

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Teck Resources Limited					
<b>Reporting Year</b>	<b>From</b>	1/1/2019	<b>To:</b>	12/31/2019	<b>Date submitted</b>	6/2/2020
<b>Reporting Entity ESTMA Identification Number</b>	E452660	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report				
<b>Other Subsidiaries Included</b> (optional field)						
<b>For Consolidated Reports - Subsidiary Reporting Entities Included in Report:</b>	Teck Metals Ltd. - E097974 Fording Partnership - E022630 Teck Resources Coal Partnership - E428456 Teck Coal Partnership - E694485 Elkview Mine Limited Partnership - E916164 TCL US Holdings Ltd. - E433973 Teck Highland Valley Copper Partnership - E561040					
<b>Not Substituted</b>						
<b>Attestation Through Independent Audit</b>	<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.</i></p> <p><i>The auditor expressed an unmodified opinion, dated 6/2/2020, on the ESTMA Report for the entity(ies) and period listed above. The independent auditor's report can be found at end of report.</i></p>					
<b>Full Name of Director or Officer of Reporting Entity</b>	Ronald A. Millos			<b>Date</b>	6/2/2020	
<b>Position Title</b>	Senior Vice President, Finance and Chief Financial Officer					

## Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Year</b>	<b>From:</b> 1/1/2019	<b>To:</b> 12/31/2019	
<b>Reporting Entity Name</b>	Teck Resources Limited		<b>Currency of the Report</b> CAD
<b>Reporting Entity ESTMA Identification Number</b>	E452660		
<b>Subsidiary Reporting Entities (if necessary)</b>	Teck Metals Ltd. - E097974 Fording Partnership - E022630 Teck Resources Coal Partnership - E428456 Teck Coal Partnership - E034465 Elkview Mine Limited Partnership - E916164 TCL US Holdings Ltd. - E433973 Teck Highland Valley Copper Partnership - E561040		

### Payments by Payee

Country	Payee Name <sup>1</sup>	Departments, Agency, etc... within Payee that Received Payments <sup>2</sup>	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes <sup>3,4</sup>
Canada	Government of British Columbia		312,740,000	-	6,910,000	-	-	-	-	319,650,000	Note 3
Canada	District of Spanwood		6,850,000	-	260,000	-	-	-	3,800,000	10,910,000	
Canada	District of Elkford		5,620,000	-	-	-	-	-	-	5,620,000	
Canada	Klunaxa Nation Council		-	2,080,000	2,760,000	-	-	-	-	4,840,000	
Canada	Lower Nicola Indian Band		-	-	3,930,000	-	-	-	-	3,930,000	
Canada	Government of Alberta		3,030,000	-	700,000	-	-	-	-	3,730,000	Note 4
Canada	Mikisew Cree First Nation		-	-	3,510,000	-	-	-	-	3,510,000	
Canada	District of Logan Lake		3,310,000	-	-	-	-	-	-	3,310,000	
Canada	Athabasca Chipewyan First Nation		-	-	2,720,000	-	-	-	-	2,720,000	
Canada	Citoy Nisakapamux Assembly		-	-	2,490,000	-	-	-	-	2,490,000	
Canada	Nisakapamux Nation Tribal Council		-	-	1,820,000	-	-	-	-	1,820,000	
Canada	Government of Canada		-	-	1,350,000	-	-	-	-	1,350,000	Note 2, Note 5
Canada	Fort McKay First Nation		-	-	1,210,000	-	-	-	-	1,210,000	
Canada	Sik'emlupsemc te Secwepemc Nation		-	-	860,000	-	-	-	-	860,000	
Canada	Kanaka Bar Indian Band		-	-	650,000	-	-	-	-	650,000	
Canada	Yellowhead County		370,000	-	-	-	-	-	-	370,000	
Canada	Alexis Nakota Sioux Nation		-	-	260,000	-	-	-	-	260,000	
Canada	District of Tumbler Ridge		240,000	-	-	-	-	-	-	240,000	
Canada	Tahltan Nation		-	-	210,000	-	-	-	-	210,000	
Canada	Fort McMurray First Nation		-	-	200,000	-	-	-	-	200,000	
Canada	City of Kimberley		180,000	-	-	-	-	-	-	180,000	
Canada	Metis Nation of Alberta Local 1909		-	-	160,000	-	-	-	-	160,000	
Canada	Metis Nation of Alberta Region 1		-	-	150,000	-	-	-	-	150,000	
Canada	Whitefish Lake First Nation		-	-	130,000	-	-	-	-	130,000	
Canada	Ermieskin Cree Nation		-	-	130,000	-	-	-	-	130,000	
Peru	Government of Peru		167,700,000	-	4,310,000	-	-	-	6,200,000	178,210,000	Note 1, Note 8
Peru	Autoridad Autonoma de Majes		-	-	150,000	-	-	-	-	150,000	Note 1
United States of America	State of Alaska		45,950,000	-	530,000	-	-	-	-	46,480,000	Note 1, Note 2, Note 6
United States of America	Government of United States		40,030,000	-	-	-	-	-	-	40,030,000	Note 1, Note 2, Note 7
United States of America	District of Northwest Arctic Borough		34,740,000	-	-	-	-	-	-	34,740,000	Note 1
United States of America	State of California		1,270,000	-	-	-	-	-	-	1,270,000	Note 1
United States of America	Native Village of Kivalina		-	-	580,000	-	-	-	-	580,000	Note 1
United States of America	State of Texas		470,000	-	-	-	-	-	-	470,000	Note 1
United States of America	State of Washington		-	370,000	-	-	-	-	-	370,000	Note 1
United States of America	City of St. Louis		-	-	320,000	-	-	-	-	320,000	Note 1
United States of America	City of Pend Oreille		350,000	-	-	-	-	-	-	350,000	Note 1
United States of America	State of Minnesota		-	-	170,000	-	-	-	-	170,000	Note 1
Chile	Government of Chile		70,150,000	-	1,630,000	-	-	3,760,000	-	75,540,000	Note 1, Note 2, Note 9
Chile	Quechua Indigenous Community of Huatacondo		-	-	1,280,000	-	-	-	-	1,280,000	Note 1
Chile	Salár de Coposa Aymara Indigenous Association		-	-	1,120,000	-	-	-	-	1,120,000	Note 1
Chile	Municipality of Las Condes		810,000	-	-	-	-	-	-	810,000	Note 1
Chile	Municipality of Pica		-	-	790,000	-	-	-	-	790,000	Note 1
Chile	Municipality of Andacollo		680,000	-	-	-	-	-	-	680,000	Note 1
Chile	Human Groups belonging to Indigenous Peoples from Copaquire		-	-	290,000	-	-	-	-	290,000	Note 1
Chile	Municipality of Iquique		-	-	280,000	-	-	-	-	280,000	Note 1
Chile	Copaquire Livestock Indigenous Association		-	-	250,000	-	-	-	-	250,000	Note 1
Chile	Aymara Indigenous Association of Eastern Collahuasi		-	-	200,000	-	-	-	-	200,000	Note 1
Chile	Human Groups belonging to Indigenous Peoples from Tamentica		-	-	160,000	-	-	-	-	160,000	Note 1
Chile	Human Groups belonging to Indigenous Peoples from Chichla		-	-	120,000	-	-	-	-	120,000	Note 1
Chile	Aymara Cultural and Ranchers Indigenous Association of Quebrada de Yabrocoilla and Caya		-	-	110,000	-	-	-	-	110,000	Note 1
Turkey	Government of Turkey		-	-	980,000	-	-	-	-	980,000	Note 1
Mexico	Government of Mexico		-	-	380,000	-	-	-	-	380,000	Note 1
Australia	Queensland Government		-	-	160,000	-	-	-	-	160,000	Note 1
Australia	Government of Australia		-	-	100,000	-	-	-	-	100,000	Note 1

**Additional Notes:**

Note 1: Payments denominated in a foreign currency is translated using the closing spot rate on December 31, 2019. Exchange rates used for translation per \$1 Canadian Dollar are as follows: PEN 0.3915; USD 1.2962; CLP 0.0018; TRY 0.2179; MXN 0.0687; AUD 0.9112

Note 2: Taxes reported do not include cash tax refunds received in 2019 from: Government of Canada \$0.7M; Government of United States \$30M; State of Alaska \$3.1M; Government of Chile \$0.7M

Note 3: Payees include - Ministry of Finance British Columbia

Note 4: Payees include - Ministry of Treasury Board and Finance

Note 5: Payees include - Innovation, Science and Economic Development Canada, Receiver General for Canada, Canada Revenue Agency

Note 6: Payees include - Alaska Department of Revenue, Alaska Department of Environmental Conservation, Alaska Department of Natural Resources

Note 7: Payees include - Internal Revenue Service

Note 8: Payees include - Ingemmet - Instituto Geológico Minero y Metalúrgico, Superintendencia Nacional de Aduanas y de Administración Tributaria, Banco de la Nación

Note 9: Payees include - Tesorería General de la República, Ministerio de Bienes Nacionales

<sup>1</sup>Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

<sup>2</sup>Optional field.

<sup>3</sup>When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

<sup>4</sup>Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

## Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Year</b>	<b>From:</b> 1/1/2019	<b>To:</b> 12/31/2019	
<b>Reporting Entity Name</b>	Teck Resources Limited		<b>Currency of the Report</b> CAD
<b>Reporting Entity ESTMA Identification Number</b>	E452660		
<b>Subsidiary Reporting Entities (if necessary)</b>	Teck Metals Ltd. - E097974 Fording Partnership - E022630 Teck Resources Coal Partnership - E428456 Teck Coal Partnership - E694485 Elkview Mine Limited Partnership - E916164 TCL US Holdings Ltd. - E433973 Teck Highland Valley Copper Partnership - E561040		

### Payments by Project

Country	Project Name <sup>1</sup>	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes <sup>23</sup>
Canada	Fording River	112,890,000	-	295,000	-	-	-	-	113,185,000	
Canada	Elkview	86,950,000	-	55,000	-	-	-	-	87,005,000	
Canada	Greenhills	64,100,000	-	40,000	-	-	-	-	64,140,000	
Canada	Highland Valley Copper	23,840,000	-	10,780,000	-	-	-	-	34,620,000	
Canada	Corporate Office - Coal	12,570,000	2,060,000	7,620,000	-	-	-	3,800,000	26,070,000	
Canada	Line Creek	24,720,000	-	220,000	-	-	-	-	24,940,000	
Canada	Frontier	220,000	-	9,170,000	-	-	-	-	9,390,000	
Canada	Cardinal River	3,160,000	-	1,170,000	-	-	-	-	4,330,000	
Canada	Coal Mountain	3,380,000	-	170,000	-	-	-	-	3,550,000	
Canada	Head Office - Canada	10,000	-	300,000	-	-	-	-	310,000	
Canada	Sullivan	250,000	-	70,000	-	-	-	-	320,000	
Canada	Quintette	100,000	-	220,000	-	-	-	-	320,000	
Canada	Galore Creek	20,000	-	210,000	-	-	-	-	230,000	
Canada	Bullmoose	130,000	-	70,000	-	-	-	-	200,000	
Canada	Duck Pond	-	-	30,000	-	-	-	-	30,000	
Peru	Antamina	167,690,000	-	3,180,000	-	-	-	6,200,000	176,970,000	Note 1
Peru	Peru Exploration Properties	-	-	890,000	-	-	-	-	890,000	Note 1
Peru	Zafranal	120,000	-	390,000	-	-	-	-	510,000	Note 1
United States of America	Red Dog	68,970,000	-	920,000	-	-	-	-	69,890,000	Note 1
United States of America	Corporate Office - US	53,490,000	-	130,000	-	-	-	-	53,620,000	Note 1
United States of America	Pend Oreille	350,000	370,000	-	-	-	-	-	720,000	Note 1
United States of America	Mesaba	-	-	500,000	-	-	-	-	500,000	Note 1
United States of America	US Exploration Properties	-	-	60,000	-	-	-	-	60,000	Note 1
Chile	Carmen de Andacollo	54,280,000	-	340,000	-	-	3,760,000	-	58,380,000	Note 1
Chile	Corporate Office - Chile	14,230,000	-	-	-	-	-	-	14,230,000	Note 1
Chile	Quebrada Blanca	3,050,000	-	5,250,000	-	-	-	-	8,300,000	Note 1
Chile	NuevaUnión	70,000	-	630,000	-	-	-	-	700,000	Note 1
Turkey	Turkey Exploration Properties	-	-	510,000	-	-	-	-	510,000	Note 1
Turkey	Hallaga	-	-	130,000	-	-	-	-	130,000	Note 1
Turkey	Kizildam	-	-	120,000	-	-	-	-	120,000	Note 1
Turkey	TV Tower	-	-	110,000	-	-	-	-	110,000	Note 1
Turkey	Belen	-	-	60,000	-	-	-	-	60,000	Note 1
Turkey	Corporate Office - Turkey	-	-	20,000	-	-	-	-	20,000	Note 1
Turkey	Biga	-	-	10,000	-	-	-	-	10,000	Note 1
Mexico	San Nicolas	-	-	200,000	-	-	-	-	200,000	Note 1
Mexico	Alacran	-	-	120,000	-	-	-	-	120,000	Note 1
Mexico	La Verde	-	-	60,000	-	-	-	-	60,000	Note 1
Australia	Australia Exploration Properties	-	-	240,000	-	-	-	-	240,000	Note 1
Australia	Lennard Shelf	-	-	30,000	-	-	-	-	30,000	Note 1

**Additional Notes:**<sup>3</sup> Note 1: Payments denominated in a foreign currency is translated using the closing spot rate on December 31, 2019. Exchange rates used for translation per \$1 Canadian Dollar are as follows: PEN 0.3915; USD 1.2962; CLP 0.0018; TRY 0.2179; MXN 0.0687; AUD 0.9112

<sup>1</sup> Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

<sup>2</sup> When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

<sup>3</sup> Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

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**Extractive Sector Transparency Measures Act Report**  
**For the year ended December 31, 2019**  
**(All amounts expressed in Canadian Dollars)**

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**INTRODUCTION**

Teck Resources Ltd. and its subsidiaries (collectively “Teck” or “we”) have prepared the following audited consolidated report (“the Report”) of payments made to government entities for the year ended December 31, 2019 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

**BASIS OF PREPARATION**

The Report is presented in Canadian Dollars and has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications. Payments denominated in currencies other than Canadian dollars are translated at the closing exchange rate on December 31, 2019. The following is a summary of judgments and definitions that we have made for the purpose of preparing the 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 Report. For the year ended December 31, 2019, 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 the Act, a payee is:

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

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

Aboriginal and indigenous groups and organizations may also be regarded as a payee under the Act. Payments to foreign and Canadian Aboriginal 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 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, resources 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 license fees, permit fees, entry fees, regulatory charges and other payments for licenses and/or concessions. Amounts paid for goods and services in the ordinary course of commercial transactions are excluded.

### *Production entitlements*

Production entitlements are 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, 2019, there were no reportable production entitlement payments to a payee.

### *Bonuses*

Bonuses are payments to government for signing, discovery, production, and any other types of bonuses paid in relation to the commercial development of oil, gas, or minerals. For the year ended December 31, 2019, 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 the Act. A “project” means the operational activities governed by a single contract, license, 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, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

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

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

## Commercial Development

The Act 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, license, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

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

## Significant Judgments

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

### *Joint control and attribution*

The Act requires the reporting of payments made by entities that are controlled by the Reporting Entity. The 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, 2019. As Suncor Energy Inc. is the operator, they are reporting 100% of the payments to governments related to Fort Hills.

- b) Galore Creek, NuevaUnión, and Antamina - We are reporting our proportionate share of payments to governments relating to our 50% ownership of Galore Creek, 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 the Act are not reported. We have determined that Alaska Native Corporations (“ANC”) created under the Alaska Native Claims Settlement Act are not considered a government payee based on the criteria in the Act. ANCs are for-profit corporations with shareholders of shared Indigenous heritage. ANCs do not assume any regulatory, licensing, or taxing roles which would grant them the power, duty or function of a government. ANCs are also not federally or state recognized tribes by the United States Bureau of Indian Affairs. As such, payments made to ANCs, including NANA Regional Corporation have been excluded from the Report.

*Corporate Social Responsibility (“CSR”) Payments*

The 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 either the nature, timing or extent of the payment, relating to the commercial development of oil, gas or minerals.



## *Independent auditor's report*

To the Board of Directors of Teck Resources Limited

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### *Our opinion*

In our opinion, the accompanying Extractive Sector Transparency Measures Act (ESTMA) – Annual Report (the consolidated financial information) of Teck Resources Limited (the Entity) for the year ended December 31, 2019 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.

### **What we have audited**

The Entity's consolidated financial information comprises the schedules of payments by payee and payments by project for the year ended December 31, 2019 and the notes to the consolidated financial information, which includes a summary of significant accounting policies.

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### *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 consolidated financial information* 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 consolidated financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Emphasis of matter – basis of accounting*

We draw attention to the notes to the consolidated financial information, which describe the basis of accounting. The consolidated financial information is prepared to assist the Entity in complying with the reporting requirements of the ESTMA. As a result, the consolidated financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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*T: +1 604 806 7000, F: +1 604 806 7806*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.





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### *Responsibilities of management and those charged with governance for the consolidated financial information*

Management is responsible for the preparation of the consolidated financial information in accordance with the reporting requirements of the ESTMA, and for such internal control as management determines is necessary to enable the preparation of consolidated financial information 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.

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### *Auditor's responsibilities for the audit of the consolidated financial information*

Our objectives are to obtain reasonable assurance about whether the consolidated financial information 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 this consolidated financial information.

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 consolidated financial information, 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 consolidated financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial information. 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.

**(signed) PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia, Canada

June 2, 2020