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MANAGEMENT DISCUSSION SECTION

Jackie Przybylowski, Analyst, BMO Capital Markets Corp. (Canada)

Good afternoon, everyone. Our next presenter today will be Jonathan Price, who's the President and CEO of Teck. I just want to make a quick mention. We are a research restricted on Teck, so we will be doing some questions from the app. But I'm prevented from asking any of my own original questions. But we will enjoy Jonathan's presentation, so thank you very much, Jonathan.

Jonathan Price, President, Chief Executive Officer & Director, Teck Resources Limited

Thank you. Okay. Thank you, Jackie. And to the BMO team for hosting us again today. Always wonderful to be back in Florida, particularly when you live in Vancouver and to have the opportunity to speak with all of you once again. Before we begin, I'd like to draw your attention to slide 2. This presentation contains forward looking statements. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward looking statements. Please refer to our presentation on our Investor website for the assumptions underlying these forward looking statements, and I will also reference various non-GAAP measures throughout the presentations. You will find the explanations and reconciliations regarding these measures in the appendix.

So with that out of the way, I will move onto an overview here on slide 3. And Teck is committed to responsibly creating long term value for shareholders and stakeholders with a focus on copper growth. We're driving excellence in performance across our operations and project delivery to ensure that we consistently deliver against our market commitments. At the same time, we seek to unlock the significant potential value upside to our industry leading copper growth portfolio, which we continue to advance. And our approach is guided by our disciplined approach to capital allocation, which balances growth with returns to our shareholders and sustainability is core to who we are and this is a competitive advantage. And we continue to advance each of these four pillars of our value creation strategy.

So on slide 4, Teck is positioned as an industry leading base metals producer. We have a premium portfolio of long life, high quality producing assets in stable and well-understood jurisdictions. We're a top 10 global copper producer based in the Americas, including our flagship Quebrada Blanca Operation or QB in Chile, Carmen de Andacollo also in Chile, Antamina in Peru and Highland Valley in British Columbia, Canada. We are also the largest net zinc miner globally with Red Dog operations in Alaska being one of the largest production, lowest cost and lowest carbon intensity zinc mines in the world.

Now Teck is uniquely positioned in the industry because we have a strong foundation of base metals production, medium term, near-term copper growth through the ramp up of QB and an unrivaled suite of copper growth options. And QB nearly doubles our copper production at steady state operation and beyond QB, we have the potential to unlock significant value for our shareholders through the copper growth optionality in our portfolio.

So turning to slide 5, we were very excited to announce an agreement for the full sale of our steelmaking coal business back in November. This is a transformational transaction that enables Teck to further focus on base metals and copper growth. Glencore will acquire a 77% controlling interest in EVR and become the operator of the Elk Valley steelmaking coal mines. And we closed the sale of a minority interest in EVR to Nippon Steel and POSCO on January the 3. And announced last week that following the receipt of $1.3 billion of proceeds from Nippon Steel and guided our capital allocation framework, the board authorized up to $500 million of shareholder returns via a share buyback, equating to around 30% of gross proceeds. Completion of the sale of our steelmaking coal business is one of our key priorities for this year. Regulatory approvals on the majority sale to Glencore are underway and closing is expected no later than the end of Q3.

So now looking at our key priorities for 2024 on slide 6. Beyond completion of the sale of EVR, we're driving safe operational performance across our portfolio. We've embedded known risks into our guidance to ensure we build confidence in our ability to deliver on our market commitments. Our near-term, copper growth is driven by QB and we remain focused on achieving reliable and consistent operations. We are laser focused and on track to complete construction of the port and commissioning of the molybdenum plant in the first half of the year.

Beyond QB, we're taking a disciplined approach to the development of projects in our industry leading pipeline, which are foundational to our future copper growth. And we will advance that growth by following our capital allocation framework. We aim to ensure that our capital decisions are value maximizing for shareholders, and our key priorities this year have been set up to ensure we can continue to demonstrate to our investors our focus on value creation.

So turning now to an update on QB on slide 7, the ramp up continues through 2024. And encouragingly, we have had multiple periods at or above design throughput capacity so far this year. Throughout 2024, we expect to see progressively stronger copper production from QB with guidance for full year copper and concentrate production of between 230,000 and 275,000 tonnes. QB unit costs are expected to remain elevated this year, particularly in the first half, and this is driven by the cost of alternative logistics, no moly production in the first quarter as the plant is being commissioned, continued ramp up and inflationary pressures, including increased Chilean energy costs. We will provide additional unit cost guidance when QB achieves steady state operational performance.

On the construction side by the end of 2023, the moly plant was substantially complete and commissioning is now well underway. All-in water works at the port have been successfully completed materially derisking our remaining construction. And we are on track to finalize the construction of the offshore facilities at the port by the end of the first quarter and to complete the ramp up of the moly plant by the end of the second quarter. Our QB project capital guidance remains $8.6 billion to $8.8 billion. We're also looking forward to completing construction and achieving steady state operations at QB this year, which is expected to double our consolidated copper production.

So as our QB2 project is nearing completion, we do expect a meaningful CapEx decrease this year. Overall, for 2024, we expect a reduction in total CapEx of approximately $1.2 billion, reflecting the significant step down in QB2 development capital. We will see a slight increase in sustaining capital as we complete the KIVCET boiler repairs at Trail and reach peak capital for the Elkview administration and maintenance complex project in our steelmaking coal business. Capitalized stripping costs are expected to decrease from the peak in 2023.

And following completion of the sale of our steelmaking coal business, our sustaining capital and capitalized stripping costs will materially decrease to around $1 billion to $1.2 billion in total, which on an annualized basis is a reduction of around $1.5 billion. Excluding QB2, copper growth projects will be prioritized for growth capital, particularly the HVC mine life extension project, San Nicolás and Zafranal. All of our growth projects are required to deliver an attractive risk adjusted return.

Now on slide 9, advancing our copper growth projects in a disciplined way is one of our key priorities for the year. This starts with completion of construction and ramp up of QB and driving strong performance across our operations. And it continues with the foundational technical work around our near-term development projects, completing feasibility studies, advancing engineering work, and progressing project execution planning and permitting. And we are adapting our approach to project development. We are undertaking a comprehensive review of the QB2 project delivery, utilizing third party expertise. And given that we won't sanction new development projects until 2025, we have the opportunity to embed lessons learned from this review into all future projects. At the same time, we're building capability and capacity through investment in our people and processes. And in the meantime, we're taking the necessary steps to prepare for potential sanctioning decisions in 2025, such as advancing engineering into detailed design, completing project execution, planning and advancing permitting.

It's important to note that each of our near-term development options are significantly smaller in scope and less complex than QB2. Ultimately, we will follow our capital allocation framework focused on generating strong returns for shareholders, balanced with growth and maintaining a robust balance sheet in line with investment grade credit metrics. This means all of our projects must compete for capital with the rest of the business to ensure that we drive strong financial returns.

Now slide 10 summarizes our near-term development options, which include the mine life extension at Highland Valley, San Nicolás, Zafranal, and the QB asset expansion. This represents a portfolio of both greenfield and brownfield projects in stable and well-understood jurisdictions. We continue to progress the optimal path to value for each of these assets. Significant work continues to advance each project with a focus on derisking project delivery. We submitted the environmental permit for the HVC mine life extension to the British Columbia Regulator in October 2023. We submitted the Mexican EIA for San Nicolás on January the 25th of this year. And just last week, we received MEIA approval of the mine life expansion at Antamina. The progress we're making across all of our near-term copper growth options is positioning Teck to generate significant value from these projects at the right time.

And as I've referenced, we consistently apply our capital allocation framework shown here on slide 11 to ensure transparency and predictability in our approach to balancing the sources and uses of capital with a lens on maximizing long term value creation.

On slide 12, this shows that we are in a strong financial position with CAD 7.9 billion in liquidity, including CAD 2.5 billion in cash as of February 21. We ended the year with a net debt to EBITDA ratio of 1.1 times, and maintaining our investment grade credit metrics remains a key focus. Our commitment to balancing growth with returns to shareholders is demonstrated by the significant track record of returns over the period through which QB2 has been in development. Over the last five years, we have completed CAD 2.5 billion in share buybacks and paid dividends totaling CAD 1.4 billion. And as I mentioned earlier last week, the board approved further cash returns to shareholders approving the payment of the quarterly base dividend of CAD 0.0125 per share on March 28, as well as authorizing a share buyback of up to CAD 500 million following receipt of the $1.3 billion in proceeds from Nippon Steel.

So going forward, our capital allocation framework will inform how the board will consider proceeds from the full sale of the steelmaking coal business. In total, we're expecting to receive $8.6 billion in cash proceeds. And as we've already noted, $1.3 billion was received from NSC in early January, with up to CAD 500 million to be returned to shareholders via a share buyback. We will pay our cash income taxes in respect of the 2022 and 2023 fiscal years, which totaled just over CAD 1.2 billion at the end of February this year. And we will pay transaction related taxes of approximately $750 million, payable in early 2025. And with the remaining proceeds, we will assess opportunities to reduce our gross debt and maintain or improve our credit metrics through the cycle, ensuring that we do that economically. We will retain additional cash on the balance sheet to fund our near-term copper growth opportunities and generate strong returns.

And finally, we expect a significant additional return to shareholders. The board will determine the form and timing and amount of these returns, which will be in addition to the CAD 500 million buyback authorized in relation to the NSC proceeds. Overall, the significant cash proceeds from the steelmaking coal transaction will strengthen our balance sheet and ensure we are well capitalized to unlock the full potential of our base metals business while delivering significant returns to our shareholders.

Now moving to slide 14. And before I wrap up, I want to reiterate that Teck remains committed to sustainability leadership. We continue to progress our sustainability strategy and are proving we can make a positive impact, as demonstrated by a number of achievements this past year. We were pleased to announce that our QB and Carmen de Andacollo operations were awarded the Copper Mark in recognition of their environmentally and socially responsible operating practices, joining Highland Valley, which was awarded the Copper Mark back in March 2022. This means that we have now received Copper Mark or Zinc Mark at all Teck operated base metals operations, which is an industry leading achievement that highlights our commitment to sustainability and transparency that was verified through third party assurance.

We're also proud to continue to receive a number of accolades to recognize our sustainability performance. Most recently, being named as a constituent of the Dow Jones Sustainability Index for the 14th consecutive year. We also made a significant move in modernizing our governance structure through the introduction of a sunset clause for the dual class share structure. And we made significant progress against our long term sustainability goals, including net zero Scope 1 and 2 emissions by 2050, nature positive by 2030, and collaborating with our communities and indigenous peoples with a commitment to working to achieve free, prior and informed consent for all of our mining activities.

And of note, we were one of the first mining companies to make a commitment to support a nature positive future. We have implemented initiatives to ensure we protect and restore landscape and ecosystems for the benefit of all, including conserving and reclaiming at least three hectares for every one hectare that we affect through mining.

So now in conclusion, on slide 15, Teck is committed to responsibly creating long term value for our shareholders and all stakeholders. As an industry leading base metals producer with a strategy centered on copper growth, we're in a unique position to deliver significant value. We have a current production from a premium portfolio of long life, high quality assets in stable, well-understood jurisdictions. And we are focused on execution, driving excellence in performance across our operations and projects to ensure that we consistently deliver against our market commitments. We have major near-term copper growth through the ramp up of our flagship QB operation. And at the same time, we seek to unlock the significant value upside potential from our industry leading copper growth portfolio.

Importantly, we will pursue that growth in a disciplined way following our capital allocation framework so we balance growth with returns to shareholders and maintaining a strong balance sheet through the cycle. And sustainability is core to who we are. Our sustainability leadership position is a competitive advantage. This strategy will ensure that we responsibly generate significant value for shareholders and all stakeholders.

So with that, we can open the floor to questions. Please, Jackie.

QUESTION AND ANSWER SECTION

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Thanks, Jonathan. And I am required by our Compliance Department to remind everyone that we are restricted, but we do have a number of questions from the audience. First of all, I'll ask a quick one maybe. How – what are the approvals outstanding for your coal sale?

<A – Jon Price – Teck Resources Limited>: So we have a number of regulatory approvals some are antitrust related. So we required antitrust approval from about 11 jurisdictions. We have some of those. There are some outstanding. The other approval is the key one being the approval of the Canadian government under the Investment Canada Act, because it's a change of control of a Canadian business. Everything is going well so far. And that approvals process, it all appears on track. As I said, we're confident in achieving those approvals no later than the third quarter of this year.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: All right. There's a number of questions about copper, so maybe I'll try and ask a couple at the same time. What is the copper price that attracts project development versus buying back shares? And another similar one would be our copper prices at a level that would be necessary to approve new projects.

<A – Jon Price – Teck Resources Limited>: Yes. So first of all, just to touch on the copper price as we see it today, I mean, we're clearly seeing a shortage of concentrate in markets right now as it relates to the required consumption of the smelters. And that's manifesting itself in very low treatment charges at present. Our expectation is eventually that the pressure on certain smelters will cause some of that capacity to shut in. And therefore, we will eventually start to see less refined metal being produced, which we think will be a positive for the copper price quite when that emerges, whether it's in the next quarter or in the next half year. That's the dynamic that we feel is playing out at the moment. So it's quite constructive.

In terms of how we look at project development here going forward, think there are sort of almost two types of projects in the market going forward as the, what you might call the mega projects, where you need a full suite of infrastructure associated with those. They're difficult projects. We know that well, coming to the end of QB. But these are projects that will have capital intensity, probably approaching CAD 30,000 a tonne, which is a big shift, I think, in what we'd expected previously. So, if the average used to be CAD 20,000, now we're at CAD 30,000, there's a 50% increase there in capital intensity. Those projects used to work at CAD 3 a pound. They probably now work at CAD 4.50, if you apply the same 50% increase in the copper price that's required.

However, there are smaller projects and I look at the sort of the San Nicolás or the Zafranal examples in our portfolio where we don't have to add a lot of associated in infrastructure to those. It's more about a minor concentrate at the tailings facility on a relatively constrained site. I think they can continue to be delivered at lower capital intensities and therefore can offer a very attractive returns at a lower copper price.

From our perspective, as we evaluate these projects, we use a range of copper prices because we know one thing for certain, we'll never be right if we pick a single number. So we test their resilience at lower copper prices to ensure that they will continue to make sense. But we also, at any point in time, will test investment in new capacity versus the return we can get on the acquisition of our own shares. So you saw, as I mentioned, last week, we've announced another buyback for two reasons; one, we believe is there's value in our shares at this level. But secondly, as we step forward to be a copper growth focused growth company, there's two ways we can achieve that growth. Of course, one is through adding additional copper units and cash flows to the business. The other, of course, is taking down the share count. So on a per share business, we can grow the value for our investors. So I think the decision we made on the buyback last week is entirely consistent with that growth thesis.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Does Teck want to be a pure copper producer?

<A – Jon Price – Teck Resources Limited>: No. We very much like copper. We think copper has excellent structural market fundamentals going forward and a lot of our growth is very much copper centric. We also have a very large zinc business. We'd like to maintain that business going forward. And of course we do produce, as others do, significant byproducts from many of the mines that we operate through Highland Valley Copper and now increasingly through QB, we'll be a significant producer of molybdenum. We produce gold from some of our operations as well. And while these aren't our primary commodities, they do give us some degree of diversification.

It would be fair to say that our pipeline and the clues in the name, our copper growth portfolio, is very focused on copper, and that will be the focus for us in the years ahead, because no matter how you look at the risks, for example, the different battery technologies and whether it's solid state or nickel or lithium or whatever the answers might be or whatever combination of the above, you can't get past the fact that you're going to need to move electrons from one place to another, and that's going to come from copper. So we're very, very favorably disposed to those structural tailwinds and we'll look to invest in that through our portfolio.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Jonathan, there's two questions about Highland Valley. Can you talk a little bit about the HVC 2040 project? What is it required to get permitted and start producing?

<A – Jon Price – Teck Resources Limited>: Yeah. So the current mine comes to end of life in 2028 and we have a project here that will carry us through to the mid 2040s. HVC is one of those mines that was supposed to close down 30 years ago and then 20 years ago and then 10 years ago. And they just keep going. That's what happens with some of these great ore bodies. We'll continue to invest in HVC. It's a pretty simple brownfield project. We have to do a push back of the existing mine to access new reserve. We have to relocate some crushing infrastructure and we'll make some upgrades to our grinding circuit and our flotation plant. But that's something we'd expect to sanction in 2025. So we have continuity of operations between the existing mine coming to end of life and the new project starting up.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: I'm going to squeeze one more copper question in. How do you weigh organic projects versus M&A? Are there any M&A opportunities that could fast track your copper growth?

<A – Jon Price – Teck Resources Limited>: Look, I mean, I think we heard from [ph] Yvonne (00:24:19) in the last presentation that the opportunities for M&A in the copper space are highly competitive. There's probably 40 parties in every process. You've got sovereign wealth money in there as well. Of course, they don't have to answer to public shareholders like we do, so they can put a different valuation on some of these projects. It points to us that the best value that we can control the delivery of will be through the execution of our organic pipeline. And [ph] we just (00:24:45) want to balance that execution of that pipeline through ongoing returns to shareholders. And we think that's a great thesis on which to create value for shareholders.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Maybe switching over to coal. Met coal will be an important part of the energy transition. So it is ESG friendly. Do you regret that you sold the coal business? Do you see that as a ESG friendly business?

<A – Jon Price – Teck Resources Limited>: Not at all. I mean, we fully agree that both that it's a great business and we also think that it's a long duration business because steelmaking coal is going to be required to make steel for decades to come. So this is not a question of running away from a bad industry or a bad business. This is running towards an opportunity we see on the copper side, which we think is significant. And we think that investors who are looking to play the thematic of energy transition through copper, I think we'll offer a quality opportunity there. We'll have a quality production base. We'll have a quality project portfolio. We'll be in low risk jurisdictions and we'll have a very strong balance sheet. So I hope we make this an easy investment decision for our investors when they look for copper growth, they can look to Teck.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: I'm going to apologize to people whose questions I don't get to. But maybe to wrap up, maybe one question on zinc. Can you give us your view on the supply and demand outlook for zinc?

<A – Jon Price – Teck Resources Limited>: Yeah. I mean, I think we can see that playing out again through the TC/RC market at the moment. We're expecting a settlement this year that's substantially lower than it landed last year, again, points to some of the shortages in the concentrate market. There is a bit more length in the metal market though than we're seeing in copper and we've seen prices under some pressure for some time. Again, we think the medium term fundamentals for zinc are robust. They perhaps aren't spectacular. The way that copper is but I think it's a very solid market and one we remain very committed to.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: You answered that faster than I expected. I'll sneak one more in.

<A – Jon Price – Teck Resources Limited>: I really need to learn to talk slow. I don't know.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: How does the Mexican open pit mining ban effects your view of San Nicolás?

<A – Jon Price – Teck Resources Limited>: Yeah. I mean, look, that's – I mean, firstly, if you step back and look at that from an industry perspective, it's just indicative of how hard it's going to be to bring on the supply we need to meet the demand expectation for copper. Going forward, that's something newly introduced by an outgoing president who won't have time to see that through in his remaining term. We'll engage with the Government of Mexico, as we always do on this. It would be a nonsensical move from my perspective to see open cut mining banned in Mexico and we hope for a sensible resolution of that, which will enable the development of San Nicolás.

Jackie Przybylowski, Analyst, BMO Capital Markets Corp. (Canada)

And with that we are out of time. Thank you very much, Jonathan.

Jonathan Price, President, Chief Executive Officer & Director, Teck Resources Limited

Thank you.