PARTICIPANTS

Corporate Participants

Fraser Phillips – Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Ltd.
Donald R. Lindsay – President, Chief Executive Officer & Director, Teck Resources Ltd.
Jonathan Price – Executive Vice President & Chief Financial Officer, Teck Resources Ltd.
Shehzad Bharmal – Senior Vice President-Base Metals, Teck Resources Ltd.
Harry Milton Conger – Chief Operating Officer & Executive Vice President, Teck Resources Ltd.
Réal Foley – Senior Vice President-Marketing & Logistics, Teck Resources Ltd.

Other Participants

Orest Wowkodaw – Analyst, Scotiabank
Lawson Winder – Analyst, BofA Securities
Carlos F. de Alba – Analyst, Morgan Stanley & Co. LLC
Lucas N. Pipes – Analyst, B. Riley Securities, Inc.
Brian MacArthur – Analyst, Raymond James Ltd.
Jackie Przybylowski – Analyst, BMO Capital Markets Corp. (Canada)

MANAGEMENT DISCUSSION SECTION

Operator: All participants, thank you for standing by. Welcome to Teck's First Quarter 2022 Earnings Release Conference Call. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. This conference call is being recorded on Wednesday, April 27, 2022.

I would now like to turn the conference call over to Fraser Phillips, Senior Vice President, Investor Relations and Strategic Analysis. Please go ahead.

Fraser Phillips, Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Ltd.

Thanks very much, Patrick. Good morning, everyone. Thank you for joining us for Teck's first quarter 2022 results conference call.

Please note, today's call 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 slide 2 for the assumptions underlying our forward-looking statements.

In addition, we will reference various non-GAAP measures throughout this call. Explanations and reconciliations regarding these measures could be found in our MD&A and the latest press release on our website.

Don Lindsay, our President and CEO, will begin today's call with first quarter highlights; followed by Jonathan Price, our CFO, who will provide additional color on our financial results. We will conclude today's session with the question-and-answer period to address any remaining questions.

With that, I will turn the call over to Don.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Thank you, Fraser, and good morning, everyone. We are pleased to report an exceptional start to the year and our record-setting financial results in the first quarter and what is going to be a transformational year for all of us here at Teck. Solid operational performance and continued strong commodity prices drove a quarterly record of CAD 3 billion in adjusted EBITDA, which is more than triple the same period last year. We delivered adjusted diluted earnings of CAD 2.96 per share, compared to CAD 0.61 in Q1 of 2021. And importantly, our strong financial performance enabled us to both strengthen our balance sheet and return significant cash to shareholders.

We continue to advance our flagship QB2 copper project, with overall progress now surpassing 82% completion. We have to say we're very proud of this achievement, especially in light of the significant impact the Omicron wave had on workforce absenteeism, which exceeded 20% early in the quarter. Our QB2 capital cost guidance remains unchanged, and our teams are focused on systems completion and handover, as we expect first copper from Line 1 in Q4 of this year, assuming no further COVID waves or other major disruptions.

During the quarter, we made meaningful progress towards our commitment to safety and sustainability leadership. On safety, our high potential injury frequency remained low at 0.14 in the quarter. On climate, as you will have seen, we expanded our climate action strategy. Building on our existing commitment to net-zero across our operations by 2050, we included a new short-term goal to achieve net-zero Scope 2 GHG emissions by 2025. And we also have an ambition to achieve net-zero Scope 3 emissions by 2050.

We are pleased to see our continued sustainability efforts being recognized by the industry. And during the quarter, we were named to the 2022 Bloomberg Gender-Equality Index in recognition of a high level of disclosure and performance in gender equality. And Highland Valley was the first Canadian mine site to be awarded the Copper Mark verification for its responsible mining practices.

Turning to slide 4, as stated earlier, we delivered CAD 3 billion in adjusted EBITDA in the quarter. Notwithstanding global inflationary pressures which increased our overall operating cost by 13% compared to last year, our results reflect meaningful contributions from each one of our business units. Solid operational performance combined with the strong commodity price environment enabled us to further strengthen our balance sheet and accelerated our ability to return capital to shareholders.

In the first quarter of 2022, we redeemed US$150 million of our maturing notes and we also paid CAD 337 million in dividends to shareholders. And subsequent to quarter-end, we completed CAD 100 million of buybacks. And just last night, we announced our intention to repurchase further US$500 million in Class B subordinate voting shares. We think this demonstrates both our confidence in the outlook for our business and our commitment to balanced growth with shareholder returns.

Going forward, we will consider additional buybacks in the context of market conditions at the time. And with the start-up of QB2, we are quickly approaching an inflection point where the potential for further increased cash returns to shareholders will be then possible.

Turning to our operations. Starting with our copper business unit on slide 6. Record quarterly copper prices of CAD 4.53 per pound and higher contributions for byproducts drove EBITDA of CAD 523 million in the first quarter, which is an increase of 25% from last year. At Highland Valley, production was impacted by unplanned maintenance that reduced mill throughput. However, copper sales exceeded production as the logistics teams recovered from the weather-related disruptions at the end of 2021 and inventory was drawn down. Overall, unit operating costs were in line with our annual guidance. The increase year-over-year was primarily the result of higher diesel prices and profit-based compensation.

In April, Antamina submitted an application for an amendment to its currently approved environment impact study to extend the mine life from 2028 to 2036. And looking ahead, we continue to expect strong performance from all of our copper operations in 2022. Our annual guidance is unchanged. However, there continues to be upward pressure on cash unit costs.

Moving on to zinc on slide 7. EBITDA in our zinc business increased by 71% compared to Q1 last year to CAD 298 million. The increase was driven by higher concentrate sales volumes as zinc prices, which were up 32%, partly offset by substantially higher royalty costs related to profitability at Red Dog. The higher zinc and concentrate sales volumes in Q1 were primarily a result of the late start of the 2021 shipping season and the historic weather-related delays resulting in the deferral of a portion of 2021 sales into Q1 2022.

Unit costs are down as a result of lower smelting processing charges, which more than offset inflationary pressures. At Trail, refined zinc production was impacted by nonrecurring operational challenges, which are now behind us. Looking ahead, we expect Red Dog zinc and concentrate sales of 50,000 to 70,000 tonnes in the second quarter, which reflects normal seasonality. And our annual guidance is unchanged.

On slide 8, our steelmaking coal business unit delivered yet another record quarter, generating CAD 2.1 billion in EBITDA, a fivefold increase compared to CAD 415 million last year. Pricing for steelmaking coal increased significantly through the quarter, resulting in record quarterly realized price of US$357 per tonne. Sales to our customers in China are based on the CFR China price, which was at a discount to FOB Australia during this quarter. Sales in the quarter were 6 million tonnes, exceeding production but slightly below guidance, and that was as a result of the CP Rail work stoppage in late March.

Production was impacted by processing challenges and curtailments early in the quarter associated with high mine inventories, which were carried over from the various weather disruptions in late 2021. Our rail infrastructure and complementary port capacity upgraded at our Neptune Terminal demonstrated its value by mitigating the impact of major weather events. The rapid recovery of the logistics team and the ability to recover deferred sales allowed us to capture higher margins and sales in a high-price environment.

Adjusted site cash costs of CAD 77 per tonne and transportation costs of CAD 46 per tonne in the quarter reflect continued inflationary cost pressures, including substantially higher diesel prices, profit-based compensation, demurrage costs, and fuel surcharges. These increases were partially offset by lower port costs at Neptune.

Looking forward, we expect sales of 6.3 million to 6.7 million tonnes in the second quarter. Given our lower production in Q1, we expect 2022 production to be in the lower half of our guidance range of 24.5 million to 25.5 million tonnes. As a result of the same factors that impacted our first quarter costs, we now expect 2022 adjusted site cash costs between CAD 79 and CAD 83 per tonne.

Additionally, we increased our capitalized stripping cost guidance by CAD 50 million, which reflects the inflationary mining cost pressures in 2022. And it's important to note that the primary cost increases are not related to key mining drivers such as mine productivity and strip ratio, which remain relatively stable.

Notwithstanding recent volatility in steelmaking coal prices, the FOB and CFR benchmarks are currently trading at significantly higher levels compared to our record average realized price in the first quarter, which points to continued strong results in Q2.

Turning to slide 9. Our energy business delivered CAD 119 million of EBITDA in the first quarter, driven by the significant increase in the price of Western Canadian Select and Fort Hills ramp-up to a two-train operation. In addition to its positive contribution to our bottom line, our investment in Fort Hills provides us a natural hedge against increasing WTI and diesel prices.

Lower adjusted operating costs per barrel reflect higher production, which is partially offset by higher costs for natural gas and diesel. The increase in the WTI price also impacted costs for diluent, which is required for blending with the bitumen. And looking forward, a 20-day planned maintenance outage in the second quarter is expected to reduce production to one train during this period. But we continue to expect Fort Hills to operate at an average utilization of 90% in 2022.

And as we have previously stated, adjusted operating costs are expected to continue to decrease throughout the year. However, given increases in the price of natural gas and diesel, we now expect adjusted operating costs for 2022 to be in the range of CAD 28 to CAD 32 per barrel.

And moving on to QB2 on slide 10. We now have 12,500 workers on site, which is the highest to-date, evidencing the recovery from the impacts of Omicron virus early in the quarter when absenteeism exceeded 20% at times with hundreds of workers in isolation. Despite these challenges, steady progress has been made since our last report just two months ago, and QB2 is now over 82% complete. And we expect first copper from Line 1 in Q4 of this year, while our capital cost guidance remains unchanged. We are proud of this progress. We're also pleased to report that the QB2 project has been named by Bechtel as their global construction project of the year.

We completed a number of key milestones in Q1, including the completion of the power transmission line tower construction. And in terms of water supply, the seawater intake and the outlet pipes are now in place on the seafloor in preparation for water extraction pipes. And we have entered the hydrotesting phase for the water supply pipeline. I'm proud to say that the QB mine fleet has completed their mass earthworks scope for the tailings starter dam construction, which is now over 85% complete, and the mine fleet has transitioned to open pit activities. Our focus going forward is on system completion and handover of key facilities as we drive towards first copper.

Looking into Q2, key milestones include energization of the high-voltage power transmission system, which is in progress; completion of the mine area infrastructure that is required for pre-stripping; and we will begin turning over key systems at the concentrator to pre-operational testing, including the Line 1 mills.

The photo on the right side of the slide of slide 10 shows workers installing the siding on the building which houses the mills. Slide 11 shows the preparation for launching and placement of the second and final seawater intake pipe on the seafloor. And this pipe is a key component of our water supply system and was successfully deployed during the quarter. On the next slide, slide 12, you can see the placement of one of the last modules for the electrical room at the desalination plant and the reverse osmosis units on the left side of the photo.

On slide 13, it shows preparations for the hydrotesting phase of the water supply pipeline, which is a key step in construction and pre-commissioning of the pipeline for supplying water to the project for commissioning and operations.

On slide 14, you can see workers mounting the concave inside the primary crusher. The major mechanical components associated with the primary crusher are now all installed. And next, you see the transfer station on the overland conveyor that will transport ore between the crusher and coarse ore stockpile. We will begin shortly the installation of the conveyor belts in this area.

And slide 16 illustrates the progress we are making on the assembly of the stockpile dome, which is well advanced and approaching its final height. The approximately 15-story-high stacker structure can be seen feeding into the dome.

On slide 17, here we have an overall view of the concentrated area from February with the stacker structure and the grinding building in the background and the flotation area in the foreground. The focus in this area is on completion of Line 1 in preparation for first copper. And as mentioned earlier in Q2, we will begin turnover of key systems of this area to pre-operational testing, including the Line 1 mills.

On slide 18, you can see the progress on the cyclone station, which sits above the future tailings impoundment area. Cyclone station will be used to classify the tailings once we are in operation.

And finally, on slide 19, you can see the starter dam, where we continue to make excellent progress. As I said, the Teck mine fleet has completed the mass earthworks scope for the starter dam and it has transitioned back to the mine area.

So, in summary, we continue to be very pleased with the progress we are making, and we are excited to build on our construction successes to-date with a focus on delivering to the project's key milestones. And I encourage all of you to visit the Investors section of our website to watch the latest progress video and view the most recent photo gallery.

And with that, I will now pass it over to Jonathan to discuss our financial results.

Jonathan Price, Executive Vice President & Chief Financial Officer, Teck Resources Ltd.

Thanks, Don. Teck delivered record-setting profitability in the first quarter, largely as a result of continued strength in the prices for all of our principal products, as illustrated on slide 21. Copper prices reached an all-time quarterly record average of US$4.53 per pound in the first quarter, while zinc prices increased by 36% to an average of US$1.70 per pound. Western Canadian Select, the heavy oil benchmark price, increased sharply due to the impact of the Russian war in Ukraine.

FOB Australia coal prices reached peak levels in the first quarter, averaging a record high of US$395 per tonne for the quarter lagged by one month and a record high of US$487 per tonne for the calendar quarter. CFR China prices traded at an average of US$405 per tonne in the quarter.

As you may have noted, we published a press release on April 10 announcing the sales volume, average realized price and pricing adjustments for our steelmaking coal business unit in the first quarter. We intend to continue pre-releasing these data points each quarter going forward, given the lack of visibility and publicly available information.

We've outlined the key drivers for our record profitability on slide 22. Adjusted EBITDA of CAD 3 billion in the quarter represents an increase of more than CAD 2 billion compared to last year, predominantly driven by strong commodity prices. Like others in the industry, we continue to face inflationary cost pressures, which increased our Q1 operating costs by 13% compared to last year. Approximately half of this increase relates to diesel costs at our operations and in our transportation costs. The diesel prices increased by 52% compared to the same period last year.

Further, increases in the cost of a number of our key supplies, including mining equipment, fuel, tires and explosives, are being driven by price increases in underlying commodities such as steel, crude oil and natural gas. While our underlying key mining drivers remain relatively stable, key input costs and profit-based compensation continue to put upward pressure on our unit costs and capitalized stripping guidance in 2022.

Now, we generated cash flow from operations of CAD 2.3 billion in the first quarter, compared to CAD 585 million in the same period last year. This is largely a reflection of the positive impact of substantially higher commodity prices, most significantly steelmaking coal.

Debt proceeds from the QB2 project financing facility were CAD 260 million in the quarter. The US$2.5 billion facility was fully drawn in April. In the first quarter, our capital investments totaled CAD 867 million, including CAD 654 million for QB2 and CAD 186 million in sustaining capital.

In addition, we incurred CAD 233 million for capitalized stripping, primarily related to the advancement of pits for future production at our steelmaking coal operations. This was higher than a year ago as a number of development mining areas transitioned from sustaining pre-production capital to early stages of operations.

As Don outlined earlier, solid operating performance and strong commodity prices enabled us to pay down debt and return meaningful cash to shareholders in the quarter. In January, we repaid CAD 236 million in debt, including US$150 million of our maturing 4.75% term notes. In the quarter, we paid out CAD 337 million in dividends, consisting of our quarterly base dividends of CAD 0.125 per share and a supplemental dividend of CAD 0.50 per share.

In addition, we paid out another CAD 100 million through the purchase of 2 million Class B shares under our normal course issuer bid, 1.8 million shares or CAD 90 million of which was completed in the first quarter.

As shown here on slide 24, our balance sheet remained strong with a net debt to adjusted EBITDA ratio of 0.6 times, investment-grade credit ratings and no significant debt maturities due prior to 2030. As of April 26, we had CAD 8 billion of liquidity. Importantly, our record profitability and strong balance sheet has enabled us to deliver meaningful cash returns to shareholders.

As Don noted earlier, in accordance with our capital allocation framework, we announced our intention to repurchase a further US$500 million in Class B subordinate voting shares. This demonstrates both our confidence in the outlook for our business and our commitment to balanced growth with shareholder returns. Going forward, we will consider additional buybacks in the context of market conditions at the time. Supplemental distributions will continue to be considered annually by the board in February when they have the final results for the full year.

Slide 26 outlines our guidance for capital investments. With the completion of QB2, 2022 will be the high watermark in our capital spend profile. As previously noted, we expect a significant decrease in capital investments into 2023 to a total of approximately CAD 3 billion. With first production from QB2 in the fourth quarter of this year and the operation then ramping up to full capacity, we are approaching a major cash flow inflection point where we shift from a period of significant capital investment to a period of significant cash generation.

And I will now pass it back to Don for closing remarks.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Thank you, Jonathan. So, in closing, I'd have to say we are very pleased with how Teck is positioned to drive long-term shareholder value. Our first quarter results gave us an exceptional start to 2022. And as I said, this is a transformational year for Teck as we rebalance our portfolio towards copper. And as we bring on QB2 and advance our overall copper growth strategy, we will rebalance and reduce the proportion of carbon in our overall business.

As we've done to-date, we'll continue to further strengthen our existing high-quality assets through our RACE technology transformation program and our sustainability strategy. Strong commodity prices over the last few months have accelerated our ability to return capital to shareholders. So, looking ahead, we have the ability to generate even greater cash flows and returns.

And with that, I'll turn the call over to the operator to open it up for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question is from Orest Wowkodaw from Scotiabank. Please go ahead.

<Q – Orest Wowkodaw – Scotiabank>: Hi. Good morning. Don, obviously cost inflation is impacting the mining industry across the board. I'm not surprised to see your higher cost guidance in coal, but I am a little surprised that you're maintaining cost guidance in copper and zinc even when you look at it before byproduct credits. Can you maybe give us a bit of color on how you're managing that and whether that's related to perhaps some hedging done for fuel or something that's keeping costs at a lower level for some period of time?

<A – Don Lindsay – Teck Resources Ltd.>: Okay. I'm going to turn that question over to Shehzad, but I'll just make a comment that one of the contributing factors, not just in [indiscernible] (00:23:07) but across the business is the success of our RACE21 program. And we'll be issuing a release summarizing some of the key accomplishment there in the next short while.

But, Shehzad, over to you.

<A – Shehzad Bharmal – Teck Resources Ltd.>: Thanks, Don. Orest, I'll start with the zinc business unit. Our higher production is part of the reason compared to last year as to that helps in maintaining the cost guidance and also the sensitivity to diesel, which has gone up significantly, it's a lot less in copper and zinc than it would be in coal. And of course, as Don mentioned, we have done a fair bit of work on RACE21. Both Highland Valley and Red Dog have been very active on the RACE21 side, which has helped on cost management.

And as you – and you mentioned before byproduct credits and after byproduct credits. In copper, zinc credits at Antamina have been very helpful after byproduct credits. And the same thing, in the zinc business unit with lower TCs have also helped from last year.

<Q – Orest Wowkodaw – Scotiabank>: Thanks for that. Is there any – are there any hedges or collars that are helping kind of contain costs for a certain period of time? Or is this your updated guidance reflecting full market cost?

<A – Jonathan Price – Teck Resources Ltd.>: No, the – this is Jonathan here, Orest. No, the guidance reflects the prices you see in the market. We haven't hedged any of our key input costs.

<Q – Orest Wowkodaw – Scotiabank>: Okay. Thank you. And then just quickly, if I may, on the capital return program, pleasantly surprised the new US$500 million buyback. Is this something now that the board plans to look at on a quarterly basis?

<A – Don Lindsay – Teck Resources Ltd.>: I'll draw your attention to our release in February where we said that the board would be reviewing it regularly. We deliberately didn't use the word quarterly because regularly could be shorter than quarterly or it could be longer. But I think this does demonstrate that that's exactly [ph] we'll see (00:25:13).

<Q – Orest Wowkodaw – Scotiabank>: Excellent. Thanks, Don.

Operator: Thank you. The next question is from Lawson Winder from Bank of America Securities. Please go ahead.

<Q – Lawson Winder – BofA Securities>: Hello and good morning. Thank you for the update today.

<A – Don Lindsay – Teck Resources Ltd.>: Morning.

<Q – Lawson Winder – BofA Securities>: Could I ask about the copper project pipeline and whether or not your sort of order of preferences has shifted at all, particularly with some of the smaller projects such as Zafranal, San Nicolás, and Schaft Creek?

And then, finally, with San Nicolás and Zafranal, would Teck be comfortable building those two projects alone, should they not – should you guys not find a partner? Thanks very much.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. So the way we look at it is we have three projects that are in mining terms near-term, meaning that they could all be in production by 2026. And those are QBME, the QB Mill Expansion, Zafranal and San Nicolás. In each of those cases, we have the teams working away, advancing the projects. In Zafranal's case, the hearing in Lima, Peru took place at the end of March. It was very successful, very impressive. I managed to get there myself and see it in action. And we got very positive feedback from [ph] actually (00:26:46) the regulator at that time. On San Nicolás, a lot of work going on there.

And I should say on both of those projects, we still have a preference to have a partner. Of course, we have a partner on Zafranal, it's 80% our interest and 20% with MMC. But we are in discussions with different parties on San Nicolás as well. And at some point, we'll put the pin in. But what's important to us is getting the right partner. It's really like an interview process more so than a valuation process. And I think all the parties involved are excited about the project, and at some point, we'll put the pin in. But we do want to stay on that schedule to have it in production by 2026.

So, those are the three near-term. Galore Creek would then be what we would think of as medium-term. It's a 50/50 joint venture with Newmont. We're working together updating the studies on that. And of course, it has a lot of gold in it, so it's got the real advantage of grade. So, something for sure that's going to be a great mine. And then the other two are longer dated, Mesaba and Schaft Creek. But even with Mesaba, we're looking at different partner and development options there as well.

So, I expect different announcements throughout the year. I can't tell you exactly when, but certainly there's a lot of activity in the copper growth, that's for sure. And we're also, I should say, in the market hiring people and building the team internally. And so that – if we ended up choosing to do it on our own, we'll have the capability to do so.

But we really like what we've done with QB2 and our partnership with Sumitomo Metal Mining and Sumitomo Corp. I think the market really liked it too. It de-risked the project both financially and from a market's point of view and great customers, great partners. So, we think that's a pretty good model. So, while we're at this stage, I think it's still worth pursuing.

<Q – Lawson Winder – BofA Securities>: Great. Thank you. And...

<A – Don Lindsay – Teck Resources Ltd.>: Sorry. It's a bit of a long answer, but there's a lot in there.

<Q – Lawson Winder – BofA Securities>: I asked, so. Thank you for that insight. And then on your updated goal to achieve net-zero Scope 2, I'm curious, are there any potential – any substantial CapEx investment that might be required on behalf of Teck in order to achieve that? And what are sort of like the main points that have to get achieved to ultimately reach that?

<A – Don Lindsay – Teck Resources Ltd.>: Yeah. So, I'm going to turn this over to Shehzad actually. But the short answer is no on the big capital. It's really all about clean power. But, Shehzad, over to you.

<A – Shehzad Bharmal – Teck Resources Ltd.>: Thanks. So, in Chile is where we have the last of the Scope 2 purchase agreements. And remember, a couple of years ago, we converted two contracts that we had to renewable. And we have one contract left right now at 122 megawatts with a provider, and we are in the process of looking at options and working on development of new renewable projects to be able to convert that coal-fired contract over to renewable.

<A – Don Lindsay – Teck Resources Ltd.>: I want to get it done faster than 2025, so I'm putting a lot of pressure on Shehzad.

<A – Shehzad Bharmal – Teck Resources Ltd.>: We'll do.

<Q – Lawson Winder – BofA Securities>: All right. That's excellent. Thank you very much.

Operator: Thank you. The next question is from Carlos de Alba from Morgan Stanley. Please go ahead.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Yeah. Good morning, everyone. Thank you very much. So, on QB2, congratulations on the continuous progress. I noticed that you expect Line 1 to start producing in the fourth quarter. But, yet, on the copper outlook – copper production guidance, you have not included any volumes there. Could you elaborate a little bit more why that is the case and give us a range as to how much volumes, maybe just minimum, and that is the reason you are not including in your guidance? But any color on that regard will be great.

As well as I noticed that there was no comment related to QB2 COVID capital cost. So I just wonder if the guidance remains between US$900 million and US$1 billion for that. And then, if I may, on the coal side, could you comment on the Chinese market and your expectations for shipments into that market in Q2 or for the remainder of 2022? Thank you.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. Carlos, I think we got four questions there. I'm going to take the one on guidance. I'm going to turn to Jonathan on the copper production guidance. I'm then going to ask Red to talk about QB2 since you raised it and he's on the line and can give you some insight on how things are going there. And last, it'd be Réal Foley on the China and the coal side.

So, on guidance, we've been quite clear, there's no change to guidance on either the definitive estimate capital costs that we have put out before or on the COVID costs. So, no change there at all. On production forecasts?

<A – Jonathan Price – Teck Resources Ltd.>: Yeah. On the production guidance, we haven't guided to volumes at this point in time. As you highlight, we will do so, of course, for 2023 in due course. But for the time being, we continue to just follow the progress of the project and we'll provide updates throughout the remainder of the year.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. And then Red's on the line. And Red, since QB2 is on the table, maybe turn it over to you to share your thoughts.

<A – Red Conger – Teck Resources Ltd.>: Yeah. Thanks for the question, Carlos. Just in general, we're really excited about where we're at right now. Our team has come through this Omicron wave extremely well. We're very proud of how they've managed the health and safety of our employees. They weathered through these really high absentee rates that we had earlier in the year, large – hundreds of people in quarantine, as many as 800 at one point. And we've got a really clear path now to first copper in the fourth quarter. So, all of that is really positive for us. Momentum is building and we're having a very good month right now in April.

When you talk about volumes of production during particularly the first couple of months of ramp-up, let me just give you some color on what that looks like on the ground. You start this equipment and start putting load in it, rock in it. And then the first thing you do is you turn it off and you re-torque bolts and check tolerances and clearances and those kinds of things, and you turn it on and you put more rock in it. One of the next things that you do is adjust the chutes that all have to be kind of custom fit and formed as you get the larger volumes of material going in there.

So, it's this really herky-jerky, up-down, up-down, shake-out process that you go through. So, we're very comfortable with where we're headed in the fourth quarter and just are not going to make guesses about how that up-down, up-down goes in the first couple of months, getting this thing really tightened up and fine-tuned and ready to run for decades.

<A – Don Lindsay – Teck Resources Ltd.>: Thanks, Red. And...

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Thank you very much.

<A – Don Lindsay – Teck Resources Ltd.>: And then Réal Foley for the coal then.

<A – Réal Foley – Teck Resources Ltd.>: Yeah. Thanks for the question, Carlos. So, on coal sales to China for 2022, we're expecting they'll be between 25% and 30%. Keep in mind that we always reserve tonnes for spot sales, and we'll be placing these tonnes in markets where we achieve the best returns.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: All right. Excellent. Thank you very much, everyone. Good luck.

<A – Don Lindsay – Teck Resources Ltd.>: Thank you.

Operator: Thank you. The next question is from Lucas Pipes from B. Riley Securities. Please go ahead.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Hey. Good morning, gentlemen, and congrats on all the progress. And, Don, I have a higher level question. So, QB2, kind of homestretch there, much lower CapEx next year. You're generating an incredible amount of free cash flow in the coal business here in Q2 and possibly longer given the global backdrop. And I'm reminded of the book, Never Rest on Your Ores. So, what are you going to do next year and the years to come? You have a really strong hand of cards here. What are your priorities?

<A – Don Lindsay – Teck Resources Ltd.>: I'd like to buy the whole company back myself. But we think we're in great position. We think the company is in a really strong shape. We have great optionality to continue to grow the copper business. There's seven different projects, three of which are, as I've just mentioned, reasonably near-term. And they can be developed on a capital-light basis, right? That's our objective. That's one of the reasons why we want to partner and so on.

And so, if we keep going down that path, that's going to put us in a very good position to continue to return capital to shareholders. And whether it's by buybacks or dividends, it gets decided at the time. And so, that's a pretty clean strategy, easy for people to understand, great cash flows from our steelmaking coal business, our energy business now, and the zinc business, and that cash going into the copper growth, which reflects what's going on in the world.

We've got a very serious global commitment to decarbonization, which means electrification, which means copper. And so, that's – we're basically reflecting what's going on in the world. So, I think we keep executing. As you can tell from listening to Red Conger and his color on the project that the project's in very good hands. The whole team's pulling together here. And so, we think these next few years are going to be very exciting.

<Q – Lucas Pipes – B. Riley Securities, Inc.>:Thank you very much for that outlook. And my second question is higher level on the coal side. I'd say the one area where I hear the greatest concerns from investors is announcements in China in regards to increased coal production. Do you have expectations for your success in alleviating some of the coal pressures and what this could mean for global coking coal prices in the quarters to come?

<A – Don Lindsay – Teck Resources Ltd.>: Yeah. I'll turn that over to Réal, but I'd make sort of this big picture observation. Throughout the years, there have been different announcements and events in different markets, China included. And it's one thing to make announcements, another thing to see what actually happens. And if you track the steelmaking production in China over the last few years, it's pretty stable. But, Réal, over to you.

<A – Réal Foley – Teck Resources Ltd.>: Yeah. Thanks, Lucas. So, yes, China increased overall coal production during the quarter. When you look at it just for coking coal, the increase is very small. And local consultants in China are expecting that the increase in production this year could be maybe up to 4 million tonnes. That would bring it up to about 494 million tonnes, compared to 490 million tonnes last year. Now, I say up to 4 million tonnes because there's a number of challenges with safety inspections that are continuing. There's also the 20th Party Congress that will take place in October, November this year. Those increased safety inspections at the coal mines are expected to go on from now right through to the 20th Party Congress. So there is going to be pressure actually to maintain even production at the level that it's at right now.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Very, very helpful. Really appreciate all the color and continued best of luck.

<A – Réal Foley – Teck Resources Ltd.>: Thank you.

Operator: Thank you. The next question is from Brian MacArthur from Raymond James. Please go ahead.

<Q – Brian MacArthur – Raymond James Ltd.>: Hi. Good morning. Can I just follow-up on slide 26? You talk about the CAD 2 billion decrease in capital next year, which is obviously very positive. But then, you go on to say, sustaining capital, capitalized strips, all coming back down. So, if I just eyeball that, that's maybe, I don't know, CAD 500 million of that. The other CAD 1.5 billion decrease, some of that's QB2, obviously. But are there other growth projects built in there?

And where I'm going with it a little bit is obviously the QB2 cash is different than the corporate cash, just given your relative percentage ownership. So, I'm just trying to figure out – I actually would have thought it might have gone down a little bit more on a corporate basis. I'm just trying to figure out what else is in there, if you can give us any color.

<A – Jonathan Price – Teck Resources Ltd.>: Yeah. Thanks for the question there. So we will see a reduction in sustaining capital year-over-year into 2023. We've guided this year to CAD 1.4 billion sustaining. We think a longer-term sustainable level is closer to CAD 1 billion, including QB2. But we're not going to get all the way there by 2023. So, you'll see some step-down in sustaining capital. We'll also see a step-down in capitalized stripping, as you mentioned.

With respect to QB2, it's important to note here that all of these numbers are on a 100% basis for QB2 because we consolidate that. If you look at our guidance in terms of to-go capital and you look at the guidance for 2022, you'll see there's a reasonable amount of capital carried over into the first half of next year, and that could be CAD 600 million or CAD 700 million. So, that as well explains why you don't see sort of a cliff in the QB2 capital year-over-year.

And then finally, I'd say, if you look at our guidance for this year, we've guided to CAD 300 million in other growth across the business. And that goes to a bunch of studies that we're doing across many of our base metals assets, and we expect that to continue as well. As Don mentioned, we have this pipeline of projects ahead of us where we're readying a number of those near-term development decisions. And therefore, the studies and sort of pre-execution work continues to ramp up.

So, there's a lot of growth activity still in the portfolio in 2023, both QB2 and future options, which explains why the number perhaps isn't falling as much as you might assume.

<Q – Brian MacArthur – Raymond James Ltd.>: Great. Thank you very much. That's very...

<A – Jonathan Price – Teck Resources Ltd.>: But we can...

<Q – Brian MacArthur – Raymond James Ltd.>: Yeah, that's very helpful.

<A – Jonathan Price – Teck Resources Ltd.>: I was going to say, if you want a further break down on that, just contact Fraser and he can help with the numbers.

<Q – Brian MacArthur – Raymond James Ltd.>: Great. Because that's very helpful. That's exactly what I was trying to get at. Can I just ask, QB working capital, does that get counted in that CAD 700 million as well carryover?

<A – Jonathan Price – Teck Resources Ltd.>: No. No, the working capital is not in there.

<Q – Brian MacArthur – Raymond James Ltd.>: Okay. Great. Thank you very much. That's very helpful.

<A – Jonathan Price – Teck Resources Ltd.>: Most welcome.

Operator: Thank you. The next question is from Jackie Przybylowski from BMO Capital Markets. Please go ahead.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Thanks very much. I just want to follow up on the question Orest asked earlier in the call on the share buyback. So, I guess there's a lot of moving parts. I just want to make sure I'm clear. Can you maybe talk a little bit about how quickly you expect to complete this new US$500 million in share buyback? And can you just maybe remind us if you finished the CAD 100 million that you announced in February and also the 40 million share NCIB that was approved in November and sort of where you're at in all of those programs, if you don't mind? Thanks.

<A – Don Lindsay – Teck Resources Ltd.>: Yeah, sure. So, the November announcement is the annual announcement of the renewal of the NCIB, and you pick a total possible number. So we – and there's a regulated maximum. And so, we put 40 million shares there, which is a big number. That doesn't guarantee that you're going to do all 40 million shares, but it gives you then the room to start.

And then, of course, you have to authorize a dollar amount. The board gives myself and Jonathan an amount to work with. When we were doing the special dividend and increasing the base dividend, we just started with a small amount to get the NCIB going. And we completed that amount a while back. So, we just reloaded last night. As we had said in February, the board will be reviewing it regularly. And so, US$500 million gives us something to work with.

I couldn't tell you how long it's going to take to execute. That really depends on market conditions and so on. And then the board will review it again. And as board reviews it again, our next board meeting is actually at the end of May, and there's a different board meeting scheduled. And, generally, we would review it at a scheduled board meeting. But if Jonathan and I feel that we want to reload sooner, we can call a quick call or something. So, it will be reviewed regularly, and that's basically our position.

And that sort of matches – as we continue to generate all this cash, we don't know what the commodity prices are going to be next quarter or the quarter after. We've seen a lot of volatility, as you know. And so – but while the prices are reasonably high where they are now [ph] return on those (00:45:34) cash, we probably want to review that buyback very regularly. And then if the prices happen to fall off, then maybe it'd be [indiscernible] (00:45:42). I think that's about all we can tell you.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: And sorry, Don, this is probably a really dumb question, but the authorization – the normal annual authorization of 40 million shares in the fall, I mean, that possibly would kind of get gobbled up by that Q1 CAD 100 million announcement and this new announcement. So, would you need to go back and add to that blanket NCIB approval if you wanted to do another buyback at some point later this year?

<A – Don Lindsay – Teck Resources Ltd.>: Yeah.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Yeah.

<A – Don Lindsay – Teck Resources Ltd.>: So, the NCIB is a course issuer bid. I'd encourage you to go and read the rules on that. We are buying back stock under that authorization. If we get to the maximum allowed by the regulators under that, we would then have to actually do a tender offer, something more formal. So, right now, bringing under that 40 million shares, and I suspect that would be enough for now.

<A – Jonathan Price – Teck Resources Ltd.>: And, Jackie, just for context, we bought back CAD 100 million through to April, and that was 2 million shares and the NCIB is 40 million shares. So, there's plenty of headroom under that right now, even accounting for the US$500 million that was authorized yesterday.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: Okay. Thanks, Jonathan. That's helpful. And then maybe I could just ask about the QB Mill Expansion. I know you said in the release that you've got a pre-feasibility that you're working on. I mean, that certainly means different things at different companies sometimes. So, can you maybe talk a little bit about what level of detail you're expecting to include in that pre-feasibility study?

<A – Don Lindsay – Teck Resources Ltd.>: I'll turn that one over to Red Conger, please. Unless – Shehzad, unless you want to jump in. But, Red, over to you.

<A – Red Conger – Teck Resources Ltd.>: Good morning, Jackie. We're really excited about this development. We've checked roughly 12 key calculations for fatal flaws. One example would be, can the tailing dam that we currently have constructed accommodate the rate of rise that we would incur from increasing the capacity by 50%? So, we've gone through those kinds of things, got positive engineering results on all of those. So, that's what's really triggered us to be bullish about this particular approach.

And we're actually working on combining the elements of the feasibility study into the work that we're doing right now to fast track this thing. So, we're trying to get all of that in place to do permitting, etcetera, here at the end of the year.

<Q – Jackie Przybylowski – BMO Capital Markets Corp. (Canada)>: That's what I was hoping I would hear. Thank you very much. Thanks. Thanks, Red and Don and Jonathan.

<A – Don Lindsay – Teck Resources Ltd.>: Thank you.

Operator: Thank you. This concludes today's question-and-answer session. I would like to turn the meeting back over to Mr. Lindsay.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Okay. Well, thanks, all, for attending today. We're very excited about the position we're in. Very pleased with the results in Q1. Q2 is looking even better. And so, we look forward to discussing that with you at the next call in July. Thanks very much.

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