme weather patterns are not unknown to Chile, with devastating flash floods occurring in March 2015, as well. Unforeseen events such as these often cause substantial financial and personal losses. Through Teck's community investment program, we work to alleviate burdens and target development projects to allow for self-sustaining, long-term recovery and viability. In 2017, these local entrepreneurs are now back to Coquimbo with a renewed market for their businesses.

Please see [this story](#) on Teck's involvement in providing community support after the March 2015 flash floods.



Pictured above: Local market in Coquimbo after the reconstruction project.

Basis of Report

We have prepared this report to provide a comprehensive view of the overall tax and economic contribution made by Teck.

Taxes, royalties and other payments to governments are presented in this report on a cash paid and cash received basis for the year ended December 31, 2016. The tax payments information is different from the tax expense amounts on our financial statements, which are prepared on an accrual basis in accordance with the International Financial Reporting Standards. The tax provision in our financial statements represents an estimate of the taxes payable for the applicable reporting period including any resolutions of prior period provisions. See page 18 for the reconciliation of tax payments to tax expense for the year ended December 31, 2016. The tax payment information represents the net amount actually paid to governments within the reporting period.

This report includes all such payments paid and received by Teck Resources Limited and all of its subsidiaries. The data has been prepared on a 100% basis for all operations where we have a controlling interest and on a basis proportionate to our ownership interest in jointly controlled entities. Our significant controlled operating subsidiaries include Teck Metals Limited, Teck Alaska Incorporated, Teck Highland Valley Copper Partnership, Teck Coal Partnership, Teck Washington Incorporated, Compañía Minera Teck Quebrada Blanca S.A., and Compañía Minera Teck Carmen de Andacollo. In certain cases, our economic interest in these entities is less than 100%.

All payments to governments in this report have been presented in Canadian dollars. Payments denominated in currencies other than Canadian dollars are translated for this report at the closing exchange rate on December 31, 2016, as permitted by the ESTMA. A detailed list of exchange rates used can be found in our 2016 ESTMA Report. Any payment of \$100,000 or more made to a government payee is included in this report.

Table 2 on page 5 summarizes the total economic value generated and distributed in 2016, including consolidated amounts representing our payments to governments, including income and resource taxes, employer payroll taxes and other payments. These payments are outlined in greater detail on pages 14–17, where we report payments to governments under the *Extractive Sector Transparency Measures Act* and other payments to governments. The following pages explain what is included in each category.

Payments to Governments—*Extractive Sector Transparency Measures Act*

This report is prepared taking into account the intent of the *Extractive Sector Transparency Measures Act* (ESTMA), Global Reporting Initiative's Economic Standards and

International Council on Mining and Metals Transparency of Mineral Revenues Position Statement.

Beginning June 1, 2015, Teck is required under the Canadian ESTMA to prepare and file a public report of payments to governments by project basis and by government payee basis. Our first ESTMA report is for the year ended December 31, 2016, filed in May 2017 and available on this link: <http://www.teck.com/investors/financial-reports/public-filings-archive/public-filings-archive/2016-2017->

For the year ended December 31, 2016, Teck has reported \$332 million of payments to governments under ESTMA (ESTMA payments). These payments are presented in Canadian dollars and have been prepared in accordance with ESTMA and the Natural Resources Canada (NRCan) Technical Reporting Specifications. The following is a summary of judgments and definitions that we have made for the purpose of preparing the ESTMA payments.

Cash and In-Kind Payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the estimated fair market value. The valuation method for in-kind payments, if any, has been disclosed in the notes section of the ESTMA Report.

Payments to the “same payee” that meet or exceed \$100,000 CAD in one category of payment are disclosed. Payments disclosed are rounded to the nearest \$10,000 CAD.

Payee

For the purposes of ESTMA, a payee is:

- a) Any government in Canada or in a foreign state;
- b) A body that is established by two or more governments; or
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.

Aboriginal and Indigenous groups and organizations may also be regarded as a payee under ESTMA. ESTMA has deferred the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments commencing on June 1, 2017. ESTMA does require that payments to foreign Aboriginal governments be reported as of January 1, 2016. The individual department, agency or other body of the payee that received the payment has been disclosed in the notes section of the ESTMA Report.

Reportable Payments

A reportable payment for ESTMA purposes is one that:

- a) Is made in relation to the commercial development of oil, gas or minerals; and
- b) Totals, as a single or multiple payments, \$100,000 CAD or more in the year in one of the following prescribed seven payment categories.

Taxes

Taxes include corporate income taxes, resource taxes, property taxes, withholding taxes on cross-border dividends, and other levied taxes, excluding consumption and personal income taxes. Corporate income and resource taxes are payments to governments based on income, profits or production under legislated income tax rules in relation to the commercial development of oil, gas or minerals. In the Consolidated Statement of Income (Loss), prepared in accordance with International Financial Reporting Standards and included in our Annual Report, corporate income taxes and resource taxes are both presented as income tax. If a refund or credit is received via an offset against reportable taxes paid to the same payee, then that refund or credit is included in taxes paid to reflect the net cash payment to the payee. Refunds received in cash separately are excluded.

Royalties

Royalties, paid to governments in relation to the rights to extract oil, gas and mining resources. In the Consolidated Statement of Income (Loss), prepared in accordance with International Financial Reporting Standards and included in our Annual Report, royalties are presented as expenses, not income tax.

Fees

Fees are amounts levied on the initial or ongoing right to use a geographical area for commercial development of oil, gas and minerals. Fees include licence fees, permit fees, entry fees, regulatory charges and other payments for licence and/or concessions. Amounts paid for goods and services in the ordinary course of commercial transactions are excluded.

Production Entitlements

Production entitlements are the payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement. For the year ended December 31, 2016, there were no reportable production entitlement payments to a payee.

Bonuses

Bonuses are payments to governments for signing, discovery, production and any other type of bonus paid in relation to commercial development of oil, gas or minerals. For the year ended December 31, 2016, there were no reportable bonus payments to a payee.

Dividends

Dividends reportable under ESTMA are payments to governments with an ownership interest in Teck's subsidiaries, excluding payments to governments that are ordinary shareholders of Teck or its subsidiaries.

Infrastructure Improvement Payments

Infrastructure improvements are payments for the construction of infrastructure, such as public roads, libraries and hospital facilities, excluding payments made in circumstances where the infrastructure is expected to be primarily used for operational purposes. For the year ended December 31, 2016, there were no reportable infrastructure improvement payments to a payee.

Payments by Project Level

Payments have been reported at the project level as required by ESTMA. A "project" refers to the operational activities are governed by a single contract, licence, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project. "Substantially interconnected" refers to forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

We have determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and have reported payments related to each such area as a single project. We have considered geographical location and common infrastructure as two key indicators for making this determination.

Payments presented on a by project basis represent payments made by an entity when specifically attributable to a project. Payments that are not specifically attributable to projects are presented as Corporate or Head Office.

There are instances where two or more projects report and make payments under one tax entity, and the tax payment may not be attributable to a specific project. As permitted under the ESTMA Technical Reporting Specifications, when a payment is not attributable to a specific project, it may be reported without disaggregation by project and by reporting only at the payee disclosure level.

Certain exploration projects and properties have been disclosed separately in Teck's 2016 ESTMA Report filed with Natural Resources Canada. For this Economic Contribution Report, minor exploration projects and properties in each country have been grouped together for presentation purposes.

Commercial Development

ESTMA defines commercial development of oil, gas or minerals as:

- a) The exploration or extraction of oil, gas or minerals;
- b) The acquisition or holding of a permit, licence, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

Payments made to payees relating to the commercial development of oil, gas or minerals (commercial development) are disclosed in the report. The report excludes payments that are not related to commercial development activities. Commercial development does not include ancillary and preparatory activities, such as construction of an extraction site. Commercial development also excludes post-extraction activities, such as marketing, distribution, transportation, refining, smelting or processing of minerals once they have left the mine gate.

Significant Judgments

The preparation of the ESTMA Report in accordance with ESTMA legislation requires the use of judgments and assumptions.

Joint Control and Attribution

ESTMA requires the reporting of payments made by entities that are controlled by the Reporting Entity. This report includes only those payments made by entities controlled by Teck, directly or indirectly as assessed under International Financial Reporting Standards. Payments made by joint arrangements that we do not control are not included in the ESTMA Report.

Accordingly, payments made by joint arrangements in which we have an interest, including Compañía Minera Antamina S.A., Fort Hills Energy Limited Partnership,

Galore Creek Partnership, and NuevaUnión SpA have been excluded from the ESTMA Report.

Government Payee

Any payments to a payee that is not a payee under ESTMA are not reported. We have determined that Alaska Native Corporations (ANC) created under the *Alaska Native Claims Settlement Act* are not considered a government payee based on the criteria in ESTMA. ANCs are for-profit corporations with shareholders of shared Indigenous heritage. ANCs do not assume any regulatory, licensing, or taxing roles which would grant them the power, duty or function of a government. ANCs are also not federally or state recognized tribes by the United States Bureau of Indian Affairs. As such, payments made to ANCs, including NANA Regional Corporation have been excluded from the ESTMA Report.

Corporate Social Responsibility (CSR) Payments

The ESTMA Report only includes CSR payments that we are obligated to make to a payee, or to another party under the direction of a payee, relating to the commercial development of oil, gas or minerals.

Payments to Governments—A Comprehensive View

ESTMA and the similar disclosure requirements imposed in other countries provide transparency into the extractive resources sector. To supplement the mandatory disclosure and to provide a clearer and more comprehensive view of our economic contribution, we have voluntarily provided payments to governments information beyond the scope of ESTMA. The total payments reported voluntarily as well as under ESTMA include \$792 million of payments to governments and \$341 million of tax withholdings that Teck collected on behalf of its employees.

The significant categories of payments that we report voluntarily and are not required under ESTMA are as follows:

Joint Arrangements

The ESTMA legislation only applies to entities that are controlled by Teck. Certain business activities of ours are conducted through joint arrangements that we do not control and are scoped out of ESTMA. These include our interests in joint operations that include Galore Creek Partnership (Galore Creek, 50% share) and Fort Hills Energy Limited Partnership (Fort Hills, 20% share), which operate in Canada; Compañía Minera Antamina S.A. (Antamina, 22.5% share), which operates in Peru; and NuevaUnión SpA (NuevaUnión, 50% share) in Chile. Consistent with the presentation of these joint arrangements in our financial statements, we have included our proportionate share of these joint operations in the payments to governments data.

Commercial Development

The scope of ESTMA applies only to the activities of commercial development of oil, gas and minerals, which includes permitting, exploration, extraction, remediation and reclamation of a project. However, it excludes post-extraction activities, such as refining, smelting, marketing, distribution, transportation or export. We have included payments to government relating to post-extraction activities. For instance, this includes any payments in relation to our refinery in Trail, B.C., Canada, and payments in relation to transportation paid to Alaska Industrial Development and Export Authority for our Red Dog Operations.

NANA Regional Corporation

Payments made by Teck to Alaska Native Corporation NANA Regional Corporation (NANA) are not reportable pursuant to ESTMA as it does not meet the definition of a government payee defined under ESTMA. We have included our payments to NANA in this report as we believe these payments are a significant socio-economic contribution to the NANA region.

Refunds and Credits

Payments reportable under ESTMA exclude cash refunds received. These generally include cash tax refunds in relation to prior year tax filings. We have included these cash refunds in this Report to reflect the net payments made or received from a reportable payee.

Indirect Tax

Payments made to, or received from, governments in the nature of Sales Tax, Value Added Tax, and non-refundable Goods and Services Tax.

Employer Payroll Taxes

Employer's portion of payments to governments for employees in the nature of Social Security, Healthcare Premium, Unemployment Insurance, Pension and Workers Compensation.

Employee Payroll Taxes Collected

Tax related withholdings from wages and benefits paid to our employees that are then remitted to governments on behalf of our employees.

2016 Total Payments to Governments

Payments Made by Country and Level of Governments

(CAD\$ thousands)	Payments as Defined by ESTMA (details on page 10)				
	Taxes	Fees	Dividends	Royalties	Total Payments as Defined by ESTMA
Canada	\$150,730	\$5,220	-	-	\$155,950
Government of Canada	2,000	700	-	-	2,700
Government of British Columbia	128,480	4,410	-	-	132,890
Government of Alberta	4,680	110	-	-	4,790
Government of Ontario	-	-	-	-	-
Government of Newfoundland and Labrador	-	-	-	-	-
District of Sparwood	11,920	-	-	-	11,920
District of Logan Lake	3,300	-	-	-	3,300
District of Tumbler Ridge	140	-	-	-	140
City of Kimberley	210	-	-	-	210
City of Trail	-	-	-	-	-
City of Toronto	-	-	-	-	-
City of North Vancouver	-	-	-	-	-
Municipality of Wood Buffalo	-	-	-	-	-
Town of Grand Falls-Windsor	-	-	-	-	-
Canadian Indigenous Governments ⁽¹⁾	-	-	-	-	-
United States	145,930	1,860	-	720	148,510
Government of United States	104,190	140	-	-	104,330
State of Alaska	25,680	1,280	-	-	26,960
State of Washington	-	-	-	720	720
State of California	620	-	-	-	620
State of Oregon	-	270	-	-	270
State of Minnesota	-	170	-	-	170
State of Ohio	-	-	-	-	-
State of Indiana	-	-	-	-	-
District of Northwest Arctic Borough	15,060	-	-	-	15,060
City of Pend Oreille	380	-	-	-	380
NANA Regional Corporation ⁽²⁾	-	-	-	-	-
Chile	19,570	1,340	4,160	-	25,070
Government of Chile	17,100	1,210	4,160	-	22,470
Municipality of Las Condes	1,040	-	-	-	1,040
Municipality of Andacollo	730	-	-	-	730
Municipality of Pica	700	-	-	-	700
Quechua Indigenous Community of Huatacondo	-	130	-	-	130
Turkey	830	480	-	-	1,310
Government of Turkey	830	360	-	-	1,190
Province of Çanakkale	-	120	-	-	120
Peru	-	230	-	-	230
Government of Peru	-	230	-	-	230
Mexico	-	240	-	-	240
Government of Mexico	-	240	-	-	240
Australia	-	240	-	-	240
Government of Australia	-	240	-	-	240
Ireland	-	100	-	-	100
Government of Ireland	-	100	-	-	100
China	-	-	-	-	-
Government of China	-	-	-	-	-
Brazil	-	-	-	-	-
Government of Brazil	-	-	-	-	-
Total payments to governments	\$317,060	\$9,710	\$4,160	\$720	\$331,650

¹ Payments to Canadian Indigenous Governments were excluded from Teck's 2016 ESTMA Report as they are subject to a one-year deferral under the legislation. We have included in our Economic Contribution Report total payments made to Canadian Indigenous governments of \$31 million. Payments for 2016 include significant, non-recurring, one-time payments to Canadian Indigenous governments.

Additional Payments (details on page 12)						
Taxes	Fees	Royalties	Infrastructure Improvements	Other Payments	Total Payments to Governments	Employee Withholding (Collected)
\$5,230	\$7,790	-	\$270	\$175,000	\$344,240	\$282,740
(2,180)	220	-	270	42,130	43,140	282,690
1,350	6,920	-	-	100,650	241,810	50
(2,930)	-	-	-	1,320	3,180	-
(2,360)	-	-	-	200	(2,160)	-
-	-	-	-	100	100	-
-	-	-	-	10	11,930	-
-	-	-	-	50	3,350	-
-	-	-	-	-	140	-
-	-	-	-	-	210	-
10,170	650	-	-	10	10,830	-
110	-	-	-	-	110	-
280	-	-	-	-	280	-
780	-	-	-	-	780	-
10	-	-	-	160	170	-
-	-	-	-	30,370	30,370	-
(4,160)	2,320	164,390	49,790	12,240	373,090	28,370
-	1,480	-	-	8,350	114,160	28,160
(4,510)	-	-	49,790	580	72,820	150
360	20	-	-	2,930	4,030	-
-	-	-	-	-	620	40
60	-	-	-	-	330	-
(40)	-	-	-	-	130	20
180	-	-	-	-	180	-
(210)	-	-	-	-	(210)	-
-	10	-	-	380	15,450	-
-	-	-	-	-	380	-
-	810	164,390	-	-	165,200	-
(74,040)	420	-	-	4,840	(43,710)	15,690
(74,040)	420	-	-	4,840	(46,310)	15,690
-	-	-	-	-	1,040	-
-	-	-	-	-	730	-
-	-	-	-	-	700	-
-	-	-	-	-	130	-
-	110	-	-	1,260	2,680	730
-	60	-	-	1,260	2,510	730
-	50	-	-	-	170	-
96,620	2,590	-	-	4,250	103,690	12,450
96,620	2,590	-	-	4,250	103,690	12,450
10	-	-	-	-	250	50
10	-	-	-	-	250	50
-	20	-	-	290	550	1,110
-	20	-	-	290	550	1,110
20	-	-	-	200	320	340
20	-	-	-	200	320	340
-	-	-	-	10,330	10,330	-
-	-	-	-	10,330	10,330	-
-	10	-	-	40	50	100
-	10	-	-	40	50	100
\$23,680	\$13,260	\$164,390	\$50,060	\$208,450	\$791,490	\$341,580

2 Payments to NANA Regional Corporation (NANA) were excluded from Teck's 2016 ESTMA Report as NANA does not meet the definition of government under ESTMA. We have included payments to NANA in our Economic Contribution Report as we believe they are a significant socio-economic contribution to the NANA region.

Payments Made by Country and on a Project-by-Project Basis

(CAD\$ thousands)	Payments as Defined by ESTMA (details on page 10)				
	Taxes	Fees	Dividends	Royalties	Total Payments as Defined by ESTMA
Canada	\$169,570	\$5,220	-	-	\$174,790
Fording River	41,890	340	-	-	42,230
Elkview	32,920	20	-	-	32,940
Greenhills	21,610	80	-	-	21,690
Coal Mountain	12,660	20	-	-	12,680
Line Creek	12,310	10	-	-	12,320
Cardinal River	4,140	20	-	-	4,160
Quintette	120	-	-	-	120
Corporate Office - Coal ⁽³⁾	12,620	2,880	-	-	15,500
Highland Valley Copper	9,400	990	-	-	10,390
Frontier	540	500	-	-	1,040
Bullmoose	280	-	-	-	280
Duck Pond	190	60	-	-	250
Sullivan	210	-	-	-	210
Head Office - Canada	20,680	300	-	-	20,980
Trail	-	-	-	-	-
Fort Hills ⁽⁴⁾	-	-	-	-	-
Galore Creek	-	-	-	-	-
CESL & Hydromet	-	-	-	-	-
Neptune Bulk Terminals	-	-	-	-	-
Sales and Marketing - Canada	-	-	-	-	-
Corporate Office - Calgary	-	-	-	-	-
Canadian Indigenous Governments	-	-	-	-	-
United States	127,100	1,870	-	720	129,690
Red Dog	25,010	780	-	-	25,790
Pend Oreille	380	120	-	720	1,220
Noatak Project	-	580	-	-	580
San Antonio	-	170	-	-	170
Mesaba	-	130	-	-	130
Corporate Office - US	101,710	90	-	-	101,800
Sales and Marketing - US	-	-	-	-	-
Chile	19,570	1,350	4,160	-	25,080
Carmen de Andacollo	14,400	290	4,160	-	18,850
Quebrada Blanca	2,380	710	-	-	3,090
Corporate Office - Chile	2,790	-	-	-	2,790
Chile Exploration ⁽⁵⁾	-	350	-	-	350
NuevaUnión	-	-	-	-	-
Turkey	820	470	-	-	1,290
Turkey Exploration ⁽⁵⁾	820	470	-	-	1,290
Peru	-	220	-	-	220
Antamina	-	-	-	-	-
Zafranal	-	-	-	-	-
Peru Exploration ⁽⁵⁾	-	220	-	-	220
Mexico	-	240	-	-	240
Mexico Exploration ⁽⁵⁾	-	240	-	-	240
Australia	-	240	-	-	240
Australia Exploration ⁽⁵⁾	-	240	-	-	240
Ireland	-	100	-	-	100
Ireland Exploration ⁽⁵⁾	-	100	-	-	100
Brazil	-	-	-	-	-
Brazil Exploration ⁽⁵⁾	-	-	-	-	-
Namibia	-	-	-	-	-
Namibia Exploration ⁽⁵⁾	-	-	-	-	-
Total payments to governments	\$317,060	\$9,710	\$4,160	\$720	\$331,650

3 Payments made under Corporate Office - Coal are lump sum payments made in relation to Teck's Coal projects including Fording River, Elkview, Greenhills, Coal Mountain, Line Creek, and Cardinal River. As these payments are not attributable to a specific project, they are reported in aggregate under Corporate Office - Coal.

4 Payments made by joint arrangements, including Fort Hills, which we have an interest in, but do not control, are not reportable under Canadian Legislation (ESTMA). Amounts reported only includes Teck's proportionate share of Fort Hill's payments in categories mandated under ESTMA guidelines.

Additional Payments (details on page 12)						Employee Withholding (Collected)
Taxes	Fees	Royalties	Infrastructure Improvements	Other Payments	Total Payments to Governments	
\$5,240	\$9,280	-	\$270	\$185,680	\$375,260	\$282,990
-	-	-	-	550	42,780	-
-	-	-	-	620	33,560	-
-	-	-	-	460	22,150	-
-	-	-	-	150	12,830	-
-	-	-	-	350	12,670	-
-	-	-	-	1,630	5,790	-
-	-	-	-	-	120	-
-	-	-	-	97,640	113,140	140,370
-	-	-	-	23,140	33,530	46,240
-	-	-	-	-	1,040	-
-	-	-	-	40	320	-
10	-	-	-	190	450	-
-	-	-	-	-	210	-
(7,460)	-	-	-	8,330	21,850	51,980
11,490	9,120	-	-	21,470	42,080	43,300
780	160	-	-	-	940	-
30	-	-	-	10	40	50
-	-	-	-	80	80	-
280	-	-	270	460	1,010	1,050
110	-	-	-	120	230	-
-	-	-	-	70	70	-
-	-	-	-	30,370	30,370	-
(4,170)	840	164,390	49,790	11,880	352,420	28,200
(4,320)	820	164,390	49,790	6,400	242,870	21,080
-	20	-	-	5,020	6,260	5,700
-	-	-	-	-	580	-
-	-	-	-	-	170	-
-	-	-	-	-	130	-
(390)	-	-	-	460	101,870	1,420
540	-	-	-	-	540	-
(74,040)	420	-	-	4,840	(43,700)	15,540
(64,880)	-	-	-	100	(45,930)	4,470
(9,620)	-	-	-	210	(6,320)	3,320
-	-	-	-	4,530	7,320	7,030
-	-	-	-	-	350	-
460	420	-	-	-	880	720
-	100	-	-	1,260	2,650	730
-	100	-	-	1,260	2,650	730
96,620	2,590	-	-	4,250	103,680	12,480
96,440	2,590	-	-	3,960	102,990	11,910
110	-	-	-	160	270	220
70	-	-	-	130	420	350
10	-	-	-	-	250	50
10	-	-	-	-	250	50
-	20	-	-	290	550	1,110
-	20	-	-	290	550	1,110
20	-	-	-	200	320	340
20	-	-	-	200	320	340
-	10	-	-	40	50	100
-	10	-	-	40	50	100
-	-	-	-	10	10	40
-	-	-	-	10	10	40
\$23,680	\$13,260	\$164,390	\$50,060	\$208,450	\$791,490	\$341,580

5 Certain exploration projects and properties have been disclosed separately in Teck's 2016 ESTMA Report filed with Natural Resources Canada. For this Economic Contribution Report, minor exploration projects and properties in each country have been grouped together for presentation purposes.

Income and Resource Taxes Paid

Table 4: Income and Resource Taxes Paid vs. Current Taxes Expensed

(CAD\$ in millions)	2016
Income and resource taxes paid	\$272
Total taxes paid	\$272
Current tax expense	\$537
Deferred tax expense	\$50
Total tax expense	\$587

Income and Resource Taxes Paid vs. Current Taxes Expensed

Current tax expense is the amount of corporate income and resource tax currently payable and attributable to the current year plus any adjustments to taxes payable in respect of previous years. Taxes paid in a particular year may not be equivalent to the current tax expense amount recorded on our financial statements for a number of reasons. These include legislated payment schedules which base tax installments on projected or historical profits rather than the actual taxes due for any year. We are subject to assessments by various taxation authorities, who may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. The resolution of any assessments resulting in payments or refunds may occur after the year in which the items to which they relate occur.

For the year ended December 31, 2016, Teck recorded a current tax expense of \$537 million and made tax payments totaling \$272 million. Our current tax expense is higher than taxes paid primarily due to an increase in taxable income driven by higher overall earnings in 2016, and the timing of tax payments, which are generally payable after the period where the corresponding tax expenses were incurred. Our current taxes payable at December 31, 2016 were \$199 million, the majority of which were paid in the first or second quarter of 2017. In addition, we received \$91 million in tax refunds during 2016 in relation to prior year taxes, which reduced our total taxes paid without the same effect on current tax expense.

Table 5: Reconciliation of Taxes Paid to Tax Expensed in 2016

(CAD\$ in millions)	2016
Income and resource taxes paid in the current year	\$272
Tax refunds received relating to prior periods	\$91
Tax payments made relating to prior periods	(\$50)
Current year provision to be paid next year	\$217
Other	\$7
Current tax expense	\$537
Deferred tax expense	\$50
Total tax expense	\$587

Income and Resource Taxes Paid vs. Total Taxes Expensed

In addition to the items noted above, our overall tax expense recorded in our financial statements will differ from current taxes payable due to the timing of the recognition of certain income and expense items. Total tax expense includes current tax expense and deferred tax expense. The timing of income and deductions is set for tax purposes by taxation authorities while recognition for financial statement purposes is based on International Financial Reporting Standards as required by Securities Regulators. This results in differences in the timing of when income is recognized and when the related taxes become payable but not in the ultimate amount of taxes paid. These differences, which are the amount of corporate income and resource tax attributable to the current year but will be included in future year taxable income, are recorded as deferred tax expense in our financial statements.

It should also be noted that the amount of taxes that we ultimately pay will be significantly higher than the taxes recorded as our tax expense in our income statement. Generally, the increment between the overall purchase price of a business acquisition and the underlying cost of the acquired assets is not deductible for tax purposes. On acquisition we accrue for income taxes on the difference between our acquisition, cost and the amount of the cost we are entitled to deduct for tax purposes. These additional taxes will eventually be paid over the life of the acquired assets and are effectively charged against the accrued deferred tax amount, rather than charged to the income statement.

At December 31, 2016, tax effect of the temporary differences giving rise to deferred tax assets and liabilities and the related amount of deferred tax expense charged (credited) to the income statement are shown in Table 6.

Table 6: Deferred Tax Assets and Liabilities

(CAD\$ in millions)	Deferred tax assets 2016	Deferred tax liabilities 2016	(Credited)/charged to the income statement 2016
Net operating loss carryforwards	\$32	(\$1,218)	(\$154)
Property, plant and equipment	\$35	\$6,881	\$311
Decommissioning and restoration provisions	–	(\$439)	(\$212)
Unrealized foreign exchange	–	(\$224)	\$113
Withholding taxes	–	\$89	\$4
Retirement benefit plans	–	(\$92)	\$2
Other temporary differences	\$45	(\$101)	(\$14)
Total	\$112	\$4,896	\$ 50

Teck's Overall Effective Tax Rate

For operating profit, our effective income and resource tax rate is expected to be approximately 36%, depending on the tax rate in each jurisdiction and the proportion of our operating profit earned in that jurisdiction. This rate reflects the two levels of income tax (corporate income taxes and resource taxes on mining profits) to which our earnings are generally subject to. Net head office corporate and finance expenses are generally only deductible against corporate income taxes and therefore reduce tax expense at the lower combined Canadian corporate income tax rate of 26%. We also note that some of our expenses, for example, stock option costs and meals and entertainment, are not deductible, or are only partially deductible for income tax purposes in Canada or elsewhere. These limitations on the deductibility of our costs of doing business can cause our overall effective tax rate to be higher than 36%.

Reconciliation of income taxes calculated at the Canadian statutory corporate income tax rate to the actual provision for income taxes are shown in Table 7.

Table 7: Reconciliation of Income Taxes

(CAD\$ in millions)	2016	Tax Rate
Profit before taxes	\$ 1,628	
Tax expense at the Canadian statutory income tax rate of 26.10%	\$ 425	26%
Tax effect of:		
Resource taxes	\$170	11%
Resource and depletion allowances	(\$110)	(7%)
Non-temporary differences including one half of capital gains and losses	(\$15)	(1%)
Recognition of previously unrecognized tax pools	(\$10)	(1%)
Effect of newly enacted change in tax rates	\$20	2%
Withholding taxes	\$40	3%
Difference in tax rates in foreign jurisdictions	\$90	6%
Revisions to prior year estimates	(\$5)	(1%)
Other	(\$18)	(2%)
Provision for income taxes	\$ 587	36%

Auditor's Report

May 29, 2017

Independent Auditor's Report

To the Board of Directors and management of Teck Resources Limited

We have audited selected subject matter contained in the 2016 Economic Contributions Report (the "Report") of Teck Resources Limited ("Teck") relating to total payments to governments. The 'selected subject matter' comprises the following data for the year-ended December 31, 2016:

Total payments as defined by ESTMA as included in the tables 'Payments Made by Country and Level of Government' on page 14 of the Report and 'Payments Made by Country and on a Project-by-Project Basis' on page 16 of the Report.

Management's Responsibility for the Report

Management is responsible for the preparation of the selected subject matter in accordance with the basis of accounting described in the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 10–13, and for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the selected subject matter based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the selected subject matter is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the selected subject matter. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the selected subject matter, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the selected subject matter in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting judgments made by management, as well as evaluating the overall presentation of the selected subject matter.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the selected subject matter for the year ended December 31, 2016, is prepared, in all material respects, in accordance with the basis of accounting described in the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 10–13.

Basis of Accounting

Without modifying our opinion, we draw attention to the 'Payments to Governments—*Extractive Sector Transparency Measures Act*' section of the basis of report on pages 10–13, which describes the basis of accounting.

Restriction on Use

Our responsibility in performing our audit is to the management of Teck only and in accordance with the terms of engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on our report is entirely at its own risk.



Chartered Professional Accountants
Vancouver, British Columbia

Cautionary Note on Forward-Looking Statements

Certain statements contained in this report constitute forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act* of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) and comparable legislation in other provinces (collectively, “forward-looking statements”), concerning our business, goals, operations and strategy. Forward-looking statements in this report include, but are not limited to, statements relating to our targeted contribution levels, policy goals, operational and sustainability goals and plans and our expectations regarding those goals and plans, our statements around expectations of our economic contributions to stakeholders. The forward-looking statements in this report are based on current estimates, projections, beliefs, estimates and assumptions of the management team and are believed to be reasonable, though inherently uncertain and difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience

or achievements of Teck to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to the following: changes in Teck’s policies, regulatory action, changes in laws and governmental regulations, general business and economic conditions, and the future operation and financial performance of the company generally. Dividends are at the discretion of the Teck board. Certain of these risks and other additional risk factors are described in more detail in Teck’s Annual Information Form and its management’s discussion and analysis and other documents available at www.sedar.com and in public filings with the United States Securities and Exchange Commission at www.sec.gov. These statements speak only as of the date of this Report. Teck does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

Corporate Directory

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2016 Annual Report



2016 Sustainability Report

Contact

Suite 3300, 550 Burrard Street
Vancouver, British Columbia, Canada
V6C 0B3
+1.604.699.4000 Tel
+1.604.699.4750 Fax
www.teck.com

