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Special Call

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Presentation

Emma Chapman
Vice President of Investor Relations

Good afternoon, everyone. My name is Emma Chapman, and I lead the Investor Relations team here at Teck. And thank you so much for joining us in wonderful Santiago for Teck's QB Operations Site Visit and Update.

At Teck, we start every meeting and engagement with a safety share. So to kick off, we will start with a safety briefing for those in the room with us today. In case of fire, or if evacuation from the hotel is necessary, audible and visible alarms will be activated. We will proceed to the emergency exits and gather in the safety area which is in the pool terrace on the ground floor. From this meeting room, we will exit to the corridor, turn left and go up the marble staircase to the ground floor and turn right to the pool terrace. If you are in your guest room, check the evacuation plan on the back of your door and find Staircase A, next elevators, or Staircase B at the east end of the corridor. Evacuate immediately if the route is clear.

Do not use elevators and check if the door is hot before opening it. Crawl under the smoke, if necessary, and cover your nose and mouth with a damp cloth if possible. Close doors as you leave and do not reenter the building until the fire department confirms it is safe. If the route is not clear, take refuge as far from the fire as possible. Seal doors and windows with wet towels to prevent smoke from getting in.

Call reception on 0 or the Fire Department on 132 and make yourself visible from the window such as with a flashlight, sheet or signal. Chile is an earthquake zone. So if there is an earthquake, remain calm and locate the nearest evacuation route. Move away from windows and objects that may fall and protect yourself under tables or desks. And in an emergency, hotel staff will be wearing yellow reflective jackets to direct us.

I should also note that the washrooms are out the doors and to your right, and the WiFi password is TECK10, Teck in capital letters and the number 10. And please, could you make sure that your mobile phones or cell phones are on silent, please?

And so to start proceeding today, on behalf of the entire Teck team, a very warm welcome to Chile. We appreciate you making the time to spend a few days with us. It has been 2 years since we last hosted an investor and analyst tour of QB, and we are a large group, likely Teck's largest ever investor and analyst tour. Clearly, there is a lot of interest in QB and we are looking forward to showing you this Tier 1, multigenerational asset and highlight how we leverage this asset to drive future value creation from the QB-Collahuasi synergies. We are confident that you will see the significant progress that has been made and that QB remains a world-class Tier 1 asset.

We have a full schedule for this afternoon's presentations, which are being webcast live. So welcome to all of you online, and thanks for joining us.

Jonathan Price, our President and CEO, will start with the presentation on delivering shareholder value. Dale Webb, our Senior Vice President of Operations for Latin America, will then provide a deep dive on realizing the full value of QB, including an overview, an update on the tailings management facility development work and further details on the significant value of QB. We will then take a 20-minute break, which will be held in the [Tarrozza Olas] room, which is where we just had lunch. The webcast will be paused during this time.

After the break, Crystal Prystai, our Executive Vice President and CFO, will speak to our strong financial outlook, and Jonathan will wrap up with our future value creation opportunities, followed by a 30-minute question-and-answer session. We'll then conclude the live webcast and begin the tour portion of the event. I will provide further details on tour logistics after the webcast ends.

The presentations are available on our website at teck.com, and a recording will be posted there within 24 hours. For those of you in the room, the device with the QR code printed on them will link you directly to the presentations.

And before we start, I'll briefly draw your attention to our caution regarding forward-looking statements. This event contains forward-looking statements. Actual results may vary due to various risks and uncertainties. Teck does not assume the obligation to update any forward-looking statements. Please refer to Slide 5 for the assumptions underlying our forward-looking statements.

We will reference non-GAAP measures throughout this event. Explanations and reconciliations are in the latest MD&A and quarterly press release on our website.

And with that, I'll hand over to you, Jonathan.

Jonathan H. Price
President, CEO & Director

Thank you, Emma. And [Foreign Language], good afternoon, everyone, and welcome to Chile. Great to have you all here, and we're excited to host you over the next 2 days and showcase our world-class QB asset and present a significant value from our proposed merger of equals with Anglo American.

In addition to Crystal, Dale and myself presenting today, several members of our executive team have joined us including Ian Anderson, Executive Vice President and Chief Commercial Officer; Karla Mills, Executive Vice President and Chief Project Development Officer; and Brock Gill, Senior Vice President of our operations for North America. We will all be happy to answer your questions later in the Q&A section.

So starting on Slide 4. Everything we do at Teck is guided by a single objective: responsibly maximizing long-term value for our shareholders. That commitment is shared by our Board, our senior leadership team and by me personally. Execution is rarely without complexity, but our strategy remains clear and consistent. It guides our decisions and actions, and we remain disciplined in delivering against it. This focus is what underpins our ability to drive sustainable shareholder value.

Starting in 2022, we've embarked on the most significant and rapid reinvention in Teck's history, with one clear goal: to unlock enduring shareholder value. In just 3 years, we've transformed from a company primarily focused on steelmaking coal into a leading energy transition metals business with world-class copper growth potential. And now through the merger of equals with Anglo American, we will become a top 5 global copper producer. Because of our strategic clarity, we are well positioned to continue delivering significant value to our shareholders in the current macro environment.

While we have been bold and front-footed in pursuit of a strategy to create value for shareholders, including to unlock future value creation opportunities, I acknowledge that we have not always met expectations when it comes to execution at our operations and projects. But I'm confident that over the course of the next 2 days, you are going to see clear evidence that, that is changing, which I'll talk to later.

It all starts with creating the right portfolio. Ours is now exclusively focused on the metals and critical minerals needed for global development and for economic resilience. Copper is at the core of what we do, and we are well positioned to benefit from the secular theme of global electrification and from the growing realization of the crucial role mining plays in ensuring stable supply of responsibly sourced raw materials.

Our critical minerals portfolio is located in established mining jurisdictions in the Americas, and its foundation is our world-class copper and zinc assets. We are focused on operational excellence across our operations and projects and are absolutely committed to delivering against our revised operational plans and guidance. We are also rigorously advancing our value-accretive project portfolio to provide growth for the future.

At the same time, health, safety and sustainability are core to the way we do business. Our responsible and ethical approach is central to our efforts to provide products the world is counting on and to realize value.

We also continue to maintain a very strong balance sheet and have a proven track record of delivering substantial cash returns to our shareholders.

Importantly, we stand at the threshold of our next reinvention with the proposed merger of equals with Anglo American, which will take Teck into the next phase of our story as part of Anglo Teck, unlocking significant value for our shareholders in the process.

Slide 5 summarizes the significant transformation of the company since I became CEO in 2022. We refocused the portfolio on critical minerals, exiting both the energy and steelmaking coal businesses and generating substantial shareholder value in the process. We completed construction of the QB2 project last year, creating a Tier 1 cornerstone asset that we expect to generate significant cash flow for decades to come. We have grown our copper production by approximately 55%, and it now makes up more than 70% of our total production on a year-to-date basis. We are also advancing our projects for future growth and have derisked certain projects by establishing key joint ventures.

At the same time, we are driving margin optimization, through a focus on commercial excellence in our product sales, leveraging our high-quality products to achieve premium pricing, developing and maintaining a regionally diverse sales book, and efficiently operating our well-established logistics chain.

And we modernized our governance with the introduction of a sunset for our Class A shares. We have delivered significant cash returns to our shareholders which have totaled CAD 5.7 billion since 2022. And in the same period, we reduced our debt by USD 2.7 billion.

Finally, our most recent and most consequential strategic milestone, we've announced the merger of equals with Anglo American, an exceptional opportunity to combine 2 industry-leading portfolios with complementary strategies, cultures and capabilities. This positions us to become a top 5 global copper producer, significantly enhancing our scale, resilience and growth potential.

So turning now to our transformative merger of equals with Anglo American on Slide 6. This merger is a natural progression of our strategy and portfolio simplification, through which we created a high-quality copper-focused growth platform to enable exactly this sort of transformative transaction. And with Anglo American undergoing their own significant portfolio simplification, we are now both well placed to further unlock and maximize value through this combination.

The timing also allows us to take a definitive step forward in creating what will be one of the world's largest mining copper mining complexes with QB and Collahuasi. And importantly, the merger offers outstanding value creation potential for Teck shareholders. It provides the opportunity to participate in future value creation from the combined world-class portfolio, which would have over 1.2 million tonnes of annual copper production underpinned by 6 world-class copper assets and offering exceptional further growth optionality. It would be a larger, more diversified asset and cash flow base, including premium iron ore and zinc, enabling a stronger balance sheet.

The value creation opportunity for Teck shareholders extends well beyond the current Teck operating base, as Anglo Teck will offer an improved and derisked growth profile focused on copper. In the near term, this includes the debottlenecking at QB as well as participating in the upside opportunities at Collahuasi, Quellaveco and Kumba. In the medium term, this includes the significant adjacencies generated by integrating the resources and infrastructure of QB and Collahuasi, which are compelling and highly capital efficient.

We expect this combination to produce approximately 175,000 tonnes of incremental copper and generate an annual average underlying EBITDA uplift of approximately USD 1.4 billion per year for at least 20 years on a 100% basis.

There are also additional potential adjacencies that Teck shareholders would participate in, including those recently outlined between Anglo's Los Bronces and Codelco's Andina operations.

The combination of greater scale and a strong balance sheet will expand the opportunity set as we optimize the approach to growth through the combination of 2 significant project pipelines that will compete for capital based on risk-adjusted returns. In addition, approximately USD 800 million in recurring annual synergies have been identified, with approximately 80% of that expected by the end of the second year following completion.

As a group, Teck shareholders are expected to hold 37.6% of Anglo Teck. This ownership reflects an increase relative to our respective market capitalizations at the time of announcement via Anglo American's payment of a special dividend to their shareholders, providing Teck shareholders with an improved participation in the ownership of and future value creation from the combined entity.

Anglo Teck would be one of the world's leading investable copper opportunities with both scale and quality and over 70% copper exposure. It would be a global leader in critical minerals and a top 5 copper producer with an enhanced capital markets footprint. We expect Anglo Teck to be well received by the market with a highly attractive portfolio of operations and projects. The new company would be positioned to capitalize on the highly compelling fundamentals in our primary commodity copper.

With the increased scale and market positioning expected to expand access to a deeper pool of investors, this creates a significant rerating potential. Both Anglo American and Teck strongly believe this merger is a significant value creation opportunity for our respective shareholders and stakeholders.

Slide 7 shows our current portfolio of critical minerals assets in established mining jurisdictions, which Teck would contribute to the combined Anglo Teck portfolio. We have 6 quality operations in the Americas focused on critical minerals, including 3 Tier 1 assets. Teck is currently a top 10 copper producer operating in the Americas through QB and Carmen de Andacollo here in Chile, Antamina in Peru and Highland Valley Copper or HVC in British Columbia, Canada. We sanctioned construction of the HVC mine life extension project in July to extend production from a core asset to 2046. The project has moved into the execution phase, and we are progressing early works.

Teck is also the largest net zinc miner globally, primarily through Red Dog in Alaska. And we have a fully integrated value chain through Trail operations, which is our smelter in British Columbia, which is a key North American source of strategic metals such as germanium and antimony.

So turning to Slide 8, our portfolio of value-accretive copper projects. Teck has an attractive pipeline of value-accretive copper projects in established mining jurisdictions across North and South America. We continue to advance these projects with a focus on maximizing our options for future growth and improving returns from the portfolio, while at the same time derisking projects including through key joint ventures with our strategic partners.

Overall, it is a well-balanced pipeline with a mix of greenfield and brownfield opportunities. And in combination with Anglo's near-term brownfield expansion opportunities and medium-term adjacencies, would collectively make up an extensive portfolio of growth options within Anglo Teck. As is the case in our portfolio today and in the future within Anglo Teck, all projects must compete for capital based on risk-adjusted returns, though we see the most immediate and material value opportunity coming from the QB-Collahuasi adjacency.

So turning to Slide 9. Health, safety and sustainability are critically important to us, and this will not change with the merger as we and Anglo are completely aligned in this regard, both recognizing the need for and benefits of responsible mining for long-term value creation for all stakeholders. Safety performance is considered a key indicator of stable operating performance. We've seen a strong improvement in the high potential incident frequency rate at Teck controlled operations year-to-date to September 30 at 0.06. This is 50% below our annual rate in 2024.

On sustainability, our sites are on track to accomplish their 2025 objectives. We are excited to see our operations here in Chile reaching 100% renewable power on October 1, when our long-term clean power agreement for QB's electricity supply came into effect. This puts us on the path to achieving our goal for Net-Zero Scope 2 emissions across our operations by year-end.

Our approach to sustainability is fully aligned with our business strategy to provide a platform centered around greater focus for greater impact. We are in the process of updating all our sustainability goals to ensure that they are fully aligned with our business strategy and to provide that focus and impact. We plan to provide an update with the publication of our 2025 Sustainability Report. Our firm commitment to responsible business practices will not change.

So turning to Slide 10. We are focused on disciplined execution across our operations and projects, strengthening our discipline in planning and performance to deliver on our operational plans following completion of the comprehensive operational review. We have the right people and we continue to improve and implement best practices through the redesign and upgrading of our processes and systems to enable disciplined execution against our revised and risk-adjusted plans.

We've strengthened governance and executive oversight and accountability for operational activities, including by having the SVPs of Operations for LatAm and North America, Dale and Brock, reporting directly to me since the beginning of September. And at the Board level, the Safety, Operations and Projects Committee meets regularly with our team to oversee execution.

At the same time, we are strengthening a culture of performance and accountability throughout the organization, including reinforcing the expectation that emerging risks and challenges are transparently communicated in real time. Completion of our comprehensive operational review positions us for delivery against our revised operational guidance, which is based on risk-adjusted operating plans and value drivers that reflect demonstrated performance.

The review included detailed bottom-up assessments of these key value drivers, input from third-party experts and rigorous pressure testing of operating plans for reasonableness and achievability. For each operation, the review resulted in updated plans to establish production and cost ranges. We also identified and clearly delineated opportunities to improve and enhance asset reliability and value, all of which we are actively pursuing. And we have redefined and implemented enhanced monitoring and tracking of operational performance, while further standardizing processes through the ongoing rollout of Teck's management operating system, or MOS, across all our sites.

In addition, we are implementing an ERP system company-wide to improve access to and analysis of the data needed to drive better performance, to simplify and standardize enterprise business processes and to enable the Anglo Teck integration. Overall, we have the right assets, the right partners and the right people to continue to generate shareholder value.

So with that, I will now hand it over to Dale Webb for a deep dive on QB.

Dale Webb
Senior Vice President of Operations - Latin America,

[Foreign Language] I'm excited to host you all here today here in Santiago, especially since I live just down the street. So thank you.

We are looking forward to introducing you to our great team as we take you to our IOC later today and then the site tomorrow, showcasing the exceptional asset we have, including the work we are doing to achieve ramp-up, and progress we are making towards achieving design rates at the operation.

Today, I'll walk you through how I think about QB and the different elements I'll talk today. First, I'll begin with an overview of the incredible asset that is QB operations. Secondly, I'll discuss the initiatives we are working on at the tailings management facility or the TMF. Then I'll discuss how we achieve stability and improve operation to design and the path to optimization thereafter. And finally, I'll summarize the full value potential of the asset.

Starting on Slide 13. QB is a multigenerational Tier 1 asset; a large, long-life asset with significant upside potential located in the TarapacÃ¡ region of Northern Chile, one of the most prolific copper-producing regions in the world. It has extensive resources, which present multiple paths to grow and to generate significant value in the future.

Our ability to exploit our high-quality resource base has enabled -- is enabled by a modern robust plant and infrastructure that provides opportunities for optimization, debottlenecking and incremental growth over time, including the most value-accretive option, which are the QB-Collahuasi synergies.

Our near-term priority, of course, will be stabilizing production as we remove the constraint from the TMF and improve our ability to reach design rates at the plant. The ore at QB produces a high-quality clean concentrate with all levels of impurities that is in demand by customers and commands a premium -- and commands premium pricing in the market.

Our continuing focus on safety and sustainability enables a stable and resilient operating environment at QB, including through our environmental stewardship and positive relationships [which] both the surrounding communities and the local workforce.

Turning to QB's ore body on Slide 14. QB has an extensive resource base and the current life of the mine utilizes less than 15% of those resources. The QB reserve pit, as indicated by the green line on this diagram, shows a mine life based on current reserves of close to 1.4 billion tonnes. We also have significant resources, which add to an additional 8.2 billion tonnes of ore as shown by the resource pit shell. Beyond this, the resource is open both laterally and at depth.

Importantly, you can see the benefit of having a pit that has largely been prestripped through past mining activities, resulting in a very low strip ratio of just 0.7 over the life of mine, which is a key driver of QB's significant cash flow generation potential. Following the initial period of higher grades, the grade profile remains relatively stable over the mine life, at close to the reserve grade of 0.52% copper.

Looking at an overview of the full system on Slide 15. QB operation is a large integrated site operating an altitude of 4,200 meters above sea level. It includes the mine with its autonomous truck fleet, concentrator and the TMF. QB port includes a concentrate filtration plant, a ship loader and a desalination plant, which prepares water for mining. And we have 165 kilometers of pipeline between them, transporting concentrate from the mine to the port, and transporting desalinated water from the port back to the mine. All these assets are operated from our integrated operation center, our IOC, in Santiago, which we'll have the opportunity to visit later today. Importantly, the mine, the concentrator and port have individually achieved design performance.

However, the operation is currently constrained by the ongoing TMF development work, which is leading to increased downtime of the plant. You will recall that QB operations has previously demonstrated that it's capable of operating at higher recoveries and throughput levels when there is no constraint on the mill. Once we have completed the TMF development work, our ongoing focus will be driving stability and improving performance throughout the operation to achieve design rates.

To conclude, when you go through the IOC in Santiago later or when you go to site tomorrow, you will see that QB is a robust operation with a modern, state-of-the-art mill that has demonstrated its ability to operate at design levels.

Turning to QB's commercial value proposition on Slide 16. One clear advantage for QB is its positioning of its copper concentrate in the market. Our customer base is very broad geographically, compared to many of our peers, which helps diversify our risk profile. While it's easy to think it's just a commodity, quality and consistency of the product matters. We produce high-quality products, not just at QB, but across our copper and zinc operations.

QB's concentrate is recognized for having negligible arsenic levels, making it a very clean, premium concentrate in a world of increasingly complex mine production and product quality. It is ideal for blending, which helps with the future realization of marketing synergies and creating enhanced value and use, which means we match our product qualities to what the smelters need most.

The graph on the bottom right shows our current copper contracts at QB, with the y-axis reflecting a premium benchmark pricing. This shows we achieve premium pricing versus standard market terms in every contract through treatment and refining charges, qualities or payables.

Ian and his commercial team employs a strategy to structure our sales book to build in optionality, strategically placing tonnes to take advantage of [premia], freight and logistics opportunities, while retaining flexibility in a market that can rapidly change. Premium pricing that we achieved across our entire product range reflects the value of the strategy, which is a real commercial advantage. Ian is here today and will be available during the Q&A session to answer any questions on the commercial side.

Turning to a quick update on shiploader repairs on Slide 17. As a reminder, the damage on the shiploader has had no impact on our copper concentrate sales. Our shiploader was damaged in Q2 of this year following a brake failure, which caused structural damage to the support of the boom. The repairs are being handled as a project under Karla and her team and are progressing well. Karla is also here today and will be available during the Q&A session to answer any questions on projects.

As you can see in the photo on the right-hand side, the installation has been progressing. In fact, repairs are on track for completion in Q1 of next year.

We have maintained a steady inventory -- we have maintained steady inventory levels and continue to be able to move concentrate in line with our sales plans. Our backup logistics remain in place to transport concentrate to alternative parts, both as a risk mitigation plan and in line with normal anticipated business interruption at QB due to ocean swells that can impact our ability to load concentrate at our port. As a result, we have seen incremental costs of around USD 0.10 per pound, in line with expectations, with no impact on our sales.

Turning to Slide 18. QB demonstrates how sustainability leadership translates into operational excellence. By getting the fundamentals right, we have created a model for sustainable operations that delivers value for all stakeholders. That includes water, power, biodiversity, cultural heritage, community relations and workforce engagement. QB is the first mining operation in Chile's TarapacÃ¡ region to operate with 100% desalinated seawater. And as Jonathan mentioned earlier, the operation is now powered by 100% renewable electricity.

These decisions reflect strategic foresight during the design of the operation, securing sustainable water in one of the world's driest regions while preserving local freshwater resources and working with energy providers to secure 100% renewable power. As a result, QB has a clear operational advantage.

What really sets QB apart is our approach to relationship building. 12 years before our first copper production, we were already in dialogue with local communities to ensure their needs were heard and met. Our experience at Teck has taught us that early genuine engagement enables collaboration and constructive dialogue through construction and operations. Today, having 23 agreements in place with indigenous communities and fisherman's unions is proof that proactive partnership builds operational stability.

And finally, diversity and inclusion offers significant benefits to any workforce, and we are particularly proud of our composition of QB's workforce. When 1/3 of your employees are women in an industry that traditionally struggles with gender balance, especially in Chile, you are accessing your broader talent pool with diverse perspectives that drive innovation. Add this to our 42% local employment rate and our network of 700 entrepreneurs, and you're looking at an operation deeply connected to its community.

This in part has led to a stable labor relations at QB. All 3 labor collective agreements were ratified this year, with no labor action or stoppages, which is quite exceptional in Chile. As a result, we have all labor contracts in place until 2028. Together, these enable QB's fiscal and operational stability.

We will now turn to the action plan we have underway to develop the tailings management facility. Slide 20 provides an overview of the TMF, Teck's near-term priority remains enabling a safe unconstrained production by raising the crest of the height of the dam. This diagram highlights the key workstreams that we are undertaking to complete the TMF development work. As background, sand is separated from slimes at the cyclone station. When separated, the sand is placed downstream in a paddock reconfiguration. At that point, we drain water from the sand, allowing us to place compact and reapply the sand, gradually building up the sand dam.

This process depends on water being liberated from the sand at a specific rate. If that rate isn't achieved, sand cannot be compacted until it drives sufficiently, extending amount of time it takes to build the sand dam.

Sand produced has always met specifications. However, we have recently learned that slow drainage caused by the presence of ultra-fines has delayed progress in development of the sand dam. Addressing this is currently -- or addressing this currently is our key priority. We are constructing additional rock benches to mechanically increase the height of the tailings dam, shown as Item #1, while

continuing to progress initiatives to improve sand drainage to support construction of the downstream sand dam. As a result, the mechanical construction of the rock benches continue in the first half of 2026 and the impact on production has been embedded into our guidance.

Another key element is constructing the upstream rock fill platform, as shown as Item #2. This is done by placing sand followed by rock fill. By design, this is to support the growth of the dam. We have undertaken significant work through 2025 to improve sand drainage times.

Two key initiatives have advanced since Q2 of 2025, which are the installation of new cyclone technology and the paddock redesign as shown by Item #4 on the diagram. Improved sand drainage will ultimately allow for mechanical sand dam construction to be completed during 2026.

Ultimately, the sand dam will continue to grow using hydraulically placed sand. This is expected to enable steady-state TMF operation.

Over the next few slides, I will go into more detail on the crest growth, sand drainage and the paddocks, which are all required to get to steady state.

Starting with crest growth on Slide 21. To manage production rates, we need to ensure we raise the crest at a sufficient rate to match the rate of increase of the tailings pond. As a mitigation plan, while we continue to work on building the sand wedge, we are building rock benches to provide with and stability to increase the height of the crest. So far, 3 rock benches have been constructed to support the widening of the tailings dam crest, and we are currently constructing the fourth, allowing the dam wall to be raised. As we progress the sand wedge construction, we will continue with construction of the fifth rock bench, which should be completed in the first half of 2026.

As part of the design of a centerline dam, we are also building a rock fill platform upstream of the crest that also supports dam stability. Once we achieve steady-state operations, we'll install piping infrastructure on the platform to hydraulically deposit slimes upstream and sand downstream.

Looking at the cyclones on Slide 22. By working with third-party experts and cycle manufacturers and by sharing industry experience, we have identified alternative cycle and technology that improves separation of ultra-fines from the sand. We have already successfully installed the first paddock of new cyclones, as shown in the picture. These require only minor infrastructure modifications, enabling them to be quickly installed.

We have further progressed replacing the cyclones this week and -- or sorry, 59% have now been replaced as of yesterday. We are now on target to replace all the cycles before year-end.

Initial results from the battery of new cyclones have been promising, and we have seen around a 50% improvement in the rate of sand drainage, which gives us increased confidence that we are on the right track to be able to deliver sand construction in 2026. Water is draining faster, sand quality has improved and there is less solid content in the drainage water, all positive signs in achieving sustainable operational performance.

Looking at our progress on paddock redesign on Slide 23. We have tested several techniques on sand deposition using the paddock method, leveraging experience from across our operations and external industry experience. Through those tests, we have defined the most efficient approach to depositing sand, which enable us to repeatedly deliver operational results.

To summarize, with the paddock -- sand paddock optimization and the cyclone improvements, we have growing confidence that we will achieve sand wedge construction in 2026. During that period, we will transition to depositing sand via the on-slope method as per design. This method effectively enables us deposit sand downstream through the installation of permanent hydraulic pipe infrastructure, which is far less equipment-intensive and far more cost-effective, and it is the final step to achieving stable operations.

Finally, looking at what we still need to achieve -- what we still need to achieve on sand dam construction on Slide 24. While the slower than required sand drainage times have not allowed us to construct the sand wedge at the pace expected, we have been able to supplement this by constructing rock benches downstream. The total volume of sand required to build out the sand wedge has been reduced as a result of building rock benches. As we continue to build out the sand wedge, we will progressively flatten out the downstream slopes, facilitating the on-slope deposition of sand. Importantly, the change in construction methodology has not impacted dam safety or integrity requirements, and early indications of all of the work done to date to improve sand drainage have been positive.

To be clear, we have no shortage of sand. We have the capacity to capture over 42,000 metric tonnes of sand per day, which is more than enough to build the sand dam -- sand wedge in 2026.

Slide 25 shows our current progress on the TMF development plans. Significant work has been undertaken to through -- over the sand drainage [times] and complete the TMF development work. As I mentioned earlier, the first bank of cyclones with new technology were installed ahead of schedule, and we are seeing positive early results. We have also finished construction of the new paddock designs, and we are also seeing improvements in sand drainage. We continue to expect rock benches to be fully constructed in the first half of 2026.

We are also assessing whether additional sand washing stages required which has been installed at other operations in the mining sector as additional risk mitigation. And we expect to have more clarity in our decision in early 2026. Early indications of progress gives us confidence we are on the right track to finding solutions to improve sand drainage.

To conclude, we currently expect to be well positioned to catch up on construction of the sand dam, and we aim to install the permanent infrastructure that will hydraulically deposit tailings and sand and replace the current mechanical process by the end of 2026. This will enable us to drive QB to steady-state operations from the beginning of 2027.

Turning now to the significant value of QB. First, I'll speak to the good performance in October, then I'll summarize our guidance. And finally, I'll talk about the work that we're doing to improve our performance.

First -- looking first at QB's October performance on Slide 27. Following the shutdowns in September and early October due to the TMF constraint, we have restarted operations over the past month. While we continue to experience downtime due to the TMF constraint in the first week of October, performance has shown good trajectory since then and is expected to continue throughout the remainder of the year.

We have maintained good availability throughout the month, although, the first week, we did have some minor maintenance. Asset utilization, which is the measure of utilization post availability, has recovered since the first week of October, and we are now operating at levels of 95% and above. This is higher than levels required to meet both the low end and high end of our 2026 guidance.

As a result of strong asset utilization with no real shutdowns in weeks 2 through 4, we were able to maintain throughput rate in line with what is required to meet our 2026 guidance.

Recoveries are running around 81%, in line with expectations for next year as we continue to mill a high concentration of transition ore material. Overall, our October performance highlights our ability to perform in line with our 2021 guidance.

Turning to QB's guidance, starting with 2026 on Slide 28. So as we showed in our October performance, we are demonstrating our ability to operate at levels needed to meet our guidance ranges for QB disclosed on October 7 subsequent to the completion of the comprehensive operational review. For 2026, we expect asset utilization to still be constrained by the ongoing TMF development. This, in turn, impacts our expected mill throughput for the year.

Our grade profile is expected to be stable with an average grade of 0.59% for the year. We now have incorporated recovery assumptions based on proven performance of 81% to 82.5%. And our production guidance for 2026 is now based on demonstrated performance, while we are focused on a variety of initiatives to enhance near-term performance and enable QB to deliver potential upside, which I will detail later.

Looking beyond 2026 QB on Slide 29. You will recall that QB operations as previously demonstrated that is capable of operating a design recovery and throughput levels when there is no constraint on the mill. The underlying potential of QB remains intact. We continue to work towards achieving design rates on a sustained basis, particularly in recoveries. Our assumptions over this period have been based on proven performance and only show moderate improvement over the guidance period. 2026 recoveries of 81% to 82.5% are only expected to rise to between 83% and 85% by 2028.

As we progress the development of the TMF and allow for unconstrained operation of the plant, stability of operations will allow us to optimize recoveries, and we continue to believe that the design rates of 86% to 92% remain achievable. We expect to continue TMF development work into 2026, constraining mill availability and, hence, throughput. However, in 2027 and in 2028, we expect to continue to improve and partially realize optimization with throughput beginning to move to optimized levels. Grade reconciliation with the block model has been good, and these are expected to continue to be in line with plan.

Turning to Slide 30. Despite our revised approach to setting guidance based on demonstrated performance, significant work is ongoing at QB to drive to design rates. We have several business improvement issues underway to continue to build our performance. We're

working on further improving equipment utilization and fleet velocity to enhance mine performance. We are focusing on more effective shutdowns and limiting unplanned downtime to improve mill availability.

We are continuing to work on increasing throughput towards steady state while progressing optimization and debottlenecking. And we are conducting more geometallurgical testing to drive recoveries higher. And finally, as we stabilize operations, we are focusing on optimizing our cost to deliver improved margins.

Looking at mine performance on Slide 31. We have continued to improve our mine performance over the course of the year with increasing efficiency and productivity from our mine fleet. Two good indicators of these improvements are truck utilization rates and our average fleet velocity. QB's truck utilization rates are over 90%, reflecting the benefits of our autonomous haul fleet. This is a step above equipment utilization rates that can be seen in manual haul fleets. Our average fleet velocity was just over 20 kilometers per hour in the first half of the year, and we have seen a 5% improvement since then. These indicators demonstrate that the mine isn't a constraint to our production, showing we are in excellent position to meet concentrator requirements while continuing to expand the mine operations.

However, we'll continue to strive to improve mine performance. Work plan in 2026 includes improving truck availability through a dedicated program with our suppliers. We also continue to focus on improving our fleet performance with a relentless focus that each second lost -- relentless focus on each second lost to ensure the concentrator is always full.

Turning to availability and throughput on Slide 32. We have utilized downtime -- we have utilized the downtime caused by TMF this year to work on improving availability and throughput performance. We have advanced improvements across all key pieces of equipment. We have improved conveyors, our pumps, to increase our operational life reliability, as well as installing a new liner to increase the life of the SAG mill. These modifications all drive an increase in plant availability which should ultimately lead to fewer scheduled maintenance days. All of our changes also support increased throughput to meet optimization.

Looking at recoveries on Slide 33. As a result of the TMF issues and lower online time, we have not had the opportunity to optimize our processes to maximize our recovery. As we continue to process transition ore, we need additional information to help operations fine-tune its operating parameters to optimize recovery to plans. As a result, we have already initiated a geometallurgical program that includes additional events drilling with 3,000 meters this year and 4,000 meters next year. And we will complete metallurgical testing in 175 samples from the drilling campaign to calibrate models, provide higher resolution to short-term planning and optimize operating parameters. This is in addition to the work previously completed, which includes over 411 discrete interval samples used for metallurgical tests to help inform our work today.

The geometallurgical test work will complement 2 areas of focus: continuing to improve operating excellence and implementation of our advanced process control, APC, coupled with machine learning to increase consistency of our operation. APC is a key part of supporting final optimization, and we have already implemented base APC in our grinding and rougher circuits, and we'll be leveraging machine learning already completed in HVC.

In addition, we're focused on improving upon our operating procedures as we increase our operation align time for specific ores, aligning PH, reagent, airflow set points to enhance our operating excellence. With the variability in the system this year, it has been difficult to fine-tune our processes. We expect to be able to do so as the TMF stabilizes.

Overall, our guidance at QB reflects our progress to date, and we'll continue to advance our program to support continued improvements over the next 12 months as the operation stabilizes.

Turning to the ramp-up of our molybdenum plant or moly plant on Slide 34. It's never easy to start up a moly plant and the factors that have impacted QB's copper circuit have also impacted this moly plant. Our priority continues to be to stabilize the copper circuit. We have been -- but we have been improving our moly plant in parallel.

We had always expected the ramp of the moly plant to lag out for the copper circuit. Moly performance is expected to mirror the constraint align time, so it's equally impacted by the TMF. However, we have been improving operational reliability of the circuit through improvements in design and base operating excellence.

Recoveries of the moly circuit are expected to improve as the copper circuit stabilizes in 2026. Importantly, the design of the moly plant is robust, and quality of QB's moly is high with grades of just under 50% and we are continuing to look for opportunities to drive premium pricing for it. Overall, moly provides significant benefit to QB's costs, margins and cash flows through substantial byproduct revenue at current spot prices.

Turning to QB's unit costs on Slide 35. All the work we're doing at QB to improve our performance and, therefore, production also helps stabilize our costs. As we improve copper production, we will only -- we will also see the moly byproduct credit more than double as moly production increases. The number of contractors on site is currently elevated to help with ramp-up activities, and this should normalize as we move towards steady state. We also currently have a large proportion of contractors working at the TMF development work, which is captured in our TMF capital guidance. As we improve reliability, this will allow for more efficient plant maintenance, which will also improve our costs. As operations becomes more consistent, we'll be able to leverage efficiencies all across our QB's cost structure.

For example, optimized reagent usage, more efficient procurement in spares and consumables, and more efficient maintenance practice all contribute to a more efficient cost structure.

I'll wrap up by putting all these factors together with QB's pathway to value on Slide 36. Our 2028 guidance represents a view of our operational potential based on demonstrated performance. As you have seen, we are working hard to drive operational performance to design rates. The work we are doing to achieve design rates at the operation and progress optimization and debottlenecking opportunities offers a clear pathway to growth and value creation in the medium term.

Optimization is partially embedded in our guidance for 2028, and we expect to achieve an increase in throughput up to 154,000 tonnes per day. The work we're doing in recoveries will be the last factor that enables us to fully optimize the QB operation. Debottlenecking of the plant is not reflected in our current copper production guidance, but it could see a further growth to between 165,000 to 185,000 tonnes per day.

Improving throughput and reaching the bottom end of potential debottlenecking 165,000 tonnes per day would yield around 40,000 tonnes of incremental copper production over and above our 2028 guidance. Between 2029 and 2034, sequence grade improves, adding 10,000 tonnes of copper. However, future long-term production is highly dependent on ore grade within the mine plan.

And lastly, driving recoveries to the bottom end of design rates as 10,000 tonnes of copper production while achieving the midpoint recoveries at 89% achieves a further 10,000 tonnes of copper. Altogether, this represents upside potential to around 310,000 tonnes of annual copper production in the medium term.

The value of QB is intact, and we believe there is a clear path to achieving design rates, progressing growth and driving value delivery from the asset. This creates a strong platform to leverage our highest value expansion option: the QB-Collahuasi synergies, which Jonathan will talk to in more detail later.

And to close, I look forward to hosting you at the IOC later today and the site tomorrow, so you can all meet the team and see what truly is a world-class asset.

And with that, I'll pass you back to Emma.

Emma Chapman
Vice President of Investor Relations

Perfect. Thank you so much, Dale. We're now going to take a short break. Refreshments are available in the [Tarrozza Olas] room, which is where we had lunch. We are running slightly ahead of schedule. So we're going to take a 20-minute break and we will be back here at 10 past the hour, or for those in the room, 10 past 2. So thank you very much.

[Break]

Emma Chapman
Vice President of Investor Relations

So thank you, everybody. We're going to continue with the presentations and the live webcast now. So if I could kindly ask you to take your seats.

Just in case anybody was wondering where the QR codes are, there is a box which contains a little holder, and that is where you will find the QR codes to the presentation. So I just wanted to confirm.

And with that, Crystal will now take the floor. Thank you.

Crystal J. Prystai
Executive VP & CFO

Thank you, Emma. Good afternoon, everyone. Welcome back. I'm going to provide an overview of the strong financial outlook for our business, starting on Slide 39. Just giving a minute for it to come up.

As a result of the comprehensive operational review that we recently completed, we have achievable operating plans in place that are the foundation of the revised guidance ranges that we provided with our October 7 news release. An extensive review of our operational plans was performed with input from third-party technical experts and independent advisers. We completed a detailed range analysis of our production and operating cost estimates, with a risk-based approach to our key operating variables. The focus was on evaluating risks to redefine ranges of outcomes for key inputs and operational drivers. We set key parameters based on proven performance as opposed to design rates, though we continue to work towards stabilizing and optimizing our assets and driving them towards design rates.

Turning now to Slide 40. With this strong foundation, we continue to see our business as resilient and financially stable. Our portfolio of assets remains highly cash generative, with significant cash flows being generated at current prices. And we can further improve on this. We expect our unit cost to decline in the near term as QB production continues to ramp up, and initiatives are underway to further lower our operating and corporate costs, expand our margins and improve our profitability.

And while our capital profile remains elevated in the near term due to our investment in the HVC mine life extension, we see a path for our capital expenditures to decline by around 45% and as the project is completed towards a steady state level. Importantly, our strong balance sheet enables our financial flexibility and resilience with over $5 billion of cash and a small net debt position of around $300 million with no significant debt maturities in the near term. We have delivered significant cash returns to shareholders totaling $5.7 billion since 2022.

Turning to our margins on Slide 41. In the near term, we expect our margins to expand as our copper net cash unit costs move meaningfully lower. Our copper net cash unit costs have decreased this year already, and we expect to reduce them by approximately 7% next year. As we increase our copper and molybdenum production, we expect continued improvement in our copper net cash unit costs due to higher fixed cost absorption and a more efficient cost base with higher byproduct credits. We continue to pursue opportunities to optimize our corporate and operations cost base.

Turning to our outlook for our operating cash flows on Slide 42. Our portfolio of world-class operations is expected to generate significant EBITDA from operations and operating cash flow across a range of commodity prices. At current spot prices of around USD 5 per pound, we could generate $2.7 billion of annual EBITDA from our established copper operations. As the TMF development work is completed and QB's production ramps up, QB could generate an additional $2.4 billion of annual EBITDA. And our zinc assets, including our Tier 1 Red Dog operation, could contribute an additional $400 million of annual EBITDA. Overall, we could generate a total of $5.5 billion of annual EBITDA from our operations at current spot prices.

We also have significant upside in higher commodity price scenarios, and we remain resilient in lower commodity price scenarios. Our operating cash flow is also strong with the potential to deliver $4.2 billion of operating cash flow at current spot prices. This is underpinned by our low effective cash tax rate, particularly at QB where we don't expect to be subject to cash income taxes in the near term and where we have a tax stability in place through 2037.

Looking at our near-term capital profile on Slide 43. In 2026, we expect elevated capital expenditures driven by the Highland Valley mine life extension as we execute planned investments in additional fleet and the mill. We also expect QB's TMF development work to be $420 million, as previously disclosed.

With no further TMF development work capital expected at QB after 2026, our capital profile should gradually reduce in 2027 and then further step down in 2028, reducing by 45% compared to 2026 levels. Annual sustaining capital and capitalized stripping requirements for all of our operations remained stable at around $1.35 billion on average.

We also expect to continue to invest $300 million to $400 million annually to progress our copper growth projects and Red Dog's mine life extension to maintain future optionality for Anglo Teck. The combination of our strong operating cash flow generation and the reducing near-term capital profile will enable increasing free cash flow generation in the near term.

Turning to our balance sheet on Slide 44. Teck retains a very strong balance sheet position with $9.5 billion of liquidity, including $5.3 billion of cash, as of October 21. We are also in a small net debt position of only $300 million, having reduced our debt by USD 2.7 billion since January 1, 2022. We will also continue to naturally delever our balance sheet as we pay down the QB project finance facility through semiannual repayments. With a debt maturity profile that contains no significant near-term maturities, we can comfortably service our obligations from the significant free cash flow generated from our operations and maintain our investment-grade credit ratings, which supports the strong financial position of Anglo Teck following completion of the merger.

Turning to Slide 45. While we have deleveraged the balance sheet, we have also maintained our strong record of returns to shareholders. We have delivered material returns to shareholders through share buybacks and dividends, including $5.7 billion since 2022. This represents approximately 20% of our market capitalization as of last Friday. And since 2022, we have repurchased 73.2 million Teck shares at an average price of CAD 53 per share, reducing our shares outstanding by over 13%.

We have not executed share buybacks under our normal course issuer bid since July 25. And due to the proposed merger of equals with Anglo American purchases will not resume. Importantly, though, we will continue to return cash to shareholders through our annual base dividend of $0.50 per share, which is paid quarterly.

In conclusion, we have a very strong balance sheet. And when combined with the cash flow generation potential of both us and Anglo American, positions Anglo Teck to be highly resilient and well positioned to deliver significant cash returns to shareholders.

I'll now hand back over to Jonathan.

Jonathan H. Price
President, CEO & Director

Okay. Thank you, Crystal. So now looking forward to our future value creation potential. Turning to Slide 47.

With QB's extensive resource base, stage growth opportunities can unlock significant incremental value. First, through optimization. We expect to achieve an increase in production from 140,000 tonnes to up to 154,000 tonnes per day from 2029. No additional permits are required, and we are doing work to ensure readiness for implementation through 2028.

Second, QB has the potential to generate value through debottlenecking. And studies are ongoing to rigorously define these opportunities, including how we might adapt our approach post merger. We have additional power available in the SAG mills, and we will determine how best to utilize this to optimize mill operations. Potential debottlenecking opportunities include equipment upgrades to conveyor rollers and the ball addition system at the mill, updated stockpile and feed shoot designs, improvements to the pebble circuit and the addition of 2 flotation cells at the end of the circuit to improve recoveries. This debottlenecking could drive further growth in throughput to between 165,000 and 185,000 tonnes per day and is expected to have a very low capital intensity of around USD 4,000 per tonne of copper. We are working towards submitting a DIA permit in 2027, with implementation beginning as early as 2028.

Finally, longer term, QB has significant potential for future growth opportunities. As Dale mentioned, the current permitted mine plan at QB uses less than 15% of the defined reserves and resources. The most value-accretive option in capturing the potential is the adjacency with QB-Collahuasi. And the merger of equals with Anglo American enables us to accelerate this opportunity at a competitive capital intensity of USD 11,000 per tonne of copper. This is industry leading compared with the capital intensities of recent greenfield and brownfield projects which are closer to USD 30,000 or USD 40,000 per tonne of copper.

And with neither side having yet committed to individual expansion plans, this merger presents a timely opportunity to coordinate a shared development approach, minimizing capital investment, optimizing infrastructure use and reducing execution risk. Further, once QB-Collahuasi synergies are realized, and given the size of the resources of both assets, we will have the ability to evaluate multiple configurations for further growth.

On Slide 48, the potential adjacency from combining QB and Collahuasi is a meaningful component of the value creation from the merger of equals. QB-Collahuasi offers potentially the best operational synergies in the market right now with incremental production of approximately 175,000 tonnes per annum enabled by the combination of high-grade softer ore from Collahuasi with a state-of-the-art modern QB plant infrastructure. With most of the infrastructure already in place, the key capital requirements include a 15-kilometer conveyor from the Collahuasi pit to the QB plant, additional flotation tanks to manage the increase in throughput and incremental mine fleet to increase production from Collahuasi. It's an extremely capital-efficient way to add low-cost production into the combined portfolio.

Based primarily on the production uplift, we expect to add approximately USD 1.4 billion in annual underlying EBITDA on a 100% basis for almost 20 years. Given the size of the combined resource from 2 extraordinary ore bodies, there is potential to extend this benefit for many years. And beyond this, we could see meaningful cost savings from sharing other assets and infrastructure, including optimizing haulage, port utilization and support services.

The potential adjacencies in QB-Collahuasi are compelling. They were reviewed and validated by external advisers before they were published, so there is a good deal of rigor around them.

Slide 49 further unpacks the growth in production from QB-Collahuasi. And this chart provides an illustrative look at the drivers of incremental production. Of course, the predominant driver is grade. Processing a greater volume of higher-grade Collahuasi ore enables around 2/3 of the production uplift. The balance of the production increase is due to increased throughput. The QB plant has 2 lines, and we expect to dedicate one line to Collahuasi ore, with the second line continuing to process only QB ore.

Throughput on the line processed in Collahuasi ore is expected to increase by around 50%, because of the softness in the material combined with a larger grind size. The higher throughput results in a decline in recoveries, which only marginally offset these benefits. Overall, we expect value accretive additional copper production of approximately 175,000 tonnes year after year.

And in terms of costs, while we expect mining costs to increase to reflect the higher strip ratio at Collahuasi, this is expected to be offset by fixed-cost economies of scale, resulting in a marginal reduction in overall unit costs. There is limited additional infrastructure required and our preliminary capital estimate is around USD 1.9 billion. We expect the benefits of the adjacency to be delivered as early as 2030.

On Slide 50, we are aiming to combine these 2 world-class assets to create one of the largest copper complexes in the world by 2030. In addition to this leading production position, a highly competitive blended grade for QB-Collahuasi concentrate will enable strong margins and cash flows from the operation. Production will be supported by an enviable combined resource base allowing for production for decades to come and significant growth optionality.

As a result, QB-Collahuasi is expected to be one of the leading multigenerational copper assets with a long-life resource base.

Slide 51 outlines the value drivers from the merger of equals. This transaction is a unique opportunity to create a critical minerals company with both scale and quality. There are multiple sources of value, including through corporate synergies, optimization, capital-efficient adjacencies and future growth optionality. We have identified approximately USD 800 million in annual recurring pretax corporate synergies, which are primarily comprised of procurement, overhead and marketing.

The combined portfolio offers value-accretive and low capital intensity near-term growth from asset optimization, debottlenecking and other projects with low execution risk. In addition to the approximately USD 1.4 billion in uplift in annual underlying EBITDA generated by QB-Collahuasi adjacencies, there are also potential adjacencies at Los Bronces and Andina and at Minas Rio and Serpentina.

Teck shareholders will participate in value creation from all such adjacencies through the proposed merger. These are exceptional opportunities to leverage proximate and contiguous ore bodies and complementary infrastructure to optimize investment and drive value. Teck shareholders will gain exposure to the exciting growth options within the current Anglo American portfolio, and there is significant further future growth optionality from this combined portfolio.

Anglo Teck will have an attractive suite of brownfield and greenfield projects in established mining jurisdictions, and the scale, capabilities and financial strength to progress the most value-accretive opportunities. This growth optionality will enable us to continue to provide the critical minerals that the market requires for decades to come.

Slide 52 outlines how the combination of these value drivers can generate significant value for shareholders and stakeholders. Corporate synergies of approximately USD 800 million annually of the low-hanging fruit of the transaction. We expect approximately 80% of that to be achieved by the end of the second year following completion. At the same time, there are low capital intensity growth options available in the near term from optimization of assets, debottlenecking and other projects with low execution risk. Importantly, within the combined portfolio, all projects will have to compete for capital.

The potential QB-Collahuasi adjacencies are meaningful, and there is work ahead of us in terms of establishing agreements between all owners of both QB and Collahuasi to capture them. Working together at Anglo Teck will materially derisk and accelerate our ability to realize this valuable opportunity given the new company will own 60% of QB and 44% of Collahuasi.

Ultimately, incentives are aligned on both sides, and we would expect all the owners of QB and Collahuasi to be highly motivated to work collaboratively to capture the significant value available on behalf of their shareholders. You can see there is a win-win there. And longer term, for Anglo Teck, additional value can be created through the significant growth optionality in the combined portfolio.

Overall, there are multiple value drivers to grow Anglo Teck's EBITDA and create significant value for our shareholders, with further potential for a multiple rerating.

So I'll wrap up on Slide 53 with our key priorities to deliver value for our shareholders in the near term. We are advancing a transformative merger of equals with Anglo American as the gateway for Teck's next reinvention to unlock further material value

creation. Both Boards support and recommend this merger and there will be concurrent separate votes by the shareholders of Teck and Anglo American on December 9.

At the same time, we remain laser-focused on disciplined execution across our operations and projects, and on delivering on our commitments and against our revised operational guidance. And we are working hard to realize the full value of QB as a Tier 1, multigenerational asset, with significant upside potential beyond our current QB guidance and with multiple paths to value at QB, from ramp-up to optimization, to the compelling QB-Collahuasi synergies.

Overall, both Anglo American and Teck believe the merger will enhance portfolio quality, financial and operational resilience and strategic positioning, and it would be highly value accretive for our respective shareholders with great benefits for all stakeholders. There is an incredible future ahead for both companies as Anglo Teck.
So with that, we're going to move now to the question-and-answer session. If you have a question, members of our IR team are around the room with microphones so those listening to the webcast will be able to hear. So with that, I will take a seat and open the floor to questions. Thank you.

Question and Answer

Emma Chapman
Vice President of Investor Relations

Hi, everyone. [Operator Instructions]

Dalton Baretto
Canaccord Genuity Corp., Research Division

I guess I'm going first. Dalton Baretto from Canaccord. Jonathan, I was just looking back on my notes from the 2023 site visit here. And I realize that a lot of the language is very similar to what we heard today. I'm looking at conservative guidance, I'm looking at efficiency and reliability, external experts.

But clearly, there were a couple of blind spots, and that's where we are today. And so I'm just wondering, what have you done, like what gives you comfort that we don't have any blind spots in the future? I mean your -- the whole process hasn't been fully tested at capacity. How are you thinking about that from a risk assessment perspective?

Jonathan H. Price
President, CEO & Director

Yes. Thanks for the question, Dalton. Look, the first thing I would point to is Q4 of last year, of course, where we ran completion testing across the asset. And that was a very comprehensive piece of work across all areas of the system, and there are high thresholds required to pass those tests, which we did at that point in time. Now of course, since then, we've run into the challenges associated with tailings, that Dale has outlined in detail today. And he can talk more to this. But of course, that was a situation where we were measuring the quality of the sand that we were producing, and it was on spec, according to the standard industry tests, and therefore, the conclusion and the advice we have from experts was that we needed to pursue other mechanisms to support the growth of the tailings dam. And predominantly, that was around different construction methodologies.

That effort didn't drive the improvement that we needed, and therefore, we went back again around the middle of this year to review in detail other alternatives. And of course, we identified the presence of ultra-fines. We've implemented changes to the cyclones. We now believe that we have a solution for the tailings facility and that will enable us to de-constrain production through 2026 and, therefore, not be constrained by tailings beyond that period.

We've tested other parts system, of course, through 2024, and we've continued to operate the plant, albeit intermittently through 2025. And we believe we have a very good understanding of the flow sheet. As Dale articulated earlier, now the mine is operating very well and is not a constraint. The plants were not constrained by tailings in terms of utilization, availability, throughput, similarly operating very well.

I think we've said we have more work to do on recoveries, and that is going to be an ongoing focus for us in the coming years. Again, we're taking action on that in particular with the additional geometallurgical data that we will have to support that effort. So all efforts of the plant and operation have had a great deal of focus.

I think more importantly, if I step back though, as I mentioned before, we're very confident we have the right team. That is the starting point here. You will meet many members of this team tomorrow. They've got broad experience from across the industry, experts in their particular areas of operation or technical work. Of course, under Dale's leadership, he continues to empower that team and provide very, very strong oversight to the activities going on.

You see through the work we did through the comprehensive operational review where we've built plans -- rebuilt plans from the bottom-up focused on key value drivers, ensuring all key risks are known, using insight from independent technical experts, independent advisers to ensure that those who have experience of operating systems like this, we've embedded that thinking and that experience into the plans that we have. And I'm very confident now in the teams that we have and the processes that we have and in the guidance we've set out to deliver.

So 2025, no doubt, has been a challenging year, and they have been challenges that have been predominantly related to the tailings facility. We believe now we have a strong path forward to a resolution of those challenges to allow us to operate in the future in an unencumbered fashion, and we're very confident in the future outlook for the asset. We believe this is a Tier 1, world-class asset. We

believe that we can hit some of the numbers that Dale shared today, and we believe we can generate significant value. And it will put us in an excellent position for the combination of QB and Collahuasi through which we can generate significant synergies.

Carlos De Alba
Morgan Stanley, Research Division

Carlos De Alba with Morgan Stanley. Thank you very much for hosting us here in Santiago and tomorrow at QB. I would like to explore a little bit more the QB debottlenecking process. You alluded to it, Jonathan, in your presentation, but maybe can you share more color on the timing of the potential approval? Is that early 2027 or late 2027? And then if the operation starts in 2028, what would be the ramp-up that we can expect for that project?

Jonathan H. Price
President, CEO & Director

Yes. Thanks, Carlos. I'll hand that question to Dale. Of course, all of that work is being done between Dale and Karla with the operations and the projects team working together.

Dale Webb
Senior Vice President of Operations - Latin America,

Great. Thank you for the question. I think first and foremost, for debottlenecking, requires a stable plant to be able to truly assess where the operation is at and what's needed to be able to deliver debottlenecking without requiring a major infrastructure change. The one element I can highlight is when we've been operating stably in our grinding circuit, we've been able to identify that our SAG mills have excess power to be able to be used for debottlenecking. So about 10% excess power is available when we're running at design. So this gives us confidence that our main infrastructure will be able to support the debottlenecking efforts to achieve 165,000 tonnes per year -- or per day.

The catch here is now the work that we're doing through stable operations, what else do we need to do. So part of the work we're doing today is to assess what other infrastructure require, whether it be flotation tanks, whether it be other pieces of infrastructure. These are all small elements relative to the larger infrastructure needed, whether it's water and power, which we won't need.

Part of that work can start earlier, so -- because we need some of that work to actually support some of the other things that we're doing at site. So we see a phased approach to debottlenecking to be able to approach our progress. We expect to put the [DA] into the system in early 2027, and that will allow us to initiate and increase production in early 2028, recognizing the availability we have of power and then, in the sequence way, to add the different pieces of equipment. So we see the path there, and it really starts with stable operation that we expect to achieve in the upcoming year.

Orest Wowkodaw
Scotiabank Global Banking and Markets, Research Division

Orest Wowkodaw with Scotiabank. Just a question about the expected copper recoveries. I'm having trouble understanding why your assuming recoveries are so far below design in '27 and '28 when the tailings constraints are supposed to be over after the end of '26. Like what is giving you pause in terms of reaching design recoveries beyond '26?

Jonathan H. Price
President, CEO & Director

I'll make a first comment on that and then hand it over to Dale to add more color. As we outlined when we released the plans for the business as part of the operational review, we ensured we were using proven observable data from our operations. We still believe that, in due time, that the design recovery rates will be achievable. But we don't want to build plans on future assumptions until we've had periods of reliable operations where we can prove those things out. And that's what you see manifest through the guidance that we provided in '26, '27, '28.

We do show some improvement in those years, but really an improvement that at this point in time only gets us to Q4 of 2024, again, data that we've been able to prove in the field. But Dale, maybe you can talk some more about the work that's going to be done and why we are, where we are today with the recoveries that we have.

Dale Webb
Senior Vice President of Operations - Latin America,

So I think fundamentally, the first part when we think about recoveries is we need to run stably, and we haven't been able to do that as a result of the TMF issues. And as a result, one of the key learnings we have is we need more information to be able to understand the transition ore and to be able to react more effectively to it, which is one of the reasons we've initiated geometallurgical program, to get more data to be able to refine our models and improve our operating practices. So that will take time, and that will take time through '26 to get that information, align operating process and implement some of the systems in place, whether it be APC or improved machine learning.

From there, it will -- and our guidance shows incremental improvement, that's the improvement rate we expect to be able to go through and improve the operation as we go forward based on our progress to date. To provide context, the work that we're doing, but certainly recognizing it does take time to be able to deliver this with the experience we've had to date.

Jonathan H. Price
President, CEO & Director

Yes. And as I've mentioned before, in the event we find ourselves, of course, delivering operational outcomes above and beyond what's in our guidance, we would update that in due course. But until such time as we can do that, it's prudent, it's appropriate that we've got guidance that we believe is realistic and achievable. And that will be a function of how we operate in the periods ahead.

Anita Soni
CIBC Capital Markets, Research Division

Anita Soni from CIBC World Markets. My first question, and I'll ask one and then cycle back, I'm sure, because I just want to go through these throughput numbers in detail. So on 32, you presented some of the throughput rates year-to-date. I'm just trying to understand that top bar, say, like in Q1 2025, when you say 136, that's -- if there was no tailings constraint, that's what that would mean?

Jonathan H. Price
President, CEO & Director

Yes. That's correct.

Anita Soni
CIBC Capital Markets, Research Division

All right. Can I ask one follow-up to that then?

Jonathan H. Price
President, CEO & Director

You can, because that was a short one.

Anita Soni
CIBC Capital Markets, Research Division

That was a short one, okay. So what I'm trying to understand, I think earlier you had said that there was no improvement embedded into the guidance outlook. But then later on in another slide, you did say there was some partial improvement in the outlook in 2028. What is the full throughput of -- I mean what are you using as the full number? Because when I look at the utilizations and the capacities, like the 90% and the 92%, and divide by -- I'm sorry, I'm just trying to find the guidance table there. So if we look at 2027 as an example and say, okay, if that's 86% utilization on the bottom end, divide that into the 126, right, that then you sort of end up kind of just below 150. But as you get out to the top end of the -- top end of the 2027 guide and certainly the 2026 -- 2028 guide, it does look like there's operational improvements embedded within that, because the top end would be about 161 and the bottom end of that guide would be 151. Sorry.

Jonathan H. Price
President, CEO & Director

That's a lot of detail.

Anita Soni
CIBC Capital Markets, Research Division

It is a lot of detail, but we're here for the math.

Jonathan H. Price
President, CEO & Director

Yes. I think we can probably unpack some of that math offline. But Dale, are there any comments you want to make about the -- perhaps the low and the top end of that range?

Dale Webb
Senior Vice President of Operations - Latin America,

I think what we've highlighted in the presentation, over the years, we are starting to see improvements in growth in '27 and '28. And that is what you see in the numbers and the ranges we show, is how we see the operation improving over that period of time. I'm not sure [indiscernible]. We can go through -- I think we have the pleasure of touring together tomorrow. So we have all day to go through it.

Liam Fitzpatrick
Deutsche Bank AG, Research Division

Liam Fitzpatrick from Deutsche Bank. Just one on sand drainage. As part of the merger, Anglo said that they've got comfort around the long-term outlook for QB because they encountered similar issues at Quellaveco. Could you perhaps compare and contrast where the issues are similar and where they are not? And what they did and where you are currently in comparison to that?

Dale Webb
Senior Vice President of Operations - Latin America,

Thank you for the question. I think our work around sand has involved not only our internal experts, third-party experts, lots of industry support. And I think feedback from Quellaveco was encouraging in that our sand drainage issues were quite similar, how the sand behaved. And our solutions are quite similar as well. So that gives us confidence as it gives them confidence that we're on the right path to be able to progress and see our way out of this in 2026. So very aligned.

Liam Fitzpatrick
Deutsche Bank AG, Research Division

[indiscernible]

Dale Webb
Senior Vice President of Operations - Latin America,

Very similar, in terms of when we think about cyclone technology, behaviors in your paddock, those key levers that you'll see tomorrow in site operation, those are the key levers that we have. And certainly, that sharing along with other third-party experts gives us confidence that we're aligned and on the same path as we go forward.

Jonathan H. Price
President, CEO & Director

So Liam, just to be a bit more specific, we both use the same vendors for the original cyclone design and construction. We're using the same vendors -- different vendors, but the same ones as Quellaveco that have provided the new cyclones that we're now implementing that solved the issue at Quellaveco, and we're now seeing the requisite improvement at QB. So from a technology perspective, a lot of similarity in what's being done.

Myles Allsop
UBS Investment Bank, Research Division

It's Myles Allsop at UBS. Maybe just some of the questions we had we asked with the Q3 results, just sort of as an update around Investment Canada discussions. Is there any kind of positive movements on that, the TSX index inclusion and whether discussions with Glencore have started yet? I presume probably not.

Jonathan H. Price
President, CEO & Director

Yes. Thanks, Myles. A lot of questions in one there. Well played. So just to start with the ICA, there's nothing materially new from what we updated at the quarter. We are continuing to work very constructively and collaboratively with the government of Canada. There's a good open line of communication there.

What we're doing essentially now is, having submitted the application, is providing them further information regarding the package of undertakings that we put forward. Of course, just as a reminder, those undertakings predominantly go to three areas. One is investment in Canada. That's the $4.5 billion of investment over 5 years to be spent well on the Highland Valley copper mine life extension, investment into Galore Creek and Schaft Creek, investment into the Trail smelter and refinery, as we said, through a 5-year period.

Secondly, employment is always a very important aspect under Investment Canada and the net benefits test. And really, that's about maintaining employment levels in Canada, that's quite straightforward for us. We're going to continue to operate the assets that we have there today. And of course, with the headquarters of the new company being in Vancouver, and we would expect, of course, therefore, some movement from people in Anglo into this Vancouver headquarters, that we would see numbers certainly maintained.

And the final piece, of course, is just the location of that headquarters and that being an enduring commitment. So this is something that will be in place in perpetuity, and the significant majority of the senior executives and their teams will be located in that head office. So they're the undertakings that we put forward to the government. Very constructive conversations going on with them since that time.

Your second question on the TSX, and this is with respect to indexation. We will, of course, list the shares of Anglo Teck in Toronto. Now the TSX and the main index provider there, S&P, has domicile tests that is traditionally put in place. Now Anglo Teck, of course, will be a U.K. incorporated company. However, there are a series of material facts that are advantageous in the context of Anglo Teck having the potential to obtain indexation in Canada.

And in a recent meeting with S&P, where they have a number of buy-side and sell-side participants, the feedback from that was encouraging on a number of fronts with respect to those material facts, one being the location of the headquarters of this global company being in Canada; two, being the fact that there are material assets of this company based in Canada and material ongoing investments into assets in Canada. And then thirdly, Teck today is the largest critical minerals company in the Canadian indices, and in future, of course, with critical minerals being so core to the government strategy for critical minerals and there being great investor appetite for investment in critical minerals, that is another material fact that this much larger Anglo Teck could also be considered for index inclusion.

So there's a long way to go on that. That's not something that is going to be solved or resolved in the very near term, but the feedback received from that meeting was very encouraging.

To your third question, which will probably be a little quicker to answer, on Glencore. No direct engagement right now. We continue to work very closely, of course, with Anglo American. We did a lot of work, as I mentioned, just before in outlining these synergies. The benefit, of course, is working with them on a merger of equals approach allowed a lot of information to be shared across both sites, something that hadn't been possible previously. So we both have a lot of information now about one another's sites. We put together the synergies and the basis for that working together with, as I said, a review from independent experts, again, to validate those numbers before we could publish them. And we'll continue to work on this.

Ultimately, we need to do this with all parties, and that's certainly our proposal. Going forward, we think there are great benefits to be accrued from the combination of QB and Collahuasi, and we think that is to the benefit of all owners and their shareholders on both sides of that opportunity.

Ralph M. Profiti
Stifel Nicolaus Canada Inc., Research Division

Ralph Profiti from Stifel Financial. Dale, there's been a lot of discussions around particle size distribution and the cyclones, but I was wondering if you can maybe put into perspective the magnitude of some of the changes that went on at sand dam construction, some of the discussions around crest growth and bench construction. Was this just a matter of increasing the safety factors? Or did you actually go back and order of magnitude changed some of the design parameters? And I think some of those specifics is what I'm looking for.

Dale Webb
Senior Vice President of Operations - Latin America,

So in terms of the design parameters around the tailings dam, or were you referring to the sand itself? So in terms of the tailings dam, we've been operating within design. Yes, we've added our rock benches, but that has been incorporated into our design, and we continue maintain our design as a centerline dam, and we can build along the intent to building that wedge to support the tailings down. So that is what we're progressing and what we're doing towards. So we haven't changed the intent and fundamental design.

Recognize the life of the design, the life of the tailings dam is 25 years. So the expectation is as the sand dam grows, where we are today will certainly be encapsulated by significant volume of sand.

Relative to the sand itself, the sand has always been in spec. So we have a spec relative to fines percentage. That is what drove us to, as Jonathan mentioned earlier, drove us to operating practices, which drove us to looking at how we were working in the paddocks. And then really in terms of mitigation factors, building rock benches and work our way through that.

Through all that work and including all the support from external experts and other industry peers, we emphasized and continue to focus on that path. But eventually realizing that there is something else with the sand we need to review. And that's where we rereviewed certainly our sand composition, in particular, identifying ultra-fines. And that led us to the opportunity to review different cyclone technologies, which are more effective in dealing with ultra-fines in our circumstance, which allows, and our preliminary results are very encouraging, to give us confidence we're on the right path.

Well, that's taken us time to work through, just the magnitude of what we're talking about, the size of our tailings dam, and it's something that we don't necessarily want to take rapid changes in terms of changing our parameters. So through that work and lots of peer reviews and industry support, we've been able to identify those key factors.

Alexander Nicholas Hacking
Citigroup Inc., Research Division

Alex Hacking from Citi. Dale, you mentioned earlier you've seen a 50% improvement in sand drainage rates. I realize it's early days, but if those results were to hold, is that sufficient to run a 300,000 tonne a year copper mine or you would need like incremental improvement above and beyond that?

Dale Webb
Senior Vice President of Operations - Latin America,

Thank you for the question. Certainly, it is early days. We need to be able to translate that performance that we have and then recognize that it's only 1 battery of our 2 batteries of cyclones, to be able to translate that performance into operation and execution. If we're able to translate that in that 50% improvement, we will be able to achieve our sand wedge in 2026 and achieve steady-state operation in 2027. Once we achieve steady state operation, our tailings dam will be able to achieve -- will be able to maintain 300,000 tonne rate.

Craig Hutchison
TD Cowen, Research Division

Craig Hutchison from TD Cowen. Just can you provide a general overview of how the joint venture is going to work for the QB-Collahuasi? Is it going to be structured over all of QB or just over 1 train? And then can you provide some detail in terms of how it works with the taxability agreement you have and the fact that they don't have one, if you have any preliminary discussions with the government how that works? Is it the taxability agreement tied to the ore or the concentrator or both?

Jonathan H. Price
President, CEO & Director

Yes, just I'll deal with the last part first. It's to be determined with respect to how the taxability agreement will apply. So we haven't assumed any benefit from that in the numbers that we've put forward at this point in time. Of course, it's materially important. It's a material value, particularly on the QB side. So we will work hard at the right point in this process.

More generally, with respect to the structure for a joint venture essentially across both sites, there's a number of ways in which that could be done. And each mechanism of putting something like that in place will have different pros and cons with respect to efficiency and effectiveness. And by efficiency, I mean, minimizing any leakage that might occur, and tax stability is a good agreement there -- a good example there -- or from effectiveness is how do you best operate these sites.

Now our going-in thesis would be that the broader the combination of these sites, including all of their infrastructure and assets, the more synergies that will be available to the partners. But of course, that requires both sides to come together and agree to work on that basis.

Just to give a little bit of an idea on time lines here, because this does come up quite frequently in terms of the path forward from here to have these synergies being realized from 2030 onwards. The way we see that is in '26 and '27, we will be, on the one hand,

working on the commercial agreements between the sites, and on the other hand, working on the permit preparation because the idea here would be to submit a permit. And we think that would be a DIA to be submitted by the end of 2027.

That means 2028, then we are looking to get that permit approved by the end of the year. And of course, at that point, we're finalizing studies and making sure we are execution ready upon receipt of the DIA and the sectoral permits. We could move into construction then in 2029. We think it's about a 1-year construction period. So 2030 then, we're into commissioning ramp-up and operations. That's, broadly speaking, the time frame that we're looking at here.

Our view is that we don't need to wait until the deal is completed for QB and Collahuasi to start working on the potential combination here and the way that might be structured. We think it will be far more effective once we have the deal complete, of course, because of that alignment of interest that I mentioned before with 60% Anglo Teck on the QB side and 44% Anglo Teck on the Collahuasi side. But irrespective, in the meantime, what we will continue to do at QB is the no-regrets debottlenecking work that we've spoken about, which will be part of supporting both the upside in production and value from QB stand-alone, but critically supporting the unlock of synergies when QB and Collahuasi are working together.

So it's a long way of saying we can get to work right away. There's a lot that we can do. Now we can continue sharing information as we have been between the joint ventures we can continue outlining the work that needs to be done, both from a permitting and a studies perspective, to move this forward. And again, we think that, that timeline I've set out allows us to start realizing the benefit of these synergies in 2030.

Richard James Hatch
Joh. Berenberg, Gossler & Co. KG, Research Division

It's Richard Hatch from Berenberg. Question on the costs of the operation. So back in 2018 when you sanctioned it, the all-in sustaining cost was $1.42 a pound. And I appreciate there's been inflation since that point. Just wonder whether you can just talk around what the long-term targets of all-in sustaining costs to be for this operation, please.

Jonathan H. Price
President, CEO & Director

Yes. Thanks, Richard. I'll pass that one to Crystal, please.

Crystal J. Prystai
Executive VP & CFO

Thanks, Richard. I think if you noted back on Dale's slide, he talked about some of the key drivers for driving that number down. We do expect that to begin in 2026. We're going to see a factor of improvement in our unit cost guidance as a result of the just production base improving somewhat from 2025. We're also going to see with the ship loader repair, that $0.10 a pound of incremental transportation come down. And then molybdenum will continue to ramp up, as we've indicated in our guidance, which gives us benefit in our moly credit. So we haven't put out a long-term target because there are a lot of opportunities that we need to first unpack and to be able to stabilize, but I do expect it to continue to decline as we go forward, particularly given with the production base benefit that we're getting.

Jonathan H. Price
President, CEO & Director

And I think I'd just add to that, Richard, that we haven't seen any structural change in the assets. So for the reasons Crystal outlined, when we capture those benefits, despite the fact -- including the effect of inflation I suppose, we should be broadly in line with the unit cost we've outlined previously.

Crystal J. Prystai
Executive VP & CFO

And then maybe just to circle-back and answer your question on sustaining capital. So beyond 2026, we no longer expect to have the TMF capital impacts beyond that year. And I think that sustaining capital range continues to be reasonable from the original sanctioned piece in the outer years.

Daniel McConvey
Rossport Investments LLC

Daniel McConvey, Rossport Investments. Another question for Dale on tailings. This might have been touched on in the announcement of the merger. But -- and then there's not many big tailings stands like this around. But is there any analogy to similar problems that, I know Anglo was mentioned before, to this and historically? And what happened and how this is fixed? And I'm just wondering also just on the cyclones, if they've been used before in this situation successfully.

Dale Webb
Senior Vice President of Operations - Latin America,

So in terms of industry, in terms of industry experience, I think one of the elements around the cyclone technology, if you happen to have this technology day 1, you may not appreciate you have this problem and that technology allows you not to have the problem and you progress. We have lots of tailings dams around in Chile that don't have this problem, but yet, depending on what cyclone technology they have, that's a different discussion.

Certainly, the experience of Quellaveco and the sharing we've had has allowed us to reinforce our path forward and be able to give us confidence we're on the right track relative to cyclone technology and our behaviors in terms of how to manage the sand and our sand deposition.

In terms of other tailings dams and industry experience, it's quite limited. And that also contributed to the early days when we're focusing on our sand was meeting sand specifications, industry experience says, well, then it's all operational operating practice and how you're driving and how you're improving down that path. There's very limited industry experience relative to this element, recognizing the cyclone technologies that it's out in the market today.

Brian MacArthur
Raymond James Ltd., Research Division

Brian MacArthur, Raymond James. Can I go back to the QB-Collahuasi synergies? You put up a slide for QB, talk about how good the concentrate is, how clean it is. Can you just talk about what it's like at Collahuasi? And as you go forward, whether there's any big marketing synergies between the 2 as you move forward and whether that's included in the $1.4 billion?

Jonathan H. Price
President, CEO & Director

Yes. Thank you, Brian. I will pass you to Ian Anderson, our Chief Commercial Officer, to pick that one up.

Ian K. Anderson
Executive VP & Chief Commercial Officer

Thanks for the question, Brian. So at Collahuasi, you see a reserve grade of above 0.96, and of course, at QB, you see above 0.52. So together, when you blend those grades, you get a combined grade of about 0.73%. And we did consider arsenic as a key contributor in terms of how this would add to the synergies. And so when you look at arsenic, the key factor in the market is to get down to that 0.05 level. And Collahuasi has typically been about the 1 range. And so when you blend those 2 together, you actually get below that specific penalty and so it improves that overall quality.

In terms of payables and premiums, different between both sites, but we think those will withstand, and you definitely see that built into the synergy calculation.

Unknown Analyst

[James Mcgeoch] at Goldman Sachs. Just staying on Collahuasi. You talked about 2026 progressing ahead of the deal completing. Can you just help me understand how that JV agreement works or your understanding of it given Anglo's share plus Japan's share, obviously, a majority. And the last time I heard Gary Nagle talk, he was talking about fourth line at Collahuasi as an option for them. So just trying to think about the mechanics of, assume a vote goes through on the -- in December, how you're thinking about the kind of attribution of the decision making process there.

Jonathan H. Price
President, CEO & Director

Yes, sure. Look, I mean, I won't talk about the specifics of the Collahuasi JV. That's a better question to be answered by them. But they are -- it is an incorporated joint venture, meaning that Collahuasi is the entity with which we work predominantly. It's different on the QB side where we're in an incorporated joint venture and Teck is the operator in that sense. So there's a slight nuance in that.

In terms of the work that we can continue to do independently, that would be quite significant. We've been sharing information, as I mentioned before, that's given us the insight into the synergies that we've outlined today and previously with respect to the operation. Sorry, just remind me what the other part of your question was, James? There was a specific piece you wanted me to unpack.

Unknown Analyst

No. I was just trying to understand, obviously, there's an alignment between yourselves and Anglo in terms of the agreement that's being done. So I'm just trying to think about how the market should anticipate the next leg of the conversation.

Jonathan H. Price
President, CEO & Director

Yes. Look, I think the other thing you mentioned was just the fourth line at Collahuasi and discussion about that. Part of the reason why we think the timing of this merger and the timing of working together at QB-Collahuasi makes so much sense is both assets have a strong stand-alone expansion pathway. It's the fourth line at Collahuasi and, of course, we have the option for mill expansions at QB.

Now we think both of those options will be significantly more capital-intensive than the combination that we've outlined here at around 11,000 per tonne of copper produced. And therefore, we think the returns from what we're outlining here through these synergies will be much better than either asset can realize on a stand-alone basis. And those decisions will have to be made in the near term because, of course, one side or the other commits to a major expansion, you've sort of lost the ability to capture the value, which is why we think the timing for the merger is now and the timing for the cooperation between QB and Collahuasi is now.

I mean, ultimately, Collahuasi will have to approve the path forward here. But our view is that it is so much more attractive to capture these low capital-intensive synergies than it is to take the additional capital and the inherent risks in a major project like building a new mill that would exist on a stand-alone basis.

So as I said before, there's work to be done, of course, to ultimately define the commercial framework between the 2 assets, but the incentives on both sides should be very much aligned here if we're all acting in the best interest of our shareholders.

Anita Soni
CIBC Capital Markets, Research Division

Anita Soni, CIBC. I just wanted to understand the tailings dam a little bit more about this construction here. So there's a fourth and fifth -- a fourth is being constructed right now and then a fifth rock bench. Is that fifth one is also a vertical, or is that the top one, the crest [cap there]?

Dale Webb
Senior Vice President of Operations - Latin America,

The fourth one -- or sorry, the fifth one will follow the same angle or the same growth trajectory as the fourth one, just like the fourth follow the third and the second and the first.

Anita Soni
CIBC Capital Markets, Research Division

So what would you say is the actual confining, like when you're looking at your throughput rates for next year and the combining factors on that, would you say it's the building of the top crest? Or is it the rock or is it the sand that's a combining factor?

Dale Webb
Senior Vice President of Operations - Latin America,

So the whole purpose of building the rock benches is to create a wide enough platform to keep growing the crest of the tailings dam. And really the limiting factor and the source of the downtime is how fast we can build those rock benches to create the width of the crest to be able to build -- to build our tailings dam. So for next year, there is time put aside within our guidance to be -- to ensure we're able to achieve that rock bench construction and to be able to build our crest height to be able to achieve our production levels as per the guidance of next year.

Jonathan H. Price
President, CEO & Director

Okay. So seeing no more questions, so that wraps up our presentation. Oh, there is one at the back there. There's Ian.

Izak Jan Rossouw
Barclays Bank PLC, Research Division

Ian Rossouw from Barclays. Just on the assumptions, Jonathan, where you were saying you assume one of the QB lines will treat the Collahuasi ore, why not 2? What prevents you from doing it at both of the lines? And are there any constraining factors?

Jonathan H. Price
President, CEO & Director

Look, I think the constraining factor ultimately is the rate of mining at Collahuasi. There's a strip ratio there of more than 4 to 1. So the increase in the rate of mining that's required to supply the material to the QB mill is significant. So as we've looked at that from a first step in terms of synergy capture, it makes sense to us to go with one line at QB processing only Collahuasi ore. Of course, there's nothing in the future to stop us looking at additional configurations, but Collahuasi is already a very, very large mine. There'll need to be fairly significant additional fleet operating in that mine ultimately to achieve the ore supply that's required to add the 175,000 tonnes of annual copper production through the QB mill. But as I said, we can continue to analyze potential further upside in the future. But we think this is the optimal configuration for the first phase of synergies.

Unknown Analyst

Sorry, just coming back again to the sand and drainage. The presence of ultra-fines, now that you've had a chance to digest what's happened in the last couple of years, what's the root cause of missing this from the construction perspective? Like you're giving me the impression that you were surprised by the presence of ultra-fines. So was that -- was that a defect in the early metallurgical testing before the operation was built? Or sort of how is this -- what's the root cause of the miss here? I guess I'm trying to understand.

Dale Webb
Senior Vice President of Operations - Latin America,

So I think from the perspective is how the ultra-fines are behaving within the cyclones. So the presence of ultra-fines isn't necessarily a surprise. But what happens to them within the cyclones is clearly the question, which then impacts how the sand behaves and drains in the paddocks. So what we're learning, and this is unique relative to many of our other operations in Chile, but certainly, the sharing we've had with Quellaveco, is the cyclone -- depending on your cyclone technology, you can concentrate your ultra-fines impacting your sand drainage. And that is something that we've learned through the course of the -- recently, and this is the work -- the reason why we're changing our cyclone technology and certainly encouraged by our results to date, seeing that improvement in sand drainage, and now looking forward to translate that on operating performance.

Jonathan H. Price
President, CEO & Director

Thank you. And then back to Richard, I think, for the final question now.

Richard James Hatch
Joh. Berenberg, Gossler & Co. KG, Research Division

Just a question. I guess part of Teck's history has been doing kind of minority stakes with Japanese partners, coal and now with them, QB. With all of the synergies that you can see by combining this and all of the upside potential, is there any interest as a combined entity to buy back the minority stake that you sold back in 2018, so you have more share of the upscale pie?

Jonathan H. Price
President, CEO & Director

Look, that's something we're not considering at this point in time. We're working through the completion of the merger with Anglo American. We're working through the combination of QB and Collahuasi and capturing the synergies that are available. We don't have any broader considerations beyond that for the time being.

Partnerships with the Japanese are usually very good. They're very long-term, stable supporters of these operations, including, of course, contributing their share to capital of any future expansions of these operations. And of course, they always provide very good long-term partners for offtake of concentrate from these sorts of operations. So I don't see a need to do anything different in that regard. We're very happy with our partnerships with the Japanese, particularly at QB.
Okay. Well, with that, I will this time wrap up the presentation for the afternoon. Thank you again for joining us, both in Santiago and on the webcast. We look forward to showing QB to those of you who are here in person. It will be a very engaging and enlightening day tomorrow, I'm sure. Wish you all a good afternoon and evening. Thank you very much.