

An aerial photograph of a town nestled in a valley. The town is surrounded by dense green forests. In the background, large mountains are covered in snow under a clear blue sky. A dark blue triangular graphic is overlaid on the left side of the image, containing the title text.

2018 Economic Contribution Report

Teck

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About This Report

We believe it is important to provide information about our activities so that communities of interest have a clear understanding of the economic benefits generated by mining and our payments to governments.

Teck has a long history of providing detail and disclosure on our tax and economic contribution. Through our Annual and Sustainability Reports, Teck discloses taxes accrued and paid in accordance with applicable accounting standards and has supplemented this with additional voluntary disclosure.

Our annual Economic Contribution Report provides even greater detail, as an independent report of our payments to governments and other economic contribution, including wages and supplier spending. In this report, we provide an analysis of our tax payments in 2018 by type, country and level of government. We also include additional detail on the value Teck generates for the communities in which we operate, including Indigenous communities, through wages, payments to suppliers and contractors, and other economic activities.

This report, which was released in June 2019 on our website, complements our annual reporting under the *Extractive Sector Transparency Measures Act (ESTMA)*.

This report covers all of the operations managed by Teck and, where appropriate, exploration projects, development projects, joint venture operations and legacy properties. Data included in this report is from January 1 to December 31, 2018, across our steelmaking coal, copper, zinc and energy projects and operations and projects in Canada, the United States, Chile and Peru.

All dollar values are in Canadian currency unless otherwise stated. A description of key terms, an explanation of the scope of reporting and the definitions applied for each type of tax payment are provided on page 16.

Total payments to governments in accordance with the ESTMA of \$966 million included in the report have been audited by PricewaterhouseCoopers LLP. For their independent auditor's report in relation to the ESTMA information, see page 24.

Total Payments to Governments and Economic Contribution at a Glance

Teck's total payments to governments and economic contribution are significant in the areas where we operate. Our economic contribution includes taxes paid, employee wages and benefits, spending with local suppliers, and community investment. The total economic contribution was \$11 billion in 2018. Our total payments to government were approximately \$1.7 billion. Our payments to employees in wages and benefits were \$1.6 billion and our supplier spend was \$7.9 billion while our community investment was \$22 million. Our economic contribution occurs throughout the mining life cycle; however, the payments vary across the cycle.

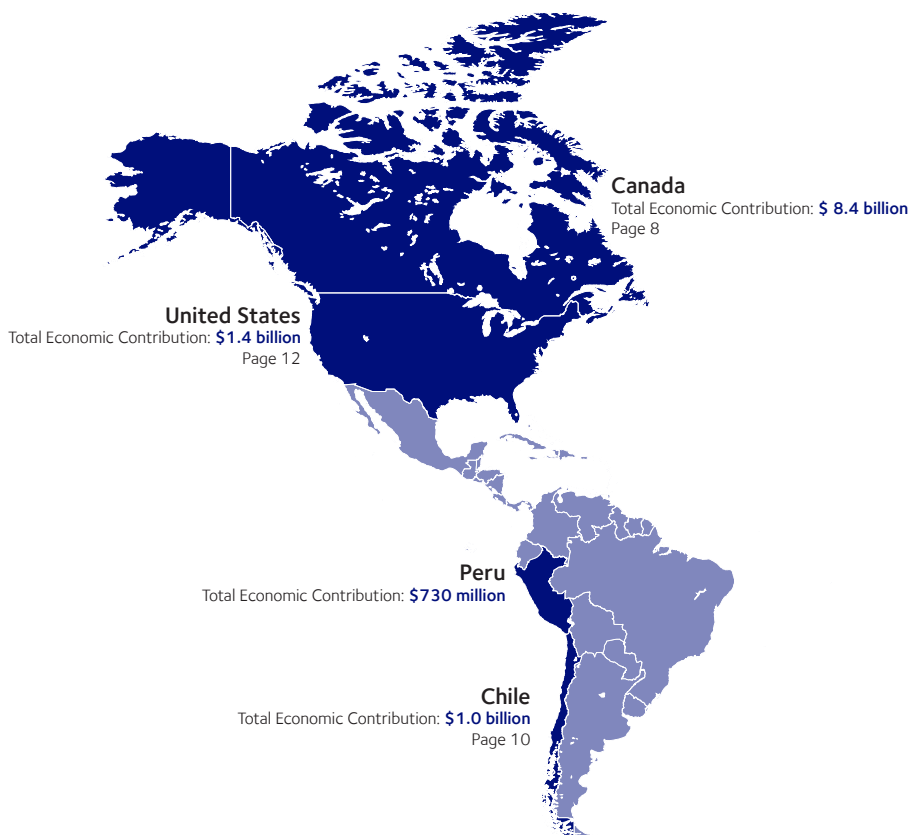


Table 1. Type and Number of Managed Operations and Total Employees by Country⁽¹⁾

Canada		Peru	
Copper	1 Operation	Copper	1 Operation
Steelmaking Coal	6 Operations	Total Employees	30
Zinc	1 Operation		
Total Employees	8,400		
Chile		United States	
Copper	2 Operations	Zinc	2 Operations
Total Employees	1,300	Total Employees	800

⁽¹⁾Approximate number of employees at the end of 2018 including temporary and permanent, working at Teck-operated mining and metallurgical operations and offices as reported in the 2018 Sustainability Report. As such, total employees in Peru does not include the Antamina mine.

Approach to Transparency and Tax

Mining is a capital intensive business. Significant initial capital investment is required to construct a mine. It often then takes many years to generate a return on investment. We believe in and are supportive of paying legislated taxes on profits in the country where value is created over the course of the mining life cycle. We advocate for tax systems that consider the long-term contribution from the mining industry and that are effective, competitive and that support economic growth, job-creation and sustainable tax contributions. Our approach to taxation is aligned with our [Code of Ethics](#) and our approach to business and sustainability. That approach is outlined in our [Tax Policy](#).

We voluntarily provide information on our tax payments in our principal operating countries on a country-by-country basis in our [Sustainability Report](#) and have done so since 2006. Our other (or “non-tax”) payments to governments are also reported to the Canadian government by country and on a project-by-project basis as required under the [Extractive Sector Transparency Measures Act](#). Teck is a member of the Extractive Industries Transparency Initiative (EITI), which is a voluntary global initiative that promotes transparency in payments to governments and revenues for extractive industries. Our aim is to clearly disclose our payments to governments and to highlight our role in providing social and economic benefits in the areas where we operate.

Our Tax Policy

1. In all tax matters Teck is compliant, transparent, cooperative and ethical. Teck files all required tax returns and tax information slips on an accurate and timely basis. Teck pays its taxes on time and in full.

2. Teck responds openly and fully on a timely basis to all government requests for information pertaining to our legal structure, our financial results and our taxes in the course of their audits. Teck does not engage in tax planning that relies on the non-disclosure of activity or ownership in tax havens or secrecy jurisdictions.

3. Teck seeks to build open and trusting relationships with the tax authorities in all jurisdictions in which it operates, building on the common interest it has with the authorities in efficiently reaching a timely and accurate determination of its financial responsibilities for taxes. Where a dispute does arise, Teck will work with the authorities to reach an agreed statement of the relevant facts so that the issue can be resolved efficiently.

4. Teck undertakes tax planning in accordance with applicable laws and tax policy in relation to matters that arise in the ordinary course of Teck’s business. The goal is to support the growth and development of Teck’s business in a way that reflects its legal obligations and its commitments to its people, its shareholders, and to the communities in which it operates. Teck’s Code of Ethics is always considered and respected.

5. Material transfers of goods and services between companies in the Teck group are effected at arm’s length prices and on arm’s length terms in accordance with the substance of the commercial transaction and in compliance with international transfer pricing standards such as Organisation for Economic Co-operation and Development (OECD) guidelines.

6. Teck has a limited presence in offshore financial centres. This currently includes a financing affiliate that finances active mining operations outside of Canada and an insurance affiliate that insures our worldwide mining operations. In accordance with our Tax Policy, our activities in any such jurisdictions are fully disclosed to all relevant tax authorities in accordance with applicable law, and are conducted on arm’s length terms in accordance with applicable transfer pricing rules, are related to the ordinary course of our business. These activities are also fully compliant with the tax laws and policy applicable in the relevant financial center and in the operating jurisdiction which has received financing or insurance.

7. The tax consequences of material transactions are the subject of written analysis supported, where appropriate, by written external opinions and/or local government authority advance tax rulings.

8. Where there is a clear, unambiguous and material error in a filed tax return, Teck will disclose the error to the relevant tax authority if the error is discovered before the completion of the relevant tax audit cycle.

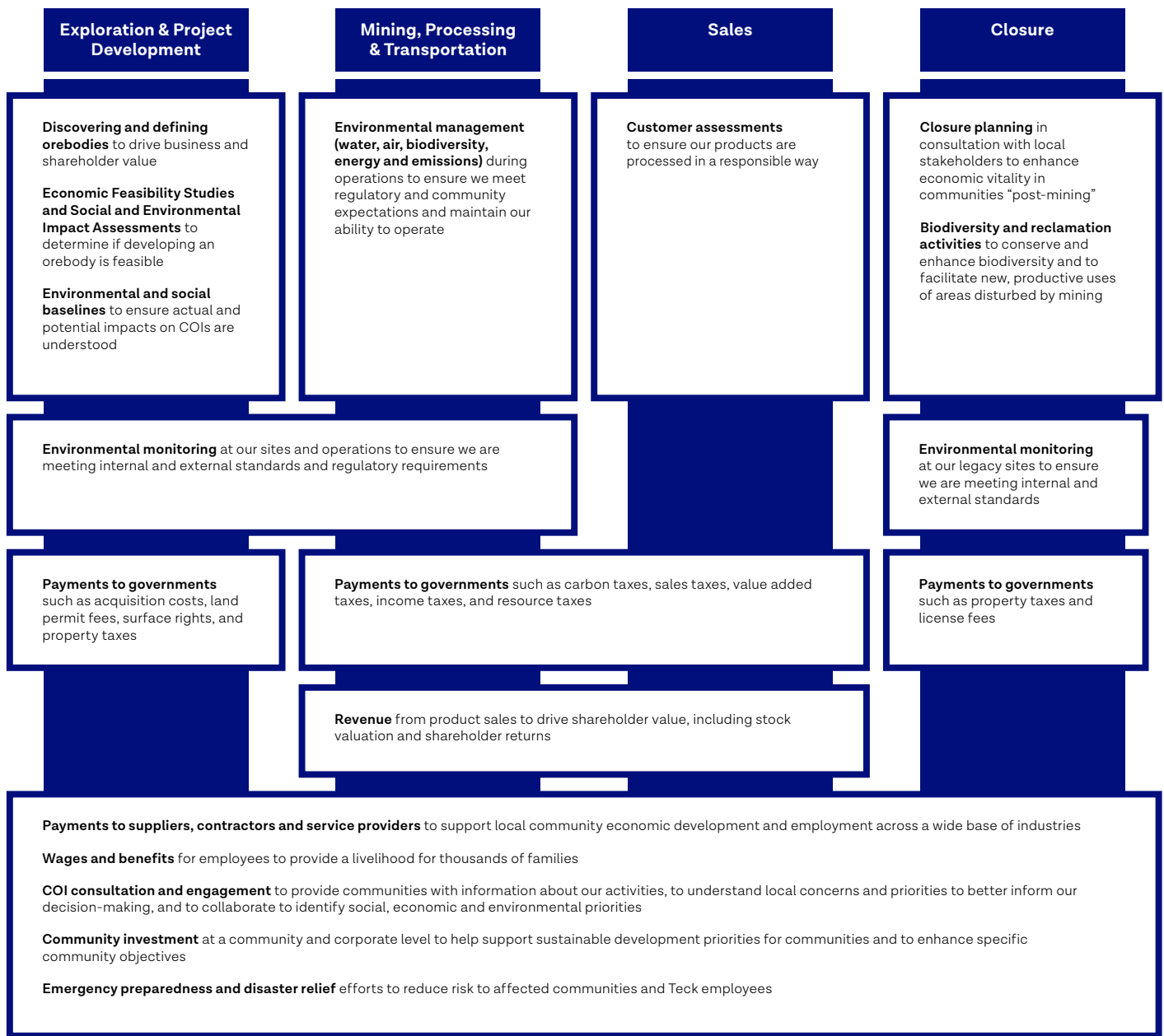
9. The Vice President, Tax reports regularly to the Senior Vice President, Finance and Chief Financial Officer and to the Audit Committee of Teck’s Board of Directors. Taxes are a material cost of Teck’s business and the payment of taxes is an important part of Teck’s obligations to the communities in which it operates. Tax planning is monitored to ensure that it does not create inappropriate financial risk and is consistent with our commitment to the communities in which we operate.

Overall Economic Contribution

Payments and Contributions throughout the Value Chain and Mining Life Cycle

Teck works to generate value from the extraction, processing and sale of mineral, steelmaking coal and metal resources (Figure 1). This requires our operations to be economically viable across a range of commodity prices. We achieve this by focusing on maximizing the cost-efficiency of our operations and ensuring we receive full value for our products. This in turn helps to ensure the longer-term sustainability of our operations and their economic contribution to communities, including employment, procurement, capital investment, payments to governments and Indigenous Peoples, community investment and returns to shareholders. We focus on facilitating long-term economic opportunities through local hiring and procurement, coupled with strategic community investments, to encourage lasting mutual benefits for our communities of interest (COIs).

Figure 1: Creating Value throughout the Mining Life Cycle



Economic Contribution (by Country)

In 2018, we generated approximately \$12.6 billion in revenue and distributed \$11 billion in economic value as defined by the Global Reporting Initiative. We paid \$1.7 billion to various levels of government in the areas where we operate, including \$780 million in income and resource taxes, and we paid approximately \$7.9 billion to suppliers and \$1.6 billion in employee wages and benefits. Additionally, we contributed \$22 million through our community investment program towards partnerships with communities, governments, the non-profit sector and non-government organizations locally, nationally and globally in support of community development, environmental protection, human health and education. In 2018, our profit attributable to shareholders was \$3.1 billion. See our 2018 [Annual Report](#) for more detailed information on our financial performance.

The table below summarizes economic value that Teck generated and distributed in 2018, broken out by the countries in which we operate.

Table 2: 2018 Economic Contribution by Country (CAD\$ millions)

	Economic Value Generated	Economic Value Distributed							Economic Value Retained	
	Revenues ⁽¹⁾	Payment to Suppliers ⁽²⁾		Employee Wages and Benefits ⁽³⁾		Payments to Providers of Capital ⁽⁴⁾	Income and Resource Taxes ⁽⁵⁾	Community Investments ⁽⁶⁾		Total
		Operating Costs	Capital Expenditures	Operating Costs	Capital Expenditures					
USA	1,973	947	215	178	3	-	96	-	1,439	534
Canada	9,503	5,080	1,091	1,163	15	714	360	10	8,423	1,080
Chile	711	397	424	104	28	-	76	5	1,029	(318)
Peru	1,027	272	107	103	-	-	248	2	730	297
Other	-	9	23	7	-	-	-	3	39	(39)
Inter-segment elimination⁽¹⁾	(650)	(650)	-	-	-	-	-	-	(650)	-
Total	12,564	6,055	1,860	1,555	46	714	780	22	11,010	1,554

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

(2) Operating costs include operating expenses at our mining and processing operations and our general and administration, exploration and research, and development expenses and costs relating to production stripping. Operating costs exclude depreciation, and employee wages and benefits, which are specified separately. Capital expenditures are payments for purchases of property, plant and equipment, excluding the component relating to capitalized wages and benefits, which is specified separately.

(3) Wages and benefits reflects total amounts paid to employees relating to wages and benefits, including payroll taxes.

(4) Payments to providers of capital include dividends paid to shareholders, interest paid to debtholders, and payments for share repurchases less issuance of shares.

(5) Income and resource taxes include amounts paid in the year.

(6) Community investments include voluntary donations paid during the year.

Canada

Teck is the world's second-largest seaborne exporter of steelmaking coal, with six operations in Western Canada with significant high-quality steelmaking coal reserves. Steelmaking coal is an essential ingredient in the primary production of steel. Also called metallurgical or coking coal, it is required for everything from clean energy infrastructure like wind or solar power to low carbon transportation alternatives like rapid transit, buses and hybrid vehicles. Trail Operations, located in southern British Columbia, is one of the world's largest fully integrated zinc and lead smelting and refining complexes. Highland Valley Copper Operations is a copper and molybdenum operation located in south-central British Columbia.

Total tax and economic contribution to the Canadian economy in 2018:

\$8.4 billion

Number of employees:

8,400



Case Study

Uniting Thought Leaders to Tackle Climate Change and Strengthen our Economy

Climate change impacts every part of the world, every community and every person. The sheer scale of the challenges makes it too big and too complex to tackle alone. That's why, in 2017, Teck began working with a unique group of organizations—industry, environmental groups and academia—to accomplish a shared goal: finding real, effective solutions to climate policy challenges for the extractives industry and to help strengthen our economy.

This collaboration, including Teck, Pembina Institute, Clean Energy Canada, academia and members of the resource industry, were first brought together for an informal discussion over dinner hosted by Marcia Smith, Teck's Senior Vice President of Sustainability and External Affairs, and Merran Smith, Executive Director of Clean Energy Canada. They quickly discovered that, despite their diverse backgrounds, they all had a common desire to ensure that the carbon pricing system in B.C. delivered on its intended objective: to reduce industrial emissions without having unintended negative economic impacts.

In particular, the group focused on the value of carbon taxes as an effective way to reduce carbon emissions when coupled with measures to prevent carbon leakage for emissions-intensive trade-exposed (EITE) industries. Carbon leakage occurs when industry activities and associated emissions shift from one jurisdiction to another because of a difference in the stringency of climate policies, resulting in no net reduction to global greenhouse gas (GHG) emissions, or even a potential increase.

The group collaboratively developed and endorsed a policy based on GHG emissions output that featured a pricing incentive to reduce GHG emissions from industrial activities while also preventing carbon leakage. They took this proposal to the B.C. and Canadian governments, who have both expressed their support and commitment towards pursuing output-based policy mechanisms under their respective carbon pricing policies.

“Canada and B.C. have the opportunity to act as leaders in the world's transition to a low-carbon economy while also continuing to strengthen our economy and support healthy communities,” said Marcia Smith. “We believe that the broad-based pricing of carbon is one of the most effective ways to incentivize real reductions in GHG emissions by ensuring that all emitters contribute to the solution. An appropriately developed output-based carbon pricing solution provides an effective incentive for big emitters to reduce emissions while also ensuring they stay competitive with jurisdictions that have less progressive climate policies.”

Following this success, six members of the group were appointed to British Columbia's Climate Solutions and Clean Growth Advisory Council, with Marcia Smith of Teck and Merran Smith of Clean Energy Canada appointed as council chairs.

Chile

In Chile, our Carmen de Andacollo and Quebrada Blanca operations produce copper—a commodity with increasing importance in meeting the world’s growing demand for infrastructure, and one that also is a vital component in the world’s transition to a low-carbon economy, including for power generation and transmission, construction, clean technology, and electronics. Quebrada Blanca Phase 2 is a development project that aims to develop the hypogene resource at Quebrada Blanca, to substantially increase annual copper production and extend the mine’s production life by more than 25 years. NuevaUnión, located in central Chile, is a 50/50 joint venture between Teck and Newmont Goldcorp located in central Chile. The project is one of the largest undeveloped copper-gold-molybdenum projects in the Americas.

Total tax and economic contribution to the Chilean economy in 2018:

\$1 billion

Number of employees:

1,300



Case Study

Supporting Economic Empowerment in Chile

In Chile, women make up just 8.3% of workers in the mining industry; at 14%, Teck's female workforce in Chile exceeds the industry average. However, knowing the importance of inclusion and diversity, we doubled down on a cultural change with a gender perspective to better support and attract women into our workforce.

"In an industry that has traditionally maintained a male-dominated workforce, we recognized that a cultural shift that better supported a female workforce would have tremendous benefits," said Chris Dechert, Vice President, South America. "By being more inclusive and diverse, we are able to come up with better perspectives and more innovative approaches to our work, and attract a broader pool of candidates."

Women in Teck

Chris worked with Diversity Development Consulting to review Chile's operations, projects and corporate office processes to identify obstacles related to diversity and inclusion. The result was a recognition that women, not only at Teck in Chile but across all Teck operations, wanted a women's support network. Thus, Women in Teck (WIT) was born.

Led by Amparo Cornejo, Vice President, Sustainability and Corporate Affairs, Chile, WIT's goal is to provide a support network for the different labour and industry challenges, offer information on job opportunities and participate in industry events for women.

"WIT has been tremendously successful in centralizing efforts that support women in our company and provide them with information and opportunities they otherwise would have missed out on," said Amparo. "There's still

lots of work ahead of us, but we have a strong foundation now to help support gender diversity not only at Teck, but across the industry."

Celebrating Diversity

In 2018, WIT organized a day of reflection for International Women's Day across Chile operations; brought in Chile's first female Aerospace Engineer, Karin Saavedra, to talk about technology and innovation on Mining Day; and established a working relationship with the Women and Mining Working Group of the Chilean Ministry of Mining and the Chilean Ministry of Women and Gender Equity. Following these events, Teck in Chile was acknowledged by the foundation [PROhumana](#) for its commitment to gender equity.

WIT continues to work on the programming of activities for 2019, with a mission to further enhance gender diversity in the company.

Building on our work in gender equality, Teck also supports UN Women in Chile to advance the economic empowerment of Indigenous women. In April 2018, UN Women and Teck announced the extension of their partnership and the development of a new training centre to empower Indigenous women in northern Chile, funded through a US\$1 million investment from Teck. The investment will extend the Originarias program and support the goal of providing Indigenous women in northern Chile with access to high-quality, culturally relevant, flexible training programs with a focus on economic development, entrepreneurship and business management skills.

Learn more about [inclusion and diversity at Teck](#).

United States

We have two zinc operations in the United States, and we are one of the world's largest producers of mined zinc. Red Dog Operations, one of the world's largest zinc mines, is located about 170 kilometres north of the Arctic Circle in Northwest Alaska. Pend Oreille is an underground zinc and lead mine located in northeastern Washington State. The primary uses of zinc are for galvanizing steel to protect against corrosion, for producing brass and bronze, and in die-casting to produce a wide range of metal products. Zinc can also increase crop yields and crop quality and zinc is an essential nutrient in human development and disease prevention.

Total tax and economic contribution to the American economy in 2018:

\$1.4 billion

Number of employees:

800



Case Study

Empowering Youth to Drive Change in the Northwest Arctic

Every day, millions of people worldwide experience mental health challenges and, far too often, those who need help don't receive it. The Northwest Arctic Borough School District (NWABSD) had been struggling with this challenge, which in the past resulted in multiple students each year taking their own lives. But through the innovative Youth Leaders Program led by the students themselves, the well-being of youth in the region has undergone a significant transformation over the past 10 years.

The NWABSD announced in June 2018 a continuation of the Youth Leaders Program, thanks to a \$750,000 donation from Teck's Red Dog Operations. Approximately \$1.4 million has been donated by Teck for this program since 2010.

"The philosophy behind the program is that youth, when faced with problems, will go to friends before they go to adults or service providers," said Michelle Woods, Co-Founder and Program Coordinator, Youth Leaders Program. "Peer influence is the most effective instructional strategy for the Alaska Native population."

History of the Program

In 2008, the NWABSD established the Youth Leaders Program to combat high rates of student suicide in the Northwest Arctic Borough. The program has seen tremendous success, with the number of teen suicides in the borough decreasing from eight in 2008 to zero in each of the six years following.

"We are pleased to support a program that is proving to make a real difference in the lives of youth in this region," said Wayne Hall, Superintendent, Environment & Community Relations, Red Dog Operations. "These kids have the power to change the culture in their schools and villages by embodying the change they wish to see."

Every school site has a Youth Leaders team that consists of 5 to 15 members who are selected each year by the students themselves. The selected youth leaders act as role models for the community and are made responsible for other youth at their schools. Each month, different Youth Leader teams around the district are required to host activities, which could range from doing the daily announcements at the school to facilitating fundraisers for the community.

Each year, there is a district-wide retreat where all members of each team are flown into Kotzebue for their yearly training. The team captains run workshops on topics such as anti-bullying, suicide prevention, student behavioural intervention, public speaking and service leadership. A high-energy atmosphere is created for the four-day retreat, where students learn what it means, and what it takes, to be a leader.

Economic Contribution (by Operation)

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

Table 3: 2018 Economic Contribution by Operation (CAD\$ millions)

Operation	Payments to Suppliers	Payments to Indigenous Governments	Employee Wages and Benefits	Income and Resource Taxes	Community Investment	Total
Antamina	336	-	100	248	3	687
Carmen de Andacollo	291	-	52	91	2	436
Highland Valley Copper	583	7	205	21	1	817
Quebrada Blanca	523	4	76	(18)	2	587
Pend Oreille	75	-	43	-	-	118
Red Dog	869	1	128	96	1	1,095
Steelmaking coal operations ⁽¹⁾	2,969	8	615	344	2	3,938
Trail Operations	1,938	-	193	-	-	2,131

Local Hiring and Procurement

Taxes and royalties are only one part of mining’s overall contribution to countries and communities. Wages paid to employees, as well as capital investment and operating expenditures, also contribute considerably to the local economy.

We contribute to the long-term employability of the people near our operations by providing a range of career opportunities. In 2018, we employed approximately 10,700 people worldwide, in a wide range of activities related to mining and mineral processing, including exploration, development, smelting, refining, health and safety, environmental protection, social performance, product stewardship, recycling and research. Sourcing local goods and services and hiring local people helps build community support for our activities, enhances our local knowledge, increases capacity, and mitigates business and social risks.

Local hiring and local procurement are a priority at Teck operations. Whenever possible, sites look for opportunities to utilize local suppliers, providing that they meet our standards and requirements. At a number of our sites, local suppliers also include those who self-identify as Indigenous Peoples. Commitments regarding procurement and hiring practices may also be included in agreements between Teck and Indigenous communities. In 2018, 71% of our employees are “local,” in that they are from areas near our operations or offices.

For more information on our local hiring and procurement practices, please visit [Local Hiring and Procurement](#) on our website.

Sharing Economic Benefits with Communities and Indigenous Peoples

In 2017, we started reporting on payments to governments in our principal operating countries (Canada, USA, Chile and Peru), including taxes and other payment types, by country and on a project-by-project basis as required under the Canadian *Extractive Sector Transparency Measures Act* (ESTMA or the Act). ESTMA introduced new reporting and transparency obligations for the Canadian extractive sector with the aim of supporting global efforts against corruption in the sector.

At Teck, developing strong and lasting relationships with Indigenous Peoples is a fundamental part of how we operate as a responsible resource company. This includes working with Indigenous communities to establish agreements that will allow them to help shape and benefit from resource development in their territories. Where we have agreements in place, the payments made to Indigenous groups under those agreements may vary. The agreements are developed based on a formalized process for negotiation where the details of specific agreements are typically confidential. For more information, see pages 16–20.

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

Community Investment

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

Our community investment program is guided by best practices from the International Finance Corporation, the London Benchmarking Group and Imagine Canada. We aim to contribute at least 1% of our earnings before interest and taxes on a five-year rolling average basis to community investment. With our target tied to earnings, our success as a company directly impacts our ability to invest in the communities where we operate. For more information, please visit [Community Investment](#) on our website. Our community investment expenditures in 2018 were \$22 million. For a detailed breakdown of community investments made from 2015 to 2018 by site, please see Table 20: Community Investment by Site on page 55 of our 2018 Sustainability Report.

Figure 2: Community Investment—What We Support

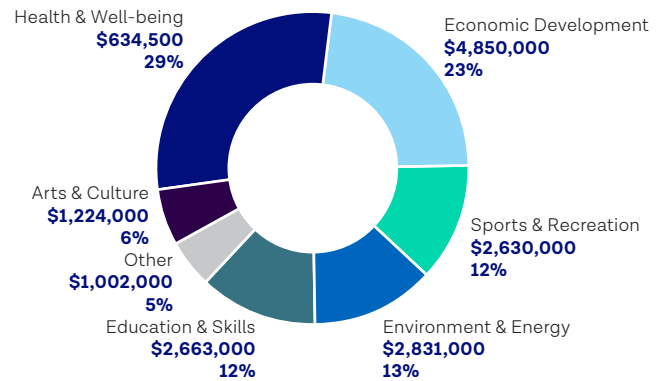


Figure 3: Community Investment—Where We Contribute

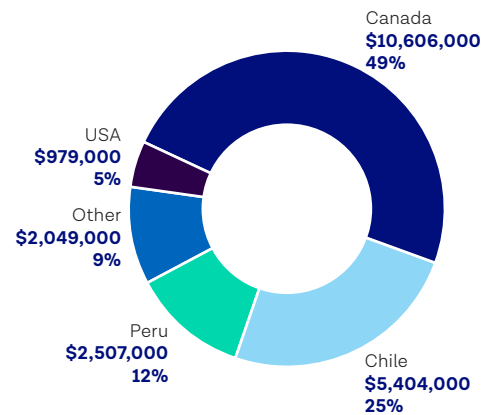
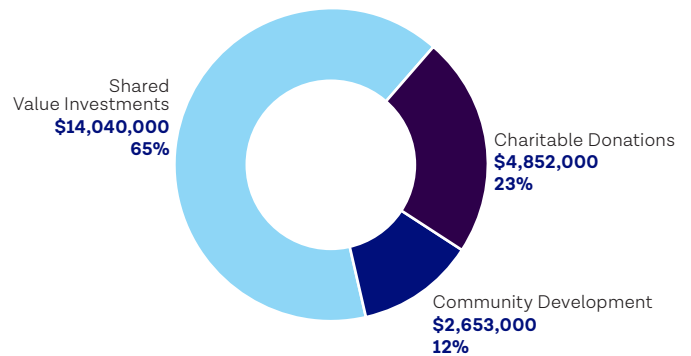


Figure 4: Community Investment—Why We Contribute



Indigenous women in northern Chile.

Basis of Report

We have prepared the 2018 Total Payments to Government (Report) on pages 16–19 to provide a comprehensive view of the overall tax and economic contribution made by Teck.

Taxes, royalties and other payments to governments are presented in this Report on a cash basis for the year ended December 31, 2018. Taxes reported in this Report are different from the income tax expense amounts on our financial statements, which only include corporate income taxes and resource taxes, and are prepared on an accrual basis in accordance with International Financial Reporting Standards. The income tax provision in our financial statements represents an estimate of the income taxes payable for the applicable reporting period including any resolutions of prior period provisions. See page 22 for the reconciliation of income tax expenses to income tax paid as reported in our financial statements for the year ended December 31, 2018.

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

All payments to governments in this Report have been presented in Canadian dollars. Payments denominated in currencies other than Canadian dollars are translated for this report at the closing exchange rate on December 31, 2018, as permitted by the *Extractive Sector Transparency Measures Act* (ESTMA).

Payments to Governments—*Extractive Sector Transparency Measures Act*

This Report is prepared taking into account the intent of ESTMA, the Global Reporting Initiative's Economic Standards and the International Council on Mining and Metals Transparency of Mineral Revenues Position Statement, and is presented in accordance with Natural Resources Canada (NRCan) Technical Reporting Specifications.

Our ESTMA Report for the year ended December 31, 2018, is available on this [link](#).

For the year ended December 31, 2018, Teck has reported \$966 million in payments to governments under ESTMA.

The following is a summary of judgments and definitions that we have made for the purpose of preparing the ESTMA Report.

Cash and In-Kind Payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for in-kind payments, if any, has been disclosed in the notes section of the ESTMA Report. For the year ended December 31, 2018, there were no reportable in-kind payments to a payee.

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

Payee

For the purposes of ESTMA, a payee is:

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

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

Aboriginal and Indigenous groups/organizations may also be regarded as a payee under the Act. Payments to Canadian and non-Canadian Indigenous governments are reported.

Reportable Payments

A reportable payment for ESTMA purposes is one that:

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

Taxes

Taxes include corporate income taxes, resource taxes, property taxes, withholding taxes on cross-border dividends, and other levied taxes, excluding consumption and personal income taxes. Corporate income and resource taxes are payments to governments based on income, profits or production under legislated income tax rules in relation to the commercial development of oil, gas or minerals. In the Consolidated Statement of Income, prepared in accordance with International Financial Reporting Standards and included in our Annual Report, corporate income taxes and resource taxes are both presented as income tax. We report taxes net of credits or refunds where those amounts are adjusted for in determining the amount of taxes to be paid in cash. Refunds received separately in cash are excluded from reported payments.

Royalties

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

Fees

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

Production Entitlements

Production entitlements are a payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement. For the year ended December 31, 2018, there were no reportable production entitlement payments to a payee.

Bonuses

Bonuses are payments to governments for signing, discovery, production and any other type of bonus paid in relation to commercial development of oil, gas or minerals. For the year ended December 31, 2018, there were no reportable bonus payments to a payee.

Dividends

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

Infrastructure Improvement Payments

Infrastructure improvements are payments for the construction of infrastructure, such as public roads, libraries and hospital facilities, excluding payments made in circumstances where the infrastructure is expected to be primarily used for operational purposes.

Payments by Project Level

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

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

Payments presented on a by-product basis represent payments made by an entity when specifically attributable to a project. Payments that are not specifically attributable to projects are presented as Corporate or Head Office. There are instances where two or more projects report and make payments under one tax entity, and the tax payment may not be attributable to a specific project. As permitted under the NRCan Technical Reporting Specifications, when a payment is not attributable to a specific project, it may be reported without disaggregation by project and by reporting only at the payee disclosure level.

Commercial Development

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

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

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

Significant Judgments

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

Joint Control and Attribution

ESTMA requires the reporting of payments made by entities that are controlled by the Reporting Entity. This Report includes payments made by entities controlled by Teck, directly or indirectly as assessed under International Financial Reporting Standards. For payments made by joint arrangements, ESTMA and related guidance requires the reporting of payments to governments made directly by Teck or any such payments made on our behalf. Payments made by our joint arrangements are reported under ESTMA as follows:

- a) Fort Hills Energy Limited Partnership (Fort Hills): We own 21.3% of Fort Hills as of December 31, 2018. As Suncor Energy Inc. is the operator, they are reporting 100% of the payments to governments related to Fort Hills.
- b) Galore Creek Partnership: We own 50% of Galore Creek Partnership. As permitted under ESTMA guidance, we are reporting 100% of the payments related to Galore Creek.
- c) NuevaUnión and Antamina: We are reporting our proportionate share of payments to governments relating to our 50% ownership of NuevaUnión and our 22.5% ownership of Antamina.

Government Payee

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

Corporate Social Responsibility (CSR) Payments

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

Payments to Governments—A Comprehensive View

ESTMA and the similar disclosure requirements imposed in other countries provide transparency into the extractive resources sector. To supplement the mandatory disclosure and to provide a clearer and more comprehensive view of our economic contribution, we have voluntarily disclosed payments to government information beyond the scope of ESTMA. The total payments reported voluntarily as well as under ESTMA include \$1.7 billion of payments to governments and \$433 million of tax withholdings that Teck collected on behalf of its employees.

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

Joint Arrangements

ESTMA only applies to entities that are controlled by Teck. For payments made by joint arrangements, ESTMA and related guidance requires the reporting of payments to governments made directly by Teck or any such payments made on our behalf. For our voluntary report, to be consistent with the presentation of these joint arrangements in our financial statements, we are reporting our proportionate share. For example, this includes our 21.3% share of payments to governments for Fort Hills Energy Limited Partnership, our 50% share of payments for Galore Creek Partnership, and our share in other partnerships.

Commercial Development

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



NANA Regional Corporation

Payments made by Teck to Alaska Native Corporation NANA Regional Corporation (NANA) are not reportable under ESTMA. However, we have included our payments to NANA in this Report as we believe these payments are a significant socio-economic contribution to the NANA region.

Indirect Tax

These are payments made to governments in the nature of sales tax, value added tax, and non-refundable goods and services tax.

Employer Payroll Taxes

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

Employee Payroll Taxes Collected

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

Employee at Red Dog Operations, Alaska.

2018 Total Payments to Governments

Payments made by Country and Level of Government

(CAD\$ thousands)	Payments as Defined by ESTMA						Additional Payments				Total Payments to Governments ⁽¹⁾⁽²⁾	Employee Withholding (Collected)
	Taxes	Royalties	Fees	Dividends	Infrastructure Improvement Payments	Total Payments as Defined by ESTMA	Taxes	Royalties	Fees	Other Payments		
United States	134,120	700	1,540	-	-	136,360	300	456,130	850	58,770	652,410	32,440
NANA Regional Corporation	-	-	-	-	-	-	170	456,130	770	-	457,070	-
State of Alaska	74,700	-	520	-	-	75,220	-	-	-	44,460	119,680	170
Government of United States	26,610	-	250	-	-	26,860	80	-	-	10,290	37,230	32,180
District of Northwest Arctic Borough	31,250	-	-	-	-	31,250	-	-	-	340	31,590	-
State of Washington	-	700	-	-	-	700	-	-	-	3,470	4,170	-
State of California	1,140	-	-	-	-	1,140	-	-	-	-	1,140	50
Native Village of Kivalina	-	-	510	-	-	510	-	-	-	-	510	-
City of Pend Oreille	420	-	-	-	-	420	-	-	-	-	420	-
State of Minnesota	-	-	260	-	-	260	-	-	-	-	260	40
State of Ohio	-	-	-	-	-	-	-	-	-	210	210	-
State of Arizona	-	-	-	-	-	-	50	-	80	-	130	-
Canada	392,840	-	31,410	-	990	425,240	26,590	17,740	5,310	157,820	632,700	360,450
Government of British Columbia	372,340	-	6,910	-	-	379,250	1,300	-	4,340	94,790	479,680	-
Government of Canada	380	-	1,070	-	-	1,450	5,150	-	100	58,820	65,520	360,450
Government of Alberta	3,870	-	690	-	-	4,560	30	17,740	260	1,960	24,550	-
City of Trail	-	-	-	-	-	-	11,200	-	-	270	11,470	-
Municipality of Wood Buffalo	-	-	-	-	-	-	8,530	-	-	-	8,530	-
Ktunaxa Nation Council	-	-	6,880	-	-	6,880	-	-	-	20	6,900	-
District of Sparwood	6,580	-	130	-	990	7,700	-	-	-	-	7,700	-
District of Elkford	5,570	-	-	-	-	5,570	-	-	-	-	5,570	-
District of Logan Lake	3,380	-	-	-	-	3,380	-	-	-	-	3,380	-
Lower Nicola Indian Band	-	-	3,310	-	-	3,310	-	-	-	-	3,310	-
Mikisew Cree First Nation	-	-	3,240	-	-	3,240	-	-	-	10	3,250	-
Athabasca Chipewyan First Nation	-	-	2,710	-	-	2,710	-	-	-	10	2,720	-
Citxw Nlaka'pamux Assembly	-	-	2,110	-	-	2,110	-	-	-	-	2,110	-
Fort McKay First Nation	-	-	1,230	-	-	1,230	-	-	-	20	1,250	-
College of the Rockies	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Nlaka'pamux Nation Tribal Council	-	-	820	-	-	820	-	-	-	90	910	-
Canadian Indigenous Governments	-	-	-	-	-	-	-	-	610	210	820	-
Stk'emlupsemc Te Secwepemc Nation	-	-	730	-	-	730	-	-	-	-	730	-
City of Vancouver	-	-	-	-	-	-	-	-	-	560	560	-
Alexis Nakota Sioux Nation	-	-	340	-	-	340	-	-	-	-	340	-
Yellowhead County	310	-	-	-	-	310	-	-	-	10	320	-
Tahltan Nation	-	-	310	-	-	310	-	-	-	20	330	-
City of North Vancouver	-	-	-	-	-	-	270	-	-	-	270	-
District of Tumbler Ridge	230	-	-	-	-	230	-	-	-	-	230	-
Metis Nation of Alberta Local 1909	-	-	220	-	-	220	-	-	-	-	220	-
Metis Nation of Alberta Region 1	-	-	170	-	-	170	-	-	-	30	200	-
City of Kimberley	180	-	-	-	-	180	-	-	-	-	180	-
La Vallée-de-l'Or Regional County Municipality	-	-	180	-	-	180	-	-	-	-	180	-
Whitefish Lake First Nation	-	-	130	-	-	130	-	-	-	-	130	-
Ermineskin Cree Nation	-	-	130	-	-	130	-	-	-	-	130	-
City of Richmond	-	-	-	-	-	-	110	-	-	-	110	-
Fort McMurray First Nation	-	-	100	-	-	100	-	-	-	-	100	-
Peru	264,020	-	4,240	-	5,750	274,010	70	-	30	2,920	277,030	21,200
Government of Peru	264,020	-	4,240	-	5,750	274,010	-	-	-	2,790	276,800	21,200
Provincial Municipality of Huarvey	-	-	-	-	-	-	70	-	30	130	230	-
Chile	107,060	-	7,770	11,190	2,310	128,330	300	-	90	7,690	136,410	16,480
Government of Chile	104,160	-	2,350	11,190	2,310	120,010	-	-	-	7,030	127,040	16,480
Quechua Indigenous Community of Huatacondo	-	-	2,170	-	-	2,170	-	-	-	90	2,260	-
Municipality of Pica	540	-	1,050	-	-	1,590	-	-	-	10	1,600	-
Municipality of Las Condes	950	-	-	-	-	950	300	-	-	-	1,250	-
Municipality of Andacollo	750	-	-	-	-	750	-	-	-	140	890	-
Asociación Ganadera Indígena de Copaquire	-	-	740	-	-	740	-	-	-	-	740	-
Ministry of National Assets	660	-	-	-	-	660	-	-	-	-	660	-
Asociación Indígena Aymara Naciente Collahuasi	-	-	400	-	-	400	-	-	-	120	520	-
Asociación Ganadera Indígena Yabricollita	-	-	310	-	-	310	-	-	-	50	360	-
GHPPI de Tamentica	-	-	330	-	-	330	-	-	-	-	330	-
Consejo Consultivo de Salud	-	-	-	-	-	-	-	-	-	200	200	-
Asociación Indígena Aymara Salar de Coposa	-	-	160	-	-	160	-	-	-	10	170	-

(1) Payments denominated in a foreign currency are translated using the closing spot rate on December 31, 2018. Exchange rates used for translation per \$1 Canadian dollar are as follows: PEN 0.4037; USD 1.3644; CLP 0.0020; TRY 0.2580; MXN 0.0695; AUD 0.9614; EUR 1.5630.

(2) Total 2018 net refunds from governments on income and resource taxes were \$36 million. These refunds were not included in the table above.

Payments made by Country and Level of Government (continued)

(CAD\$ thousands)	Payments as Defined by ESTMA						Additional Payments				Total Payments to Governments ^{(1) (2)}	Employee Withholding (Collected)
	Taxes	Royalties	Fees	Dividends	Infrastructure Improvement Payments	Total Payments as Defined by ESTMA	Taxes	Royalties	Fees	Other Payments		
Asociación Indígena de Matilla	-	-	140	-	-	140	-	-	-	-	140	-
Municipality of Pozo Almonte	-	-	120	-	-	120	-	-	-	10	130	-
GHPI de Copaquire	-	-	-	-	-	-	-	-	90	30	120	-
Turkey	-	-	980	-	-	980	-	-	-	440	1,420	500
Government of Turkey	-	-	980	-	-	980	-	-	-	440	1,420	500
Australia	-	-	200	-	-	200	-	-	-	300	500	1,220
Government of Australia	-	-	200	-	-	200	-	-	-	120	320	1,220
Government of Western Australia	-	-	-	-	-	-	-	-	-	180	180	-
Ireland	-	-	170	-	-	170	-	-	-	160	330	270
Government of Ireland	-	-	170	-	-	170	-	-	-	160	330	270
Mexico	-	-	320	-	-	320	-	-	-	-	320	-
Government of Mexico	-	-	320	-	-	320	-	-	-	-	320	-
Total payments to governments	898,040	700	46,630	11,190	9,050	965,610	27,260	473,870	6,280	228,100	1,701,120	432,560

(1) Payments denominated in a foreign currency are translated using the closing spot rate on December 31, 2018. Exchange rates used for translation per \$1 Canadian dollar are as follows: PEN 0.4037; USD 1.3644; CLP 0.0020; TRY 0.2580, MXN 0.0695; AUD 0.9614; EUR 1.5630.

(2) Total 2018 net refunds from governments on income and resource taxes were \$36 million. These refunds were not included in the table above.

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

(CAD\$ thousands)	Payments as Defined by ESTMA						Additional Payments					Employee Withholding (Collected)
	Taxes	Royalties	Fees	Dividends	Infrastructure Improvement Payments	Total Payments as Defined by ESTMA	Taxes	Royalties	Fees	Other Payments	Total Payments to Governments ⁽¹⁾	
United States	134,120	700	1,550	-	-	136,370	300	456,130	850	58,770	652,420	32,450
Red Dog	89,030	-	1,050	-	-	90,080	180	456,130	690	51,580	598,660	22,580
Corporate Office—U.S.	44,670	-	130	-	-	44,800	70	-	40	1,600	46,510	2,990
Pend Oreille	420	700	70	-	-	1,190	-	-	-	5,590	6,780	6,840
Mesaba	-	-	260	-	-	260	50	-	-	-	310	40
U.S. Exploration Properties	-	-	40	-	-	40	-	-	120	-	160	-
Canada	392,820	-	31,460	-	990	425,270	26,530	17,740	5,310	157,820	632,670	360,440
Fording River	139,920	-	2,390	-	-	142,310	-	-	-	5,450	147,760	32,440
Corporate Office—Coal	12,240	-	5,790	-	990	19,020	-	-	50	85,420	104,490	61,610
Elkview	80,820	-	1,460	-	-	82,280	-	-	-	5,270	87,550	24,540
Greenhills	77,770	-	940	-	-	78,710	-	-	-	2,840	81,550	17,650
Highland Valley Copper	25,880	-	8,170	-	-	34,050	30	-	-	23,250	57,330	48,150
Line Creek	34,850	-	1,660	-	-	36,510	-	-	-	2,610	39,120	14,900
Trail	-	-	-	-	-	-	12,500	-	4,380	16,490	33,370	48,350
Fort Hills	-	-	-	-	-	-	8,530	17,740	290	-	26,560	-
Head Office—Canada	310	-	500	-	-	810	5,180	-	50	11,350	17,390	100,150
Coal Mountain	16,120	-	60	-	-	16,180	-	-	-	400	16,580	1,850
Frontier	380	-	8,610	-	-	8,990	-	-	460	80	9,530	-
Cardinal River	3,860	-	1,210	-	-	5,070	-	-	70	3,760	8,900	9,370
Neptune Bulk Terminals	-	-	-	-	-	-	270	-	-	840	1,110	1,220
Galore Creek	50	-	320	-	-	370	-	-	-	40	410	210
Sullivan	260	-	70	-	-	330	-	-	10	-	340	-
Quintette	100	-	200	-	-	300	-	-	-	-	300	-
Bullmoose	210	-	-	-	-	210	-	-	-	20	230	-
Duck Pond	50	-	80	-	-	130	-	-	-	-	130	-
Lease 421	-	-	-	-	-	-	20	-	-	-	20	-
Peru	264,020	-	4,240	-	5,750	274,010	70	-	30	2,920	277,030	21,190
Antamina	263,820	-	3,610	-	5,750	273,180	70	-	30	2,670	275,950	20,570
Peru Exploration Properties	-	-	550	-	-	550	-	-	-	90	640	230
Zafranal	190	-	-	-	-	190	-	-	-	90	280	210
Corporate Office—Peru	10	-	60	-	-	70	-	-	-	70	140	180
Quellopunta	-	-	20	-	-	20	-	-	-	-	20	-
Chile	107,040	-	7,740	11,190	2,310	128,280	300	-	90	7,690	136,360	16,470
Carmen de Andacollo	98,110	-	360	11,190	2,310	111,970	-	-	-	450	112,420	3,100
Corporate Office—Chile	4,280	-	-	-	-	4,280	280	-	-	5,740	10,300	9,720
Quebrada Blanca	4,600	-	6,330	-	-	10,930	20	-	20	1,470	12,440	2,700
NuevaUnión	50	-	760	-	-	810	-	-	-	30	840	950
Chile Exploration Properties	-	-	290	-	-	290	-	-	-	-	290	-
Kio Buggy	-	-	-	-	-	-	-	-	70	-	70	-
Turkey	20	-	960	-	-	980	-	-	-	440	1,420	500
Corporate Office—Turkey	20	-	10	-	-	30	-	-	-	430	460	500
Turkey Exploration Properties	-	-	390	-	-	390	-	-	-	-	390	-
Kizildam	-	-	150	-	-	150	-	-	-	10	160	-
Kavaklitepe	-	-	130	-	-	130	-	-	-	-	130	-
TV Tower	-	-	120	-	-	120	-	-	-	-	120	-
Belen	-	-	80	-	-	80	-	-	-	-	80	-
Halilaga	-	-	80	-	-	80	-	-	-	-	80	-
Australia	20	-	200	-	-	220	30	-	-	300	550	1,220
Corporate Office—Australia	-	-	-	-	-	-	-	-	-	300	300	1,220
Australia Exploration Properties	-	-	140	-	-	140	-	-	-	-	140	-
Lennard Shelf	20	-	-	-	-	20	30	-	-	-	50	-
Isa South	-	-	50	-	-	50	-	-	-	-	50	-
Marimo	-	-	10	-	-	10	-	-	-	-	10	-
Ireland	-	-	160	-	-	160	30	-	-	160	350	270
Corporate Office—Ireland	-	-	-	-	-	-	20	-	-	140	160	270
Ireland Exploration Properties	-	-	160	-	-	160	10	-	-	-	170	-
Boliden/Teck Alliance	-	-	-	-	-	-	-	-	-	20	20	-
Mexico	-	-	320	-	-	320	-	-	-	-	320	20
San Nicolás	-	-	200	-	-	200	-	-	-	-	200	-
Alacrán	-	-	120	-	-	120	-	-	-	-	120	-
Corporate Office—Mexico	-	-	-	-	-	-	-	-	-	-	-	20
Total payments to governments	898,040	700	46,630	11,190	9,050	965,610	27,260	473,870	6,280	228,100	1,701,120	432,560

(1) Payments denominated in a foreign currency are translated using the closing spot rate on December 31, 2018. Exchange rates used for translation per \$1 Canadian dollar are as follows: PEN 0.4037; USD 1.3644; CLP 0.0020; TRY 0.2580; MXN 0.0695; AUD 0.9614; EUR 1.5630.

Income and Resource Taxes Paid

Table 4: Reconciliation of Total Tax Expense to Income and Resource Taxes Paid in 2018

(CAD\$ in millions)	2018	Tax Rate (%)
Profit before taxes	\$ 4,510	
Tax expense at the Canadian statutory income tax rate of 27%	1,217	27.0%
Tax effect of:		
Resource taxes	360	8.0%
Resource and depletion allowances	(80)	(1.8%)
Non-temporary differences including one-half of capital gains and losses	(157)	(3.5%)
Other	25	0.6%
Total income tax expense	\$ 1,365	30.3%
Temporary differences:		
Net operating loss carryforwards	(234)	
Property, plant and equipment	92	
Decommissioning and restoration provisions	(264)	
U.S. alternative minimum tax credits	(105)	
Other	(163)	
Total current income tax expense	691	15.3%
Net taxes paid relating to prior years	162	
Net taxes payable in future years	(73)	
Total income taxes paid	\$ 780	17.3%

Overall Effective Tax Rate

Our overall effective tax rate in 2018 was 36%, excluding the impact of the Waneta Dam sale, as disclosed in our 2018 Annual Report. Including the impact of this sale, the 2018 effective tax rate was 30.3%. The actual rate depends on the effective tax rate of each jurisdiction in which we operate and the proportion of our profit earned in that jurisdiction. This rate reflects the two main types of income taxes we pay: corporate income taxes and resource taxes on mining profits. Head office corporate, non-operating, and finance expenses are generally only deductible for corporate income tax purposes at the Canadian corporate income tax rate of 27%. We also note that some of our expenses, for example, stock based-compensation costs, capital losses and meals and entertainment, are not wholly deductible for tax purposes in Canada or elsewhere. These limitations can cause our overall effective tax rate to be skewed higher during periods of lower operating margins.

Income Tax Expense vs. Income Taxes Paid

Our overall income tax expense recorded in our financial statements will differ from current taxes payable due to the timing of the recognition of certain income and expense items. The timing of income and deductions is set for tax purposes by taxation authorities while recognition for financial statement purposes is based on International Financial Reporting Standards as required by securities regulators. This results in differences in the timing of when income is recognized and when the related taxes become payable, but not in the ultimate amount of taxes paid. Taxes paid may also be different because legislated payment schedules base initial tax instalments on projected or historical profits, rather than on the actual taxes due for any year, with final payments occurring in the following year or years in the case of refunds. We are subject to assessments by various taxation authorities, who may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. The resolution of any assessments resulting in payments or refunds may occur after the year in which the items to which they relate occur.

Independent Auditor's Report

To the Board of Directors of Teck Resources Limited

Our opinion

In our opinion, the accompanying selected subject matter contained in the 2018 Economic Contributions Report (the "Report") of Teck Resources Limited (the "Entity") for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the basis of accounting described in the "Payments to Governments—Extractive Sector Transparency Measures Act" section of the basis of report on pages 16 to 18.

What we have audited

The Entity's selected subject matter comprises the total payments as defined by the Extractive Sector Transparency Measures Act (the "ESTMA") as included in the tables "Payments Made by Country and Level of Government—Payments as Defined by ESTMA" on pages 20–21 of the Report and "Payments made by Country and on a Project-by-Project Basis—Payments as Defined by ESTMA" on page 22 of the Report (the "selected subject matter").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the selected subject matter* section of our report.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the selected subject matter in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter—basis of accounting and restriction on use

We draw attention to the "Payments to Governments—Extractive Sector Transparency Measures Act" section of the basis of report on pages 16 to 18, which describes the basis of accounting. The selected subject matter is prepared by the Entity to comply with the ESTMA. Our report on the selected subject matter is intended solely for the Board of Directors of the Entity. As a result, the selected subject matter, and our report thereon, may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter—unaudited information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information contained in the Report, except for the selected subject matter. Accordingly, we do not express an opinion on information contained in the other pages of the Report.

Responsibilities of management and those charged with governance for the selected subject matter

Management is responsible for the preparation of the selected subject matter in accordance with the basis of accounting described in the "Payments to Governments—Extractive Sector Transparency Measures Act" section of the basis of report on pages 16 to 18; and for such internal control as management determines is necessary to enable the preparation of the selected subject matter that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the selected subject matter

Our objectives are to obtain reasonable assurance about whether the selected subject matter as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the selected subject matter.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the selected subject matter, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain sufficient appropriate audit evidence regarding the selected subject matter of the entities or business activities within the Entity to express an opinion on the selected subject matter. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Patterson.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, British Columbia, Canada
May 29, 2019

Cautionary Note on Forward-Looking Statements

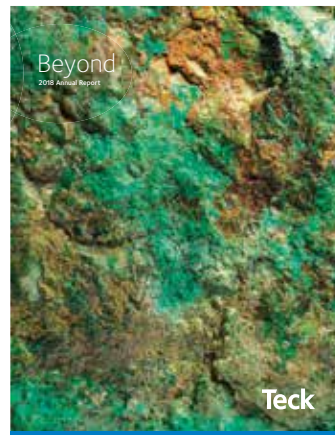
Certain statements contained in this report constitute forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act* of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) and comparable legislation in other provinces (collectively, “forward-looking statements”), concerning our business, goals, operations and strategy. Forward-looking statements in this report include, but are not limited to, statements relating to our targeted contribution levels, policy goals (including but not limited to our goals and expectations relating to creating value throughout the mining life cycle), operational and sustainability goals and plans, and our expectations regarding those goals and plans our statements about our projects and their anticipated life and impacts, and our statements around expectations of our economic contribution to stakeholders. The forward-looking statements in this report are based on current estimates, projections, beliefs, estimates and assumptions of the management team and are believed to be reasonable, though inherently uncertain and difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience or achievements of Teck to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to the following: changes in Teck’s policies, regulatory action, changes in laws and governmental regulations, general business and economic conditions, and the future operation and financial performance of the company generally. Dividends are at the discretion of the Teck Board. Certain of these risks and other additional risk factors are described in more detail in Teck’s Annual Information Form and its management’s discussion and analysis and other documents available at www.sedar.com and in public filings with the United States Securities and Exchange Commission at www.sec.gov. These statements speak only as of the date of this report. Teck does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

Corporate Directory

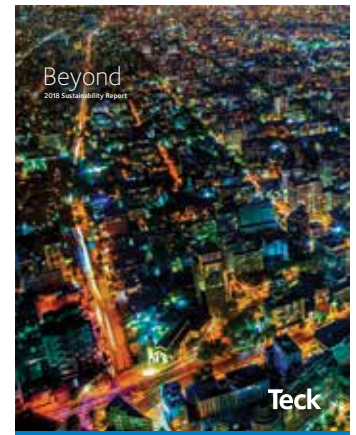
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[2018 Annual Report](#)



[2018 Sustainability Report](#)

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