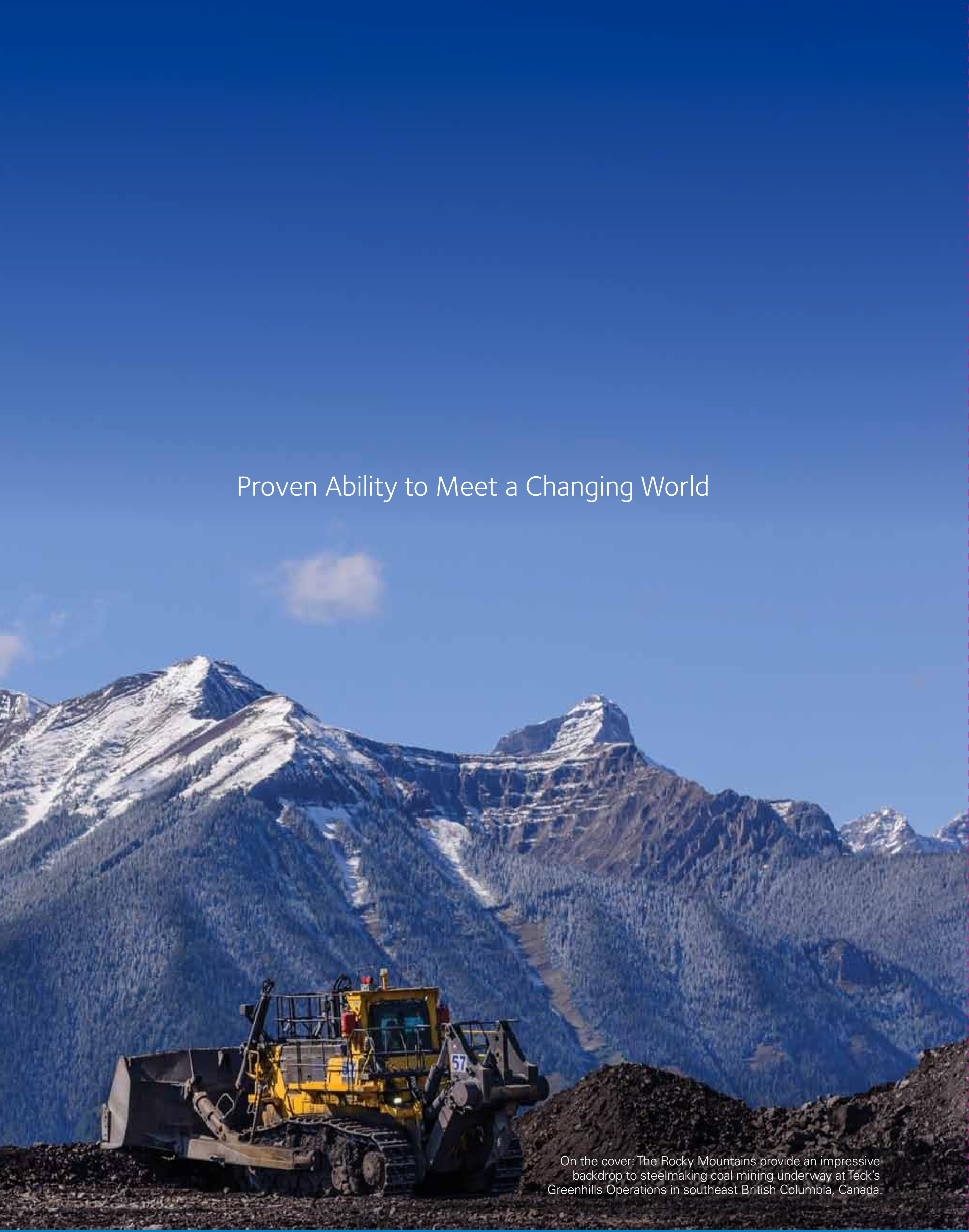
Adaptability

Teck 2014 Annual Report

Teck

Proven Ability to Meet a Changing World



On the cover: The Rocky Mountains provide an impressive backdrop to steelmaking coal mining underway at Teck's Greenhills Operations in southeast British Columbia, Canada.

Our Business

Teck is a diversified resource company committed to responsible mining and mineral development with business units focused on steelmaking coal, copper, zinc and energy. Headquartered in Vancouver, British Columbia, Canada, we own or have an interest in 13 mines, one large metallurgical complex, a wind power facility, and several major development projects in Canada, the United States, Chile and Peru. We have expertise across a wide range of activities related to exploration, development, mining and minerals processing including smelting and refining, safety, environmental protection, materials stewardship, recycling and research.

Our strategic objective is to ensure Teck is the premier mining company in the business in terms of building shareholder value, safety, sustainability, and mutually beneficial relationships with all of our partners and stakeholders.

Mineral reserve and resource estimates for our properties are disclosed in our most recent Annual Information Form, which is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Forward-Looking Statements
This annual report contains forward-looking statements. Please refer to the "Caution on Forward-Looking Information" on page 51.

All dollar amounts expressed throughout this report are in Canadian dollars unless otherwise noted.

In This Report

● **Corporate Head Office**

Operations & Projects:

Copper

1. Highland Valley Copper
2. Duck Pond
3. Antamina
4. Quebrada Blanca
5. Carmen de Andacollo
6. Relincho
7. Galore Creek
8. Mesaba

Zinc

1. Red Dog
2. Trail Operations
3. Pend Oreille

Energy

1. Frontier
2. Fort Hills
3. Wintering Hills

Steelmaking Coal

1. Cardinal River
2. Coal Sites in B.C.
   - Fording River
   - Greenhills
   - Line Creek
   - Elkview
   - Coal Mountain
3. Quintette

We have operations focused on steelmaking coal, copper, zinc and energy in four countries, and offices and exploration projects worldwide

2014 Highlights

Safety

- Reduced High Potential Incident frequency rate by 22% compared to 2013.
- Attained a 25% lower reportable injury frequency than 2013.

Financial

- Revenue of $8.6 billion and gross profit before depreciation of $2.9 billion.
- Cash flow from operations of $2.3 billion.
- Profit attributable to shareholders of $362 million, or $0.63 per share. Adjusted profit of $452 million, or $0.78 per share.
- Over $5.0 billion of liquidity at the end of 2014. Cash balance of $2.0 billion and a US$3.0 billion unused line of credit.
- Declared dividends at an annualized rate of $0.90 per share.

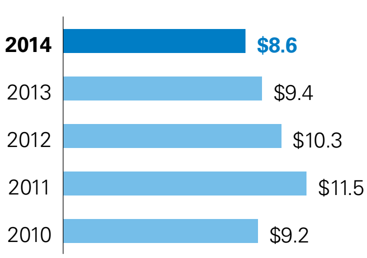
Operating and Development

- Cost reduction program continues to exceed initial goals, with approximately $640 million of annualized reductions realized to date.
- Achieved record annual steelmaking coal production of 26.7 million tonnes.
- Achieved record annual zinc production of 596,000 tonnes at Red Dog mine.
- Completed the mill optimization project at Highland Valley Copper, with mill throughput averaging 140,000 tonnes per day for the last nine months of 2014, exceeding the design rate of 130,000 tonnes per day.
- Restarted Pend Oreille zinc mine on time and under budget. Full production of 44,000 tonnes on an annualized basis expected in the second quarter of 2015.
- Fort Hills oil sands project progressing on schedule and meeting all critical milestones.

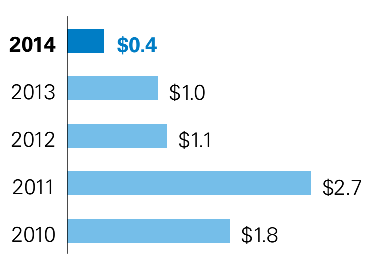
Sustainability

- Ranked as the top mining company worldwide on the Global 100 Most Sustainable Corporations list by media and investment research company Corporate Knights in January 2015, the third consecutive year we have been included.
- Named to the Dow Jones Sustainability World Index (DJSI) for the fifth consecutive year. Our DJSI score placed our sustainability performance in the top 10% of the world's 2,500 largest public companies.

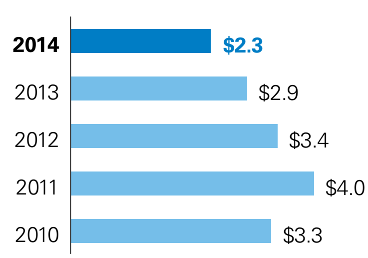
Revenue ($ in billions)



Profit Attributable to Shareholders ($ in billions)



Cash Flow from Operations ($ in billions)



Letter from the Chairman

Norman B. Keevil
Chairman of the Board

To the Shareholders

When the retired Governor General of Canada, the Right Honourable Roland Michener, was Chairman of Teck some years ago, he would say he had learned "to speak in governor generalities". With the balance of this annual report covering your management's exceptional work in sustainability, societal expectations, safety, production, profits and cost control in challenging times, perhaps as Chairman I may retain the prerogative of speaking more of generalities in this space.

Readers may tire of being reminded that there are two parts to the popular phrase 'super-cycle', and that the second half has not been abolished. We are into it now for many commodities, although how deep and for how long is never clear. That said, I do believe we are still into a long-term secular trend of increasing demand for most of our mined products, as people in less developed parts of the world work to achieve their aspirations. It just will never be a straight line up, and the pauses can be difficult, as well as ripe with opportunity.

It is a generally understood observation about the commodities business that it is cyclical. As Professor Lu Feng of Peking University once said: "In a competitive environment, overcapacity is inevitable". And, to paraphrase the Canadian mining philosopher Ian Telfer: "Our business is like life; it is never as good as it seems, and it's never as bad as it seems".

In fact, most businesses are cyclical. In what might be called "The Law of Entrepreneurial Folly," periodic surpluses have to be considered the norm, with their severity and duration generally reflecting the elasticity or non-elasticity of supply in a sector.

Capital-intensive sectors such as mining may find it harder than some other sectors to make the obvious response to such periods of oversupply, thus prolonging them. At times, we may tend to be our own worst enemies.

In this business we are all guilty, our peers and us, of perverse behaviour at times. Our institutional investors rarely tell us we need to cut back production, instead taking us to task if we aren't seen to be increasing production of gold, or copper, or coal, or zinc, or whatever it is we produce, every year. We are encouraged to do almost anything to keep it up. Recall that gold producers for years were valued more on the number of ounces they produced than on their profitability, although that does seem to be changing recently. The iron producers may be guilty of the same behaviour today.

Our operations managers, across the industry, have a natural tendency to press continuously to produce more of their stuff every year. They are generally rewarded for that, but it is also instinctive. Who takes great pride in reporting: "I managed to get production down again this year"? Not many. And yet, each such "successful production year" in a downturn exacerbates the problem. Maybe there is a better way?

But if I'm right that we are still into a long-term secular trend of growing demand, these low parts of the cycle can present opportunities as well. The trick in building real value in this business has always been the ability to think and act contra-cyclically, often against the pack, but at the right times and for the right assets.

When at or near the peak and everyone else is acting profligately, the thoughtful observer might think about squirreling something away, to be in position to take full advantage of the next downturn. And at or near the bottom, rather than succumbing to fear, using some of those chestnuts to acquire and build even greater value for the next upturn.

Successful bottom fishing has been done before in this company, leading to our Hemlo gold, Bullmoose coal and Antamina copper-zinc mines. Each arguably transformational property was acquired and/or built in the middle of a financial crisis, because we were prepared, and we were in a financial position to do so. Can we do that again? We must, because we didn't build this business just to be part of the pack.

Teck has never been immune to cycles and cannot be, but we have and will aim to build value for our owners consistently over the medium to long term, irrespective of the inevitable fluctuations along the way. We will never accept being just a "cyclical trading vehicle".

Sometimes bold moves can be unpopular or nerve-racking for a while, as Antamina was until we proved it could be financed and built successfully, and as Fort Hills may seem to some observers today. But rejuvenating through quality, long-life assets like these is the key to building a good, sustainable mining company, and one has to grasp them when one can. As always, this part of the cycle will turn.

Changing of the Guard

Your Board is in the process of rejuvenating as well, with Chris Thompson having chosen to retire from most of his public company boards for personal reasons. Janice Rennie, who has served for eight years, has asked not to have her name put forward in April, and Hugh Bolton will not be standing again, having passed the company's mandatory retirement age with one extension. Also, we lost a valued Board member in Jalynn Bennett in a tragic accident last month.

Each has been a valued member of the Teck Board for a number of years, contributing in their own ways to the company's success, and their service and advice has been much appreciated.

Two new directors joined the Board late in 2014, Tracey McVicar and Laura Dottori-Attanasio, and each brings important financial and analytical skills honed at CAI Capital and CIBC, respectively. I'm pleased to say as well that Tim Snider and Ken Pickering, both well-known mining people with extensive experience in building and operating large mines for industry-leading companies, have agreed to stand for election at the annual meeting in April. Their technological and business input will be a huge asset to Teck as we go forward.

On behalf of the Board of Directors,

Dr. Norman B. Keevil
Chairman
Vancouver, B.C., Canada
February 17, 2015

Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

2014 was a year marked by oversupply and declining prices for a number of key commodities across the mining sector. Teck and its employees demonstrated resilience and adaptability in the face of these challenging market conditions, generating positive cash margins and meeting or exceeding production guidance at each of our mines. Significant cost savings were also achieved in each of our business units, helping to maintain our strong financial position.

Our operations continued to perform very well in 2014. We achieved record steelmaking coal production of 26.7 million tonnes and sales of 26.2 million tonnes. In our copper business, Antamina set a record for throughput of approximately 138,000 tonnes per day. In our zinc business, we achieved record annual zinc production of 596,000 tonnes at our Red Dog mine.

We successfully completed a number of major projects in 2014. The mill optimization project at Highland Valley Copper significantly increased throughput and exceeded design capacity by approximately 10,000 tonnes per day. The new acid plant at Trail Operations was completed in May 2014 and achieved design rates by June. Our Pend Oreille mine was successfully restarted in December 2014 on time and under budget, to capitalize on improving zinc fundamentals. Construction of the Fort Hills oil sands project also made substantial progress throughout the year, consistent with the project schedule and budget.

Improving efficiency and reducing costs was a key focus in 2014. As a result, we have achieved annualized savings of approximately $640 million to date.

We continued to build on our efforts to improve safety performance, with lower rates of High Potential Incidents and a 25% reduction in Total Reportable Injury Frequency compared to the previous year. Sadly, we had two fatalities in 2014 — one at our Coal Mountain Operation in March and one at an exploration project in Chile in November. These incidents reinforce the importance of remaining vigilant and continuing to work towards our goal of everyone going home safe and healthy every day.

We have maintained a strong financial position with approximately $5 billion of liquidity at the end of 2014, consisting of cash on hand of $2 billion and US$3 billion available under our revolving credit facility that matures in 2019. In addition, we have only US$300 million of long-term notes due until early 2017.

Prices declined for a number of our products throughout 2014, affecting profit. Oversupply of steelmaking coal caused the average realized coal price to fall by US$34 per tonne to US$115 per tonne in 2014, a decrease of 23% over the year. Average copper prices fell by US$0.21 per pound to US$3.11 per pound in 2014, a decrease of 6%, as a result of concerns about a potential developing copper surplus. Early in 2015, prices declined by a further 15% and are now at five-year lows. In contrast, average zinc prices rose by US$0.11 per pound to US$0.98 per pound in 2014, an increase of 13%.

Oil prices have also experienced a significant decline since mid-2014; however, this currently benefits Teck in the form of lower operating costs at our existing operations equivalent to an increase of approximately $5 million in EBITDA for every US$1 per barrel decrease. Further, the decline in oil prices has led other companies to reduce their drilling activities and defer or cancel various capital projects. We believe this will lead to downward pressure on contractor costs and increase the availability of experienced labour in the oil sands. This could result in reduced cost pressures during the construction phase of Fort Hills, which is expected to begin production in 2017.

In addition, we benefit from the strengthening of the U.S. dollar, with each CAD$0.01 change in the exchange rate affecting our EBITDA by approximately $52 million on an annualized basis.

Gross profit before depreciation and amortization in 2014 was $2.9 billion compared with $3.7 billion in 2013, with the reduction due mainly to lower commodity prices. Annual revenue in 2014 was $8.6 billion, down 8% from the previous year. In 2014 we declared annual dividends of $0.90 per share, returning $518 million to shareholders.

Meeting societal expectations around responsible resource development is essential to our continued ability to operate and advance our projects. As such, we are focused on protecting the environment and building and maintaining strong relationships with Indigenous Peoples, communities and other stakeholders.

In 2014, we continued to make progress towards achieving the goals outlined in our sustainability strategy, which are organized around our most significant areas of risk and opportunity in sustainability. We are on track to achieve our short-term 2015 sustainability goals on schedule. Teck was again named the top mining company worldwide on the Global 100 Most Sustainable Corporations list in January 2015, and we were also named to the Dow Jones Sustainability World Index for the fifth consecutive year in 2014.

Looking ahead, we expect to meet or exceed the 2015 production and cost targets for each of our copper, steelmaking coal and zinc operations. At the same time, we will embed the $640 million in cost savings we achieved over 2013 and 2014 in our operations and functional groups, and target an additional margin of $100 million for 2015 through operating excellence and production maximization at our operations, while continuing to prudently manage our capital spending.

We will continue advancing our Quebrada Blanca Phase 2 project while working to achieve significant capital cost reductions and considering opportunities to enhance the value of our projects through partnerships. We will maximize learnings from the construction of Fort Hills and work on plans to market our share of bitumen.

We will maintain a strong balance sheet and access to a wide range of sources of capital and ensure that we are appropriately positioned and resourced to identify and act on internal and external opportunities to enhance our portfolio — from early stage exploration properties through to producing assets.

In the area of sustainability, with completion of all of our 2015 goals drawing near, we will review and update our strategy and develop our next set of short-term goals to 2020 as we work towards our long-term 2030 goals.

The progress we have made in every aspect of our performance in 2014 is due to the quality of our people, and I want to thank all Teck employees for their dedication and commitment over the year.

We were saddened by the passing in January 2015 of Jalynn Bennett, a 10-year member of our Board of Directors, whose wisdom and insight will be greatly missed.

After 22 years with Teck, Doug Horswill, Senior Vice President, retired in April. Doug was one of the longest-serving members of our senior management team, and his leadership has played a major role in shaping our company's approach to sustainability and social responsibility. We also welcomed two new members to our senior management team in 2014: Shehzad Bharmal, Vice President, Strategy and Development, Copper; and Larry Davey, Vice President, Development, Coal.

The steps we have taken to increase production, reduce costs and build positive relationships with the communities where we operate put us in a strong position as we head into 2015. Looking ahead, Teck will continue to deliver strong operational performance and provide the materials essential to building a better quality of life for people around the world.

Donald R. Lindsay
President and Chief Executive Officer
Vancouver, B.C., Canada
February 17, 2015

Diversified Resources

Steelmaking Coal

Teck is a major global producer of seaborne steelmaking coal, with six operations in Western Canada and over 100 years of high-quality steelmaking coal reserves and resources.

We are the world's second-largest exporter and North America's largest producer of seaborne steelmaking coal, with the capacity to produce 28 million tonnes annually and options to expand production further if market conditions change. We have implemented cost reduction measures and upgraded infrastructure to ensure our operations remain competitive during challenging market conditions.

Copper

Teck is a top 10 copper producer in the Americas, with five operating mines and a pipeline of copper development projects in North and South America.

We currently have the capacity to produce over 330,000 tonnes of copper annually, primarily from our Highland Valley Copper Operations in Canada, the Antamina mine in Peru, and from our Quebrada Blanca and Carmen de Andacollo operations in Chile.

We are working to grow our copper business by optimizing the production potential at our existing mines, developing our extensive portfolio of potential long-life copper resources and discovering new resources.

Pictured above: (left) Employees perform preventative maintenance on a haul truck at Greenhills Operations (right) Marisol Muñoz, Plant Operator Trainee, Quebrada Blanca Operations

Zinc

Teck is the world's third-largest producer of mined zinc, and operates one of the world's largest fully integrated zinc and lead smelting and refining facilities.

We have the capacity to produce over 640,000 tonnes of zinc in concentrate annually, primarily from our Red Dog Operations and Pend Oreille Operations in the United States, the Antamina mine in Peru, and over 280,000 tonnes of refined zinc from our Trail Operations in Canada.

Energy

Teck is building an energy business unit that will further diversify our resource portfolio and generate significant long-term value.

Our energy business unit includes a 20% interest in the Fort Hills oil sands project currently under construction, with production expected to start as early as the fourth quarter of 2017. Additionally, we hold a 100% interest in the Frontier oil sands project, as well as other interests in oil sands leases in the Athabasca region of northeastern Alberta. We are also contributing to the development of renewable power through our 49% interest in the Wintering Hills Wind Power Facility in southeast Alberta.

Pictured above: (left) John May, Silver Refinery Furnace Operator, Trail Operations
(right) two employees discuss the Fort Hills oil sands project

Health and Safety

Safety is a core value at Teck, and we believe it is possible to operate without serious injuries. By providing our people with the best safety procedures, tools and practices and by empowering each employee to be a Courageous Safety Leader, we know it is possible to achieve our vision of everyone going home safe and healthy every day.

Building on Our Safety Performance

In 2014, we continued to build on our safety performance, with reductions in our High Potential Incident (HPI) frequency rate compared to 2013. Total reportable injury frequency was 25% lower than in 2013; however, our lost-time injury frequency increased by 10%, primarily because of a higher proportion of more significant injuries related to strains, sprains and fractures that required time off work as directed by a medical professional.

Despite this progress, we were deeply saddened by two incidents that resulted in fatalities at our operations in 2014. An incident on March 16 at our Coal Mountain Operations in Canada resulted in the death of Teck employee Miles Lorenz, and an incident on November 15 at an exploration project in Chile resulted in the death of contractor Heriberto Rojas. These unfortunate events reinforce that we cannot waver in our efforts to build a culture of health and safety across Teck and to constantly improve our management of safety hazards and risks at all levels.

Investigations were carried out for both incidents to learn as much as possible and to implement any measures possible to prevent a reoccurrence. These learnings have been shared across all of our sites, as well as with our industry peers.

Learning and Improving

Building on our focus in 2013 to identify root causes and contributing factors for HPIs, in 2014 we developed and implemented a new High Potential Risk Control strategy at all operations across our company. This strategy aims to identify High Potential Risks through analysis of performance history and the application of activity-based risk assessment tools. This includes identifying and evaluating the controls that will most effectively prevent serious injury or loss of life, and assessing the implementation and effectiveness of these established controls.

Our Culture of Health and Safety

Courageous Safety Leadership is Teck's values-based safety philosophy and training program that aims to empower every employee and contractor to be a safety leader. Courageous Safety Leadership is foundational in building a true culture of safety within our company. Since 2009, more than 16,000 employees and contractors have participated in Courageous Safety Leadership training at Teck.

Pictured above: Luc Coultry, Coordinator Safety and Loss Control, Greenhills Operations

Our People

Our people are at the centre of everything we do. They are our best ambassadors and are essential to building and maintaining strong relationships with our communities of interest. Through their actions and decisions, they convey Teck's commitment to doing the right thing for people, communities and future generations.

A Foundation for Success

We know that our people are the foundation of our success. Every aspect of our business — from exploration to production to environmental performance — depends upon the more than 10,000 employees and contractors who work at Teck around the world. That is why we are focused on attracting and retaining a skilled, engaged and diverse workforce by providing rewarding careers and opportunities for growth and development.

Focused on Efficiency and Skill

Throughout 2014, we faced challenging market conditions for the commodities we produce. In order to maintain our competitiveness and emerge stronger from the current price cycle, it was critical for us to focus on ensuring our workforce was as efficient as possible. Over the course of the year, we reduced our global workforce by about 5%, which is equivalent to a total of 600 positions. Wherever possible, these reductions were achieved through attrition.

At the same time, we know that demographic pressures on the workforce, including an aging employee base and skilled labour shortage, persist across the mining industry and other business sectors. This makes it essential that we continue to focus on attracting, retaining and developing skilled employees. We support our employees in continually developing their skills. We partner with a number of post-secondary institutions on apprenticeship programs and we focus our recruitment efforts on skilled trades and professionals. In recent years, we have worked to strengthen our apprenticeship programs and there are now over 250 apprentices across our operations.

Supporting Our People

A motivated, effective workforce is also a healthy workforce. To support the health of our employees, we have developed a global Health and Wellness strategy that provides resources and tools to promote physical, mental, financial and social well-being.

Pictured above: Dean Wright, Heavy Duty Mechanic, Line Creek Operations

Sustainability

Operating for over a century has given us a wealth of experience in socially and environmentally responsible resource development, and we have pioneered innovative technologies and approaches that have helped improve the sustainability of the entire industry.

Our Commitment to Sustainability

The materials we produce are essential to building a modern, sustainable society, and to improving the quality of life for people living around the world. At the same time, we know that meeting societal expectations around the responsible development of those materials is essential to maintaining our ability to operate and to ensuring our long-term success. As such, sustainability is a key part of everything we do, and it informs every business decision we make.

Our commitment to sustainability is reflected in the approach we take to a range of activities conducted throughout every stage of the mining life cycle. This starts with the earliest exploration stage when we work to establish honest and respectful relationships with communities, and to find opportunities to maximize local benefits.

During mine operation, we focus on avoiding, minimizing and mitigating any potential impacts, including maintaining water quality, reducing water use, managing air quality, protecting regional biodiversity and using energy efficiently. Following the end of mining, we fully reclaim disturbed areas to re-establish self-sustaining landscapes and ecosystems.

Throughout, we depend on community support for our activities, making communities the foundation of our sustainability strategy. We are committed to building strong relationships and collaborating with communities so they genuinely benefit in a self-defined and sustainable manner from our activities.

Our Sustainability Strategy

Throughout our over 100 years in business, responsible mining and mineral development have been fundamental to our long-term success. In 2011, we formalized this approach with the launch of our sustainability strategy, which identified six areas of focus: Community, Our People, Water, Biodiversity, Energy, and Materials Stewardship. Collectively, these areas represent the most significant challenges and opportunities facing our company in the area of sustainability. More information can be found in Teck's annual sustainability report at Teck.com.

Pictured above: Victoria Gehue, Environmental Officer, Fording River Operations

Management's Discussion and Analysis

Management's Discussion and Analysis

Our business is exploring for, acquiring, developing and producing natural resources. We are organized into business units focused on steelmaking coal, copper, zinc and energy. These are supported by our corporate offices, which manage our corporate growth initiatives and provide administrative, technical, financial and other assistance.

Through our interests in mining and processing operations in Canada, the United States (U.S.), Chile and Peru, we are the world's second-largest exporter of seaborne steelmaking coal, an important producer of copper and one of the world's largest producers of mined zinc. We also produce lead, molybdenum, silver, and various specialty and other metals, chemicals and fertilizers. In addition, we own a 20% interest in the Fort Hills oil sands project, and interests in other significant assets in the Athabasca region of Alberta. We also actively explore for copper, zinc and gold.

This Management's Discussion and Analysis of our results of operations is prepared as at February 17, 2015 and should be read in conjunction with our audited consolidated financial statements as at and for the year ended December 31, 2014. Unless the context otherwise dictates, a reference to Teck, Teck Resources, the Company, us, we, or our refers to Teck Resources Limited and its subsidiaries including Teck Metals Ltd. and Teck Coal Partnership. All dollar amounts are in Canadian dollars, unless otherwise stated, and are based on our consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS). In addition, we use certain financial measures, which are identified throughout the Management's Discussion and Analysis in this report, which are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the U.S. See "Use of Non-GAAP Financial Measures" on page 48 for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under IFRS.

This Management's Discussion and Analysis contains certain forward-looking information and forward-looking statements. You should review the cautionary statement on forward-looking information under the heading "Caution on Forward-Looking Information" on page 51, which forms part of this Management's Discussion and Analysis.

Additional information about us, including our most recent Annual Information Form, is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Business Unit Results

The table below shows a summary of our production of our major commodities for the last five years and estimated production for 2015.

Five-Year Production Record and Our Expected Share of Production in 2015

	Units (000's)	2010	2011	2012	2013	**2014**	2015[2] estimate
Principal Products							
Steelmaking coal	tonnes	23,109	22,785	24,652	25,622	**26,691**	27,000
Copper[1]	tonnes	313	321	373	364	**333**	350
Zinc							
Contained in concentrate	tonnes	645	646	598	623	**660**	650
Refined	tonnes	278	291	284	290	**277**	285
Other Products							
Lead							
Contained in concentrate	tonnes	110	84	95	97	**123**	97
Refined	tonnes	72	86	88	86	**82**	88
Molybdenum contained in concentrate	pounds	8,557	10,983	12,692	8,322	**5,869**	6,250

Notes:

(1) We include 100% of the production and sales from our Highland Valley Copper, Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we own 97.5%, 76.5% and 90%, respectively, of these operations, because we fully consolidate their results in our financial statements. We include 22.5% of production and sales from Antamina, representing our proportionate equity interest in Antamina.

(2) Production estimate for 2015 represents the mid-range of our production guidance.

Average commodity prices and exchange rates for the past three years, which are key drivers of our profit, are summarized in the following table.

	US$					CAD$				
	2014	% chg	2013	% chg	2012	**2014**	% chg	2013	% chg	2012
Coal (realized — $/tonne)	**115**	-23%	149	-23%	193	**126**	-18%	153	-21%	194
Copper (LME cash — $/pound)	**3.11**	-6%	3.32	-8%	3.61	**3.43**	–	3.42	-5%	3.61
Zinc (LME cash — $/pound)	**0.98**	+13%	0.87	-1%	0.88	**1.08**	+20%	0.90	+2%	0.88
Silver (LME PM fix — $/ounce)	**19**	-21%	24	-23%	31	**21**	-16%	25	-20%	31
Molybdenum (Platts[1] — $/pound)	**11**	+10%	10	-23%	13	**12**	+20%	10	-23%	13
Lead (LME cash — $/pound)	**0.95**	-2%	0.97	+3%	0.94	**1.05**	+5%	1.00	+6%	0.94
Exchange rate (Bank of Canada)										
US$1 = CAD$	**1.10**	+7%	1.03	+3%	1.00					
CAD$1 = US$	**0.91**	-6%	0.97	-3%	1.00					

Notes:
(1) Published major supplier selling price in Platts *Metals Week*.

Our revenue and gross profit before depreciation and amortization by business unit are summarized in the following table.

	Revenue			Gross Profit Before Depreciation and Amortization[1]		
($ in millions)	**2014**	2013	2012	**2014**	2013	2012
Coal	**$ 3,335**	$ 4,113	$ 4,647	**$ 913**	$ 1,729	$ 2,405
Copper	**2,586**	2,853	3,142	**1,177**	1,391	1,601
Zinc	**2,675**	2,410	2,550	**779**	534	497
Energy	**3**	6	4	**3**	5	4
Total	**$ 8,599**	$ 9,382	$ 10,343	**$ 2,872**	$ 3,659	$ 4,507

Notes:
(1) Gross profit before depreciation and amortization is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.

Coal

In 2014, our coal operations produced a record 26.7 million tonnes of steelmaking coal, with sales of 26.2 million tonnes. The majority of our sales are to the Asia-Pacific region, with lesser amounts going primarily to Europe and the Americas. Our proven and probable reserves of more than 1 billion tonnes of steelmaking coal position us to continue to meet global demand for many years. In addition, our measured and indicated resources now total over 3.6 billion tonnes and our inferred resources are approximately 2 billion tonnes of raw coal.

Our current production capacity is approximately 28 million tonnes. However, to align production rates with anticipated demand and to effectively manage inventories, we plan to produce 26.5 to 27.5 million tonnes of coal in 2015.

In 2014 we deferred the restart of our Quintette project, based on the near-term outlook for the market. This project is now fully permitted and able to proceed when market conditions improve, which would raise our total annual production capacity to approximately 31 million tonnes of coal per year. Our actual production will be matched to demand from our customers.

In 2014, our coal business unit accounted for 39% of revenue and 32% of gross profit before depreciation and amortization.

($ in millions)	**2014**	2013	2012
Revenue	**$ 3,335**	$ 4,113	$ 4,647
Gross profit before depreciation and amortization	**$ 913**	$ 1,729	$ 2,405
Production (million tonnes)	**26.7**	25.6	24.7
Sales (million tonnes)	**26.2**	26.9	24.0

Operations

Gross profit before depreciation and amortization declined in 2014, primarily due to significantly lower coal prices. Our average realized selling price in 2014 decreased to US$115 per tonne, compared with US$149 per tonne in 2013 and US$193 per tonne in 2012.

Coal sales volumes of 26.2 million tonnes in 2014 were our second highest on record due to strong demand from contract customers, sales to new customers, good spot sales and the capability of our logistics chain, which benefited from the expanded vessel loading capacity at Neptune Bulk Terminals.

Our 2014 production of 26.7 million tonnes increased by 1.1 million tonnes from 2013. This was due largely to the efficient operation of our mines, taking advantage of our recent investments in mining equipment and plant capacity.

The cost of product sold in 2014, before transportation and depreciation charges, was $51 per tonne, compared with $50 per tonne in 2013. This cost containment was achieved despite significant increases in input costs, primarily through labour and equipment productivity improvements in mining, maintenance and processing, and further reductions in the consumption of key inputs and minimizing the use of contractors. These improvements occurred as part of an expanded cost reduction initiative across the company, which produced sustainable savings of $335 million over two years in the coal business unit.

Excluding transportation costs, we expect our annual cost of product sold to be in the range of $49 to $53 per tonne based on our current production plans, reflecting the continued focus on cost control at all our operating mines.

Capital spending in 2014 included $175 million for sustaining capital and $45 million for major enhancements to increase productive capacity.

Elk Valley Water Management

The Elk Valley Water Quality Plan (Plan), prepared in accordance with an Order issued by the British Columbia (B.C.) Minister of the Environment in April 2013, was completed and submitted to the B.C. Ministry of Environment in the second quarter of 2014. It was approved in the fourth quarter of 2014. It is intended to address the management of selenium as well as other substances released by mining activities throughout the Elk Valley watershed in the short, medium and long term. The Plan establishes water quality targets designed to be protective of the environment and human health while considering social and economic factors. The Plan was informed by scientific advice received from a Technical Advisory Committee chaired by the B.C. Ministry of Environment, which included representatives from Teck, the U.S. Environmental Protection Agency, State of Montana, Ktunaxa Nation, other provincial and federal agencies, and an independent scientist. Input from the public, which was received through three phases of consultation, was also included in the development of the Plan.

The implementation of the Plan will initially involve the construction of three active water treatment facilities and diversions to reduce selenium and nitrates in the receiving environment. Previous cost estimates for water quality management contemplated total capital spending of approximately $600 million over a five-year period, including the $120 million already invested to build the facility at Line Creek Operations. In light of the approval of the Elk Valley Water Quality Plan, we expect capital spending over that period to remain in this range. We now expect our long-term costs of water management, including capital and operating costs, to average in the range of $4 per tonne of clean coal produced (assuming annual production of 27.5 million tonnes), which is a reduction from our previous guidance of $6 per tonne. In 2015, we expect to spend approximately $36 million (which is included in our estimate of coal-sustaining capital), as we are in the midst of pre-construction studies for the second water treatment plant contemplated by the Plan, at Fording River Operations. We expect construction of this water treatment plant to commence in 2016, when spending on the Plan is expected to reach long-term average levels. New technologies continue to be explored in an effort to reduce costs.

We expect that, in order to maintain water quality, water treatment will need to continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring of the regional environment to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provides for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental impacts or technical issues or advances associated with potential treatment technologies that could substantially increase or decrease both capital and operating costs associated with water quality management.

Quintette Project

We received a *Mines Act* Permit Amendment for our Quintette project in northeast B.C. in June 2013, and all other required permits in order to restart in 2014. The feasibility study contemplates an average clean coal production rate of 3.5 million tonnes per year over the estimated 12-year life of Quintette. Quintette was placed on care and maintenance in early 2014, and the potential restart has been deferred until market conditions improve.

Rail

Rail transportation from our five steelmaking coal mines in southeast B.C. to our Vancouver port terminals is provided under a 10-year agreement with Canadian Pacific Railway (CP Rail) that commenced in April 2011. This agreement provides us with access to increased rail capacity to support our ongoing coal expansion and includes a commitment by CP Rail to invest capital to increase its capacity to transport coal. The eastbound agreement with CP Rail covering shipments to our North American customers expires at the end of February 2015. Discussions for contract extension have commenced. Our Cardinal River mine in Alberta is served by Canadian National Railway, who transports this product as required to our three ports on the west coast.

Port

A number of key initiatives have been undertaken to ensure that we have access to terminal loading capacity in excess of our planned shipments. Neptune Bulk Terminals, in which we have a 46% ownership interest, expanded its annual coal throughput capacity from 9 million tonnes to 12.5 million tonnes in 2013 with the addition of a new stacker reclaimer, with time spent in 2014 to integrate this capacity into supply chain operations. The air permit application for an expansion to 18.5 million tonnes was submitted to Metro Vancouver in December 2014. Metro Vancouver will review the application and determine the form of public consultation required and, following this process, a decision regarding approval is expected in 2015.

In addition, our contract with Westshore Terminals provides us with 19 million tonnes of annual capacity through to March 2021, and we have contracted capacity at Ridley Terminals near Prince Rupert to provide for production from our Cardinal River Operations in Alberta.

Sales

A major focus of our coal marketing strategy has been to maintain and enhance relationships with our traditional customers while establishing new customers in markets where long-term growth in steel production and demand for seaborne steelmaking coal will support our expansion efforts over the long term. We are continuing to build our existing customer base and to establish important new customer relationships in China, India and other market areas to assist in achieving our growth objectives. In 2014, we reduced our sales to China, diverting volume to market areas with higher demand growth. In 2015, we are expecting demand for seaborne steelmaking coal to continue to grow, led by traditional market areas in India and Eastern Europe.

Markets

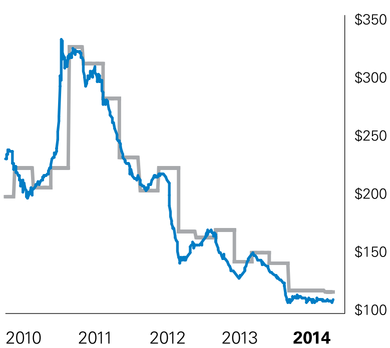
This year was characterized by an oversupply of all grades of seaborne steelmaking coal, with prices at their lowest levels since 2007. We believe that such low pricing levels are unsustainable, and estimates indicate around one-third of seaborne steelmaking coal production is operating at negative cash margins. Despite growing demand, mostly from markets outside China, and more than 30 million tonnes of announced production curtailments, the market remained oversupplied. Contributing factors leading to the oversupply of steelmaking coal included increased production and exports from Australia and reduced imports by China, due to strong domestic production and destocking at the main importing seaports. The benchmark price for our highest quality products decreased from US$143 per tonne earlier in the year to US$117 per tonne for the first quarter of 2015.

Spot price assessments declined in the first quarter of 2014 and remained range-bound below US$115 per tonne, as illustrated in the first graph below. The move to shorter term pricing continued in 2014, with steelmakers continuing to price an increasing portion of coal purchases on a spot basis.

Expectations are that steel production will continue to increase in 2015 in a range similar to 2014, as a number of key market areas are showing signs of improving demand. Nevertheless, curtailment on the steelmaking coal supply side would be required to bring the market into a healthier balance.

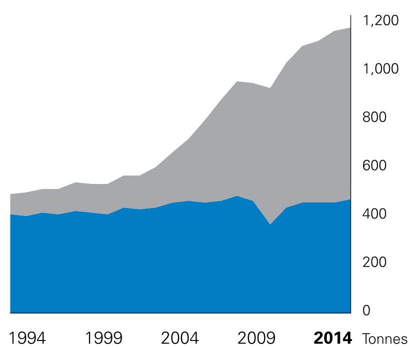
The graphs below show key metrics affecting steelmaking coal sales: spot price assessments and quarterly benchmark pricing, hot metal production (each tonne of hot metal, or pig iron, produced requires approximately 650–700 kilograms of steelmaking coal), and China's steelmaking coal imports by source.

Daily Metallurgical Coal Assessments
Source: Argus



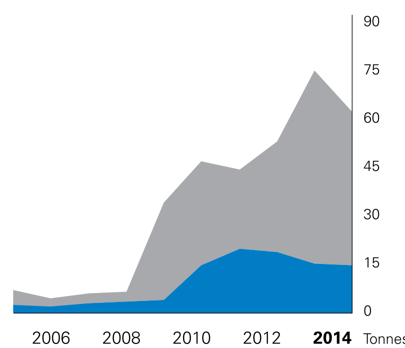
- Spot price assessments (US$ per tonne FOB Australia)
- Quarterly benchmark (US$ per tonne FOB Australia)

Hot Metal (Pig Iron) Production
Source: World Steel Association, China's National Bureau of Statistics



- Rest of the world (tonnes in millions)
- China (tonnes in millions)

China Coking Coal Imports
Source: GTIS



- Mongolia (tonnes in millions)
- Seaborne (tonnes in millions)

Copper

In 2014, we produced 333,000 tonnes of copper from our Highland Valley Copper Operations in B.C., from our 22.5% interest in Antamina in Peru, from Quebrada Blanca and Carmen de Andacollo in Chile, and from Duck Pond in Newfoundland. Our operations performed well in 2014, with copper production at each site falling within our most recent overall guidance of 330,000 to 340,000 tonnes. The mill optimization project at Highland Valley Copper, together with improved blast fragmentation, resulted in significant increases in mill throughput averaging 140,000 tonnes per day since the start-up of the new flotation plant in the second quarter, exceeding the average design capacity of 130,000 tonnes.

In 2015, we estimate copper production will be in the range of 340,000 to 360,000 tonnes, due mainly to higher grades at Highland Valley Copper as we mine through a higher grade phase of the Valley pit over the next 18 months. Antamina is expected to gradually increase production in 2015 as grades improve, which, together with higher production from Highland Valley Copper, is expected to more than offset declines from the closure of Duck Pond in mid-2015 and lower grades at Carmen de Andacollo. In 2016, copper production is expected to be closer to 2014 levels, with more normal grades at Highland Valley Copper, full closure of Duck Pond and further planned production declines at our Chilean operations.

In 2014, our copper operations accounted for 30% of our revenue and 41% of our gross profit before depreciation and amortization.

	Revenue			Gross Profit Before Depreciation and Amortization		
($ in millions)	**2014**	2013	2012	**2014**	2013	2012
Highland Valley Copper	**$ 943**	$ 882	$ 1,012	**$ 419**	$ 408	$ 530
Antamina	**659**	822	897	**450**	596	682
Quebrada Blanca	**375**	422	499	**118**	121	115
Carmen de Andacollo	**504**	606	597	**164**	244	227
Duck Pond	**96**	113	130	**16**	19	42
Other	**9**	8	7	**10**	3	5
Total	**$ 2,586**	$ 2,853	$ 3,142	**$ 1,177**	$ 1,391	$ 1,601

	Production			Sales		
(000's tonnes)	**2014**	2013	2012	**2014**	2013	2012
Highland Valley Copper	**121**	113	116	**124**	112	117
Antamina	**78**	100	101	**78**	98	101
Quebrada Blanca	**48**	56	62	**49**	55	62
Carmen de Andacollo	**72**	81	80	**74**	83	77
Duck Pond	**14**	14	14	**13**	14	15
Total	**333**	364	373	**338**	362	372

Operations

Highland Valley Copper

We have a 97.5% interest in Highland Valley Copper, located in south-central B.C. Gross profit before depreciation and amortization was $419 million in 2014, compared to $408 million in 2013 and $530 million in 2012. Gross profit in 2014 remained similar to a year ago, as higher production and sales volumes were mainly offset by lower copper prices. Highland Valley Copper's 2014 production was 121,500 tonnes of copper in concentrate, compared to 113,200 in 2013. The increase was primarily due to higher mill throughput following the commissioning of the mill optimization project, offset by a slightly lower copper head grade and recovery. Molybdenum production was 15% lower than 2013 levels at 5.2 million pounds, due to both a lower head grade and recovery.

As a result of completion of the mill optimization project at the end of the first quarter of 2014, mill throughput averaged 140,000 tonnes per day for the last nine months of 2014, exceeding the design rate of 130,000 tonnes per day. Further process optimization efforts continue, but throughput rates and recoveries are dependent on the mix of ore sources. Highland Valley Copper is expected to produce between 100,000 and 150,000 tonnes of copper per year, depending on ore grades and hardness, for an average of 125,000 tonnes per year, until the end of the current expected mine life in 2026. Due to an increase in ore hardness as we mine the higher grade phase of the Valley pit, throughput is expected to decline to 130,000 tonnes per day in 2015.

Ore is currently mined from the Valley, Lornex and Highmont pits. The Valley pit is the main source of feed to the mill for the next 18 months while we continue the pre-stripping program to extend the Lornex pit, which will be an important feed source for the remainder of the current mine life. In 2014, work continued on defining resources in the Bethlehem area, and we commenced a prefeasibility study to assess the initial stage of a possible life extension of two to three years. Additional drilling and engineering studies are planned in 2015.

Highland Valley Copper's production in 2015 is expected to increase to between 140,000 and 145,000 tonnes of copper and is then expected to be approximately 120,000 to 125,000 in 2016 as the current high-grade phase in the Valley pit is completed. Copper production in the first quarter of 2015 is expected to be similar to 2014 levels before increasing for the remainder of the year. Molybdenum production in 2015 is expected to be in the range of 4.0 to 4.5 million pounds contained in concentrate.

Antamina

We have a 22.5% interest in Antamina, a copper-zinc mine in Peru. The other shareholders are BHP Billiton plc (33.75%), Glencore plc (33.75%) and Mitsubishi Corporation (10%). In 2014, our share of gross profit before depreciation and amortization was $450 million, compared with $596 million in 2013 and $682 million in 2012. The decline in gross profit in 2014 was primarily due to lower copper prices and significantly lower grades, as planned.

Antamina's copper production (100% basis) in 2014 was 344,900 tonnes, compared to 443,000 tonnes in 2013. Zinc production decreased by 19% to 211,000 tonnes in 2014, primarily due to less copper-zinc ores being processed. Molybdenum production totalled 3.1 million pounds, which was 69% lower than in 2013, due to lower grades and recoveries.

Antamina is a complex deposit and grades can vary significantly, depending on which area of the open pit is being mined. As 2015 progresses, a gradual return to higher production is expected as a result of continued process improvements to enhance throughput rates, and higher grades due to mine sequencing and less low-grade stockpiled material being processed.

Our 22.5% share of Antamina's 2015 production is expected to be in the range of 80,000 to 85,000 tonnes of copper, 50,000 to 55,000 tonnes of zinc and approximately 2 million pounds of molybdenum in concentrate. There will be a higher percentage of copper-zinc ores mined in the first half of the year, so zinc production is expected to be higher in the first half. Copper production for the first half of the year is expected to be similar to the previous quarter, but then increase for the second half.

Quebrada Blanca

Quebrada Blanca is located in northern Chile, 240 kilometres southeast of the city of Iquique. We own a 76.5% interest in Quebrada Blanca; the other shareholders are Inversiones Mineras S.A. (13.5%) and state-owned agency Empresa Nacional de Minería (ENAMI) (10%). ENAMI's interest is a carried interest and, as a result, ENAMI is generally not required to contribute further funding to Quebrada Blanca. The operation mines ore from an open pit and leaches the ore to produce copper cathodes via a conventional solvent extraction and electrowinning (SX-EW) process. Gross profit before depreciation and amortization was $118 million in 2014, compared with $121 million in 2013 and $115 million in 2012. Gross profit before depreciation and amortization was similar as a result of significant cost improvements, despite lower copper prices and lower production.

In 2014, Quebrada Blanca produced 48,000 tonnes of copper cathode, compared to 56,200 tonnes in 2013. Despite aging plant equipment and lower ore grades, the restructuring plan put in place for 2013 and a continued focus on cost reduction, infrastructure refurbishment and production performance has enabled plans for continued and profitable operation.

Production of approximately 45,000 to 50,000 tonnes of copper cathode is expected in 2015, similar to 2014. Grades are forecast to continue to decline as the supergene deposit is gradually depleted, but this is expected to be offset by an increase in throughput through the agglomeration and heap leach process.

Work progressed on updating the permits for the existing facilities for the supergene operation, with an anticipated mine life that has some cathode production extending into 2020. We submitted the Social and Environmental Impact Assessment (SEIA) for the supergene facilities to the regulatory authorities in the third quarter of 2014. The review, response and consultation process by the relevant regulatory agencies is in progress.

Carmen de Andacollo

We have a 90% interest in the Carmen de Andacollo mine in Chile, which is located 350 kilometres north of Santiago. The remaining 10% is owned by ENAMI. Gross profit before depreciation and amortization was $164 million in 2014, compared with $244 million in 2013 and $227 million in 2012. Gross profit was lower in 2014 due to lower copper prices and production.

Carmen de Andacollo produced 67,500 tonnes of copper contained in concentrate in 2014, compared to 76,800 tonnes in 2013, as a result of lower grades and unplanned throughput disruptions, including a transformer failure in the third quarter. Copper cathode production was 4,300 tonnes in 2014, compared with 4,400 tonnes in 2013. Gold production, on a 100% basis, was lower at 47,500 ounces compared with 68,000 ounces in 2013, primarily due to lower grades. Pursuant to an agreement made in 2010, 75% of the gold produced is for the account of Royal Gold Inc.

Consistent with the mine plan, copper grades are expected to continue to gradually decline in 2015 and in future years. Carmen de Andacollo's production in 2015 is expected to be in the range of 65,000 to 70,000 tonnes of copper in concentrate and approximately 4,000 tonnes of copper cathode. Cathode production has been extended to the end of 2015. Further extensions could be possible, depending on economics and ore sources available, including the possibility of reprocessing previous leached material.

Duck Pond

We own 100% of the Duck Pond underground copper-zinc mine located in central Newfoundland and Labrador. Duck Pond's gross profit before depreciation and amortization was $16 million in 2014 compared to $19 million in 2013 and $42 million in 2012. Gross profit declined in 2014, primarily due to lower copper prices.

Copper production of 14,200 tonnes in 2014 was similar to the 2013 production of 14,000 tonnes. Weather-related disruptions in the first quarter were offset by increased ore availability and improved plant performance as the year progressed. Zinc production was 16,200 tonnes, compared with 12,700 tonnes of zinc production in 2013, as a result of improved grades.

Ore reserves are expected to be exhausted in the first half of 2015, and the mine will be permanently closed in July 2015.

Duck Pond's production in 2015 is expected to be approximately 6,500 tonnes of copper and approximately 6,000 tonnes of zinc.

Quebrada Blanca Phase 2

Detailed design activities to support permitting for the Quebrada Blanca Phase 2 project continued in 2014, although at a slower pace, aligned with permitting activities. Optimization efforts are focused on capital reduction opportunities and mine planning using recent resource model updates.

We expect to resubmit the previously withdrawn SEIA for Quebrada Blanca Phase 2 once the SEIA for the existing supergene facility is approved, likely not before the fourth quarter of 2015. Additional environmental baseline work will be undertaken in 2015 to support this submission.

Relincho

A feasibility study was completed in the fourth quarter of 2013 on our 100% owned Relincho project in Chile, which concluded that developing a 173,000-tonnes-per-day concentrator and associated facilities would cost approximately US$4.5 billion (in August 2013 dollars, not including working capital or interest during construction), with an estimated mine life of 21 years, based on mineral reserves.

In 2015, we will continue to work on optimization studies for the Relincho project that will focus on capital and operating cost reductions, and explore other ways to enhance the value of the project.

Other Copper Projects

In 2014, focused engineering studies continued for our Galore Creek, Schaft Creek and Mesaba projects as we further explore ways to enhance the value of these projects. In the third quarter, an 18-month prefeasibility program commenced at our 50% owned Zafranal copper-gold project located in southern Peru. Our share of expenditures for the prefeasibility study, which is planned to continue through 2015, will be US$15 million.

In 2014, our CESL hydrometallurgical facility, located in Richmond, B.C., continued to advance the commercialization of our proprietary copper, nickel and copper-arsenic process technologies for internal and external opportunities. Further, CESL expanded its support of Teck's hydrometallurgical and water-based process needs at a number of its core operations.

Markets

Copper prices on the London Metal Exchange (LME) averaged US$3.11 per pound in 2014, down US$0.21 per pound from the 2013 average.

Demand for copper metal grew by 5.6% in 2014 to reach an estimated 21.8 million tonnes globally. Growth outside of China improved in several regions, with improved demand in the United States and relatively good growth in parts of Europe, albeit off a lower base. Growth in copper cathode demand in China in 2014 is estimated at 8%. A lack of available scrap, an increase in strategic reserves and good underlying demand combined to draw down bonded stocks in the face of cathode imports being up 16% and refined production being up 12% over last year.

Copper stocks in the LME, Shanghai and COMEX warehouses decreased 38.3% or 194,100 tonnes during the year. Total reported global stocks (which include producer, consumer, merchant and terminal stocks) stood at an estimated 19.8 days of global consumption versus the 25-year average of 28 days.

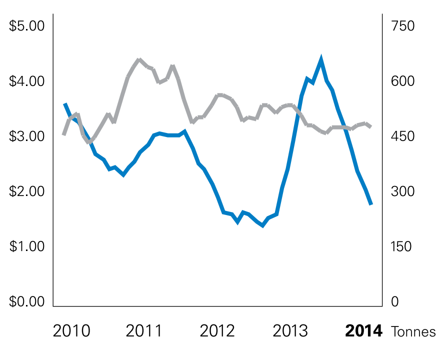
In 2014, global copper mine production increased 3.2% to reach 18.7 million tonnes. Copper scrap availability remained tight globally in 2014, with Chinese imports down a further 10% over the previous year. We expect that scrap demand will again outstrip scrap availability and therefore impact both raw material supply and refined cathode demand in 2015.

Production disruptions at mines continued to affect the market in 2014, with estimates of close to 1.3 million tonnes of planned production lost during the year. This was equivalent to an 8.1% reduction in overall production in comparison to the projected 11.3% increase at the beginning of the year.

Wood Mackenzie, a commodity research consultancy, is expecting a 4.4% increase in base case global mine production in 2015 to 14.8 million tonnes as mining projects continue to ramp up. Wood Mackenzie is also forecasting a net increase in planned smelter production of 5.8% to 18.4 million tonnes in 2015. Based on a history of mine production shortfalls combined with the difficulties in bringing new mine production to market on time, we continue to expect unplanned mine production disruptions to increase through 2015.

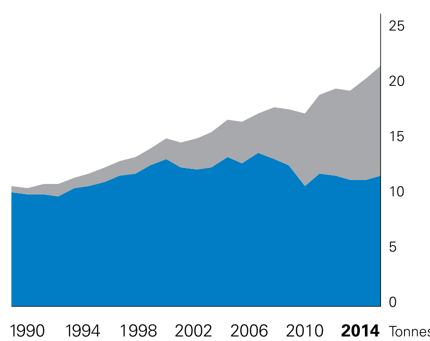
With global copper metal demand projected by Wood Mackenzie to increase by 3.9% in 2015, projected supply is expected to exceed demand slightly, moving the refined market into a small surplus. If mine production continues to disappoint in 2015 from current projections, the refined market could roughly balance or even slip into deficit in 2015. Although copper demand fundamentals remain positive for 2015, recent price declines are reflecting the weakness in oil prices and technical trading by hedge funds. With global metal stocks at well below historical averages, any disruption in production could reduce physical inventories further.

Copper Price and LME Inventory
Source: LME



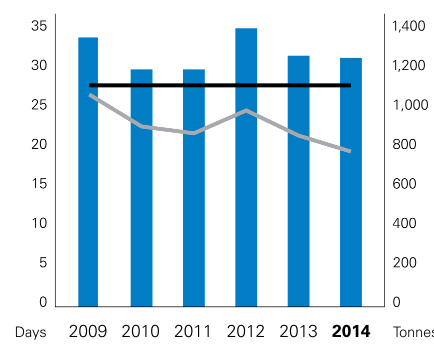
- LME inventory (tonnes in thousands)
- Copper price (US$ per pound)

Global Demand for Copper
Source: Wood Mackenzie



- Rest of the world (tonnes in millions)
- China (tonnes in millions)

Global Copper Inventories
Source: ICSG, LME, COMEX, SHFE



- Inventories (tonnes in thousands)
- Days of global consumption
- 25-year average days inventory

Zinc

We are one of the world's largest producers of mined zinc, primarily from our Red Dog mine in Alaska, the Antamina mine in northern Peru, and our Pend Oreille mine in Washington state. Our metallurgical complex in Trail, B.C. is also one of the world's largest integrated zinc and lead smelting and refining operations. In total, we produced 659,700 tonnes of zinc in concentrate, while our Trail Operations produced 277,400 tonnes of refined zinc in 2014. In 2015, we estimate production of zinc in concentrate to be in the range of 635,000 to 665,000 tonnes and production of refined zinc to be in the range of 280,000 to 290,000 tonnes.

In 2014, our zinc business unit accounted for 31% of revenue and 27% of gross profit before depreciation and amortization.

	Revenue			Gross Profit Before Depreciation and Amortization		
($ in millions)	**2014**	2013	2012	**2014**	2013	2012
Red Dog	**$ 1,240**	$ 874	$ 892	**$ 638**	$ 418	$ 440
Trail Operations	**1,699**	1,751	1,865	**142**	112	59
Other	**11**	13	7	**(1)**	4	(2)
Inter-segment sales	**(275)**	(228)	(214)	**–**	–	–
Total	**$ 2,675**	$ 2,410	$ 2,550	**$ 779**	$ 534	$ 497

	Production			Sales		
(000's tonnes)	**2014**	2013	2012	**2014**	2013	2012
Refined zinc						
Trail Operations	**277**	290	284	**277**	294	287
Contained in concentrate						
Red Dog	**596**	551	529	**594**	504	510
Other business units	**64**	72	69	**63**	74	68
Total	**660**	623	598	**657**	578	578

Operations

Red Dog

Red Dog, located in northwest Alaska, is one of the world's largest zinc mines. Red Dog's gross profit before depreciation and amortization in 2014 was $638 million, compared with $418 million in 2013 and $440 million in 2012. The higher 2014 gross profit was mainly due to higher zinc prices and increased sales volumes as a result of record production.

In 2014, zinc production at Red Dog was 596,000 tonnes compared to 551,300 tonnes in 2013. Annual mill throughput was a record high at 4.3 million tonnes in 2014. This was due to softer baritic ore, increasing throughput at slightly lower grades, which, combined with improved recoveries, resulted in the higher zinc production. Lead production in 2014 was 122,500 tonnes, compared to 96,700 in 2013, due to higher mill throughput.

Red Dog's location exposes the operation to severe weather and winter ice conditions, which can significantly affect production, sales volumes and operating costs. In addition, the mine's bulk supply deliveries and all concentrate shipments occur during a short ocean shipping season that normally runs from early July to late October. This short shipping season means that Red Dog's sales volumes are usually higher in the last six months of the year, resulting in significant variability in its quarterly profit, depending on metal prices.

In accordance with the operating agreement governing the Red Dog mine between Teck and NANA Regional Corporation, Inc. (NANA), we pay a 30% royalty of net proceeds of production to NANA. This royalty increases by 5% every fifth year to a maximum of 50%, with the next adjustment occurring in 2017. The NANA royalty charge in 2014 was US$195 million, compared with US$120 million in 2013. NANA has advised us that it ultimately shares approximately 62% of the royalty, net of allowable costs, with other Regional Alaska Native corporations pursuant to section 7(i) of the *Alaska Native Claims Settlement Act*.

Red Dog's production of contained metal in 2015 is expected to be in the range of 540,000 to 565,000 tonnes of zinc and 90,000 to 95,000 tonnes of lead.

Pend Oreille

Pend Oreille, located in Washington state, was successfully restarted on time and under budget in December 2014. We expect the mine to reach full production in the second quarter of 2015. Based on current reserves, the mine has an expected mine life of five years at a production rate of 44,000 tonnes of zinc in concentrate per year.

We expect 2015 production to be approximately 40,000 tonnes of zinc in concentrate.

Trail Operations

Our Trail Operations in B.C. is one of the world's largest fully integrated zinc and lead smelting and refining complexes. It also produces a variety of precious and specialty metals, chemicals and fertilizer products. Teck has a two-thirds interest in the Waneta hydroelectric dam as well as ownership of the related transmission system. The Waneta Dam provides low-cost, clean, renewable power to the metallurgical operations.

Trail Operations contributed $142 million to gross profits before depreciation and amortization in 2014, compared with $112 million in 2013 and $118 million (before a one-time $59 million labour settlement charge) in 2012.

Refined zinc production totalled 277,400 tonnes in 2014, compared with 290,100 tonnes the previous year, as a result of reduced acid plant reliability prior to the new plant coming online in the second quarter, as well as roaster stability issues that have since been resolved.

Refined lead production decreased slightly from 2013 to 82,100 tonnes, while silver production decreased to 21.0 million ounces in 2014 compared with 22.8 million ounces in 2013. The decreased production was partially due to the planned shutdown of the lead smelter facilities for 36 days in the fourth quarter to conduct scheduled maintenance work in the KIVCET furnace and related equipment.

Our recycling process treated 41,200 tonnes of material during the year, and we plan to treat about 44,000 tonnes in 2015. Our focus remains on treating lead acid batteries and cathode ray tube glass, plus small quantities of zinc alkaline batteries, fluorescent light bulbs and other post-consumer waste through our recycling program.

Construction was completed on the new acid plant, which replaced two existing plants and has delivered enhanced operating reliability and flexibility as well as improved environmental performance.

In 2015, we expect to produce in the range of 280,000 to 290,000 tonnes of refined zinc, 85,000 to 90,000 tonnes of refined lead and 22 to 25 million ounces of silver.

Markets

Zinc prices on the LME averaged US$0.98 per pound for the year, up US$0.11 per pound from the 2013 average.

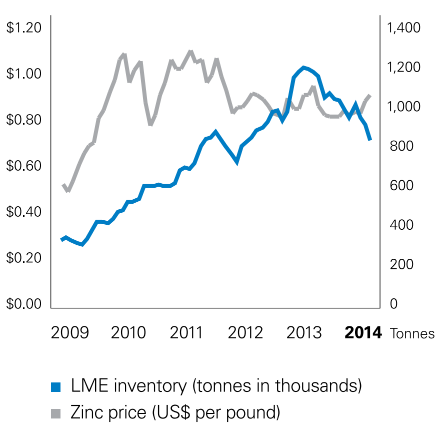
In 2014, global mine production grew by 1.1% to 13.1 million tonnes of contained zinc, while global refined production rose by 3.3% to 13.4 million tonnes. As a result of this, we believe the global concentrate market recorded a modest deficit in 2014, equivalent to less than 2% of global mine production.

In 2015, we expect that the closures of large long-life mines that began in 2013 with the Brunswick and Perseverance mines will continue with anticipated closures of the Century and Lisheen mines. These closures are expected to reduce annual global mine production by more than 1 million tonnes of contained zinc, and while we expect zinc mine production to continue to grow in 2016, the growth is not anticipated to be sufficient to meet world demand for zinc metal.

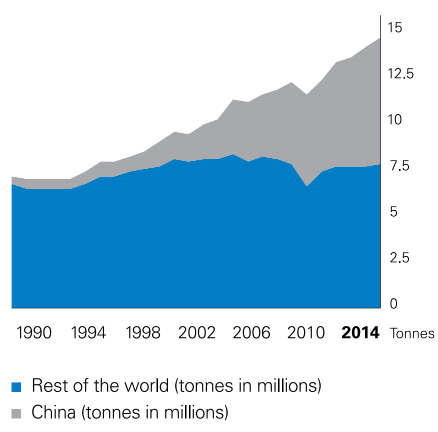
In 2014, global zinc metal consumption was 13.9 million tonnes, which was an increase of 4.4% over 2013 levels. Metal premiums remained well supported in North America and Asia as a result of good demand growth and limited access to metal stocks. LME stocks fell by 241,875 tonnes, a 24% decline from 2013 levels, and finished the year at 691,600 tonnes. We estimate that total reported global stocks (which include producer, consumer, merchant and terminal stocks) fell by approximately 345,000 tonnes in 2014 and at year-end were 1.3 million tonnes, representing an estimated 35 days of global consumption compared to the 25-year average of 42 days.

Wood Mackenzie believes that 2015's global zinc concentrate production will grow 7.0% over 2014, while smelter production will be limited to a 6.3% increase over 2014 to 14.1 million tonnes, even with improved capacity utilization in China. They are also forecasting an increase in global zinc demand of 4.5% to 14.5 million tonnes, exceeding current estimates for global supply, keeping the refined market in deficit and further reducing global stockpiles of zinc metal.

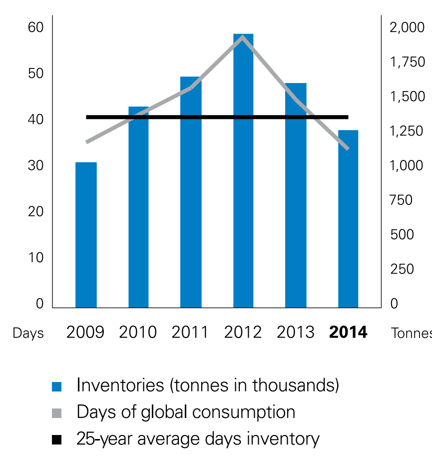
Zinc Price and LME Inventory
Source: LME



Global Demand for Zinc
Source: ILZSG, Wood Mackenzie



Global Zinc Inventories
Source: ILZSG, LME, SHFE



Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include a 20% interest in the Fort Hills oil sands project, a 100% interest in the Frontier oil sands project and a 50% interest in various other oil sands leases in the exploration phase, including the Lease 421 Area. Our proven and probable reserves totalled 614 million barrels and our contingent bitumen resources totalled 3.1 billion barrels at the end of 2014. These valuable long-term assets are located in a politically stable jurisdiction and are expected to be mined using conventional technologies that build on our core skills in large-scale truck and shovel operations.

We recognize that there are concerns over the potential environmental effects of developing oil sands projects. We are researching methods to improve extraction and processing to enhance the sustainability of our projects. We are proud to be one of the founding members of Canada's Oil Sands Innovation Alliance (COSIA) and are encouraged by the progress of the industry towards improving environmental performance, reducing water consumption, improving tailings management, and increasing land reclamation and revegetation.

In January 2015, we increased our interest in the Wintering Hills Wind Power Facility to 49%, and we continue to examine opportunities to enhance our renewable energy portfolio.

The disclosure that follows includes references to reserves and contingent bitumen resource estimates. Further information on these estimates, the related risks and uncertainties, and contingencies that prevent the classification of resources as reserves is set out in our most recent Annual Information Form, which is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and under cover of Form 40-F on the EDGAR section of the Securities Exchange Commission (SEC) website at www.sec.gov. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Fort Hills Oil Sands Project

The Fort Hills oil sands project is located approximately 90 kilometres north of Fort McMurray in northern Alberta. We hold a 20% interest in the Fort Hills Energy Limited Partnership (Fort Hills Partnership), which owns the Fort Hills oil sands project, with 39.2% held by Total E&P Canada Ltd. (Total) and the remaining 40.8% held by Suncor Energy Inc. (Suncor). An affiliate of Suncor is the operator of the project.

Construction of the Fort Hills project is progressing substantially in accordance with the project schedule. Our share of costs for 2014 was $616 million, including our earn-in commitments. We are required to contribute 27.5% of project costs until aggregate project spending since the date of our earn-in agreement reaches $7.5 billion, which we expect will occur in the second quarter of 2015. Our share of project costs will be 20% thereafter. Engineering activity is progressing well, and is now over 65% complete. The capital cost and schedule outlook have not changed since we announced the project sanction on October 30, 2013. Based on Suncor's project cost estimates, our portion of the fully escalated capital investment in Fort Hills from the date of project sanction is estimated at approximately $2.94 billion over four years (2014–2017). The gross overall project costs for all partners since the project restart in 2011 are estimated by Suncor at a capital intensity of approximately $84,000 per daily flowing barrel of bitumen, which is within the range of similar recent oil sands projects.

At December 31, 2014, our best estimate of our 20% share of the proven and probable reserves at Fort Hills is 614 million barrels, and our best estimate of our share of the incremental contingent bitumen resource is 28 million barrels.

The project is scheduled to produce first oil as early as the fourth quarter of 2017 and is expected to achieve 90% of its planned production capacity of 180,000 barrels per day (bpd) of bitumen within 12 months of commissioning. The Fort Hills partners have contracted with Enbridge to provide diluent pipeline capacity to Fort Hills and diluted bitumen pipeline capacity to Hardisty, Alberta, where Teck will deliver its pro-rata share of Fort Hills production. Teck is currently reviewing options, which may include the use of pipelines from Hardisty or rail to access U.S. Gulf Coast refineries and tidewater ports, to sell diluted bitumen to the North American and overseas markets. Our share of production is expected to be 36,000 bpd (13 million barrels per year) of bitumen.

While capital costs for oil sands mining projects are significant, Fort Hills' operating costs, including sustaining capital, are expected to average under $30 per barrel of bitumen over the life of the project. The bitumen produced sells at a discount to crude oil prices, which fluctuate based on bitumen supply, heavy oil refining capacity and other factors.

Frontier Project

We hold a 100% interest in the Frontier project, which is located about 10 kilometres northwest of the Fort Hills oil sands project in northern Alberta. In November 2011, the Frontier project application was submitted to regulators. We have subsequently responded to three rounds of supplemental information requests, and review of the application continues with the provincial and federal regulators. The regulatory review period is expected to continue into the second half of 2015, making 2016 the earliest an approval decision is expected.

In 2014, we completed an exploration program at Frontier to provide additional data to support the regulatory review process and ongoing engineering work.

As of December 31, 2014, our best estimate of contingent bitumen resources for the Frontier project is approximately 3.05 billion barrels. The project has been designed for a total nominal production of approximately 260,000 bpd of bitumen.

Lease 421 Area

We hold a 50% interest in the Lease 421 Area, which is located east of the Fort Hills project in northern Alberta. Imperial Oil and ExxonMobil jointly own the remaining 50%. To date, a total of 89 core holes have been completed in the Lease 421 Area.

Wintering Hills Wind Power Facility

Wintering Hills Wind Power Facility is located near Drumheller, Alberta. In January 2015, we increased our interest in Wintering Hills to 49% for a payment of $33 million, with Suncor, the project operator, holding the remaining 51%. Our 30% share of power generation from Wintering Hills in 2014 was 83 GWh, enough power to provide 53,000 tonnes of CO_2-equivalent credits. Our share of expected power generation in 2015 is 135 GWh, although actual generation will depend on weather conditions and other factors.

Exploration

Throughout 2014, we conducted exploration around the world through our nine regional offices. Expenditures of $60 million in 2014 were focused on copper, zinc and gold opportunities.

Exploration plays three critical roles at Teck: discovery of new orebodies through early stage exploration and acquisition; pursuit, evaluation and acquisition of development opportunities; and delivery of geoscience solutions and services to create value at our existing mines.

Our copper exploration is focused on porphyry copper deposits and, during 2014, we drilled several porphyry copper projects in Canada, Chile and Peru. Significant exploration work was focused in and around our existing operations and advanced projects in 2014. At our Highland Valley Copper Operations in Canada, we completed 30 kilometres of drilling primarily focused on copper mineralization adjacent to the historical Bethlehem pits. In 2015, we plan to drill copper projects in Canada, Chile, Peru and Turkey, and continue to explore around our existing operations and advanced projects.

Zinc exploration remains focused on four areas: the Red Dog mine district in Alaska, central B.C., northeastern Australia, and Ireland. In Alaska, Australia and Canada, the target type is a large, high-grade, sediment-hosted deposit similar to major world-class deposits such as Red Dog in Alaska and Century or McArthur River in Australia. In 2014, we completed an additional five holes to follow up the 2013 discovery at the Teena prospect on the Reward project in Australia, a joint venture with Rox Resources Limited, in which Teck is earning up to a 70% project interest. We also continued to drill on the Noatak project near our existing Red Dog mine, where we have been testing high-quality targets with promising results. Exploration programs will continue in these regions in 2015.

In addition to exploring for copper and zinc, we are exploring for, and looking to partner in, new gold opportunities. Our plan is to explore, find and advance gold resources through targeted exploration activity in select jurisdictions. Once an opportunity has been recognized, the strategy is to optimize that opportunity or asset through further definition drilling and engineering studies, then capture value through periodic divestitures. Our current exploration efforts and drill testing for gold are primarily focused in Turkey, Canada and Peru. In 2014, we had more encouraging results from several discoveries at the TV Tower project in Turkey, a joint venture with Pilot Gold Inc.

Financial Overview

Financial Summary

($ in millions, except per share data)	2014	2013	2012
Revenue and profit			
Revenue	**$ 8,599**	$ 9,382	$ 10,343
Gross profit before depreciation and amortization[1]	**$ 2,872**	$ 3,659	$ 4,507
EBITDA[1]	**$ 2,348**	$ 3,153	$ 3,295
Profit attributable to shareholders	**$ 362**	$ 961	$ 1,068
Cash flow			
Cash flow from operations	**$ 2,278**	$ 2,878	$ 3,418
Property, plant and equipment expenditures	**$ 1,498**	$ 1,858	$ 1,700
Capitalized production stripping costs	**$ 715**	$ 744	$ 732
Investments	**$ 44**	$ 325	$ 758
Balance sheet			
Cash balances	**$ 2,029**	$ 2,772	$ 3,267
Total assets	**$ 36,839**	$ 36,183	$ 35,055
Debt, including current portion	**$ 8,441**	$ 7,723	$ 7,195
Per share amounts			
Profit attributable to shareholders			
Basic	**$ 0.63**	$ 1.66	$ 1.82
Diluted	**$ 0.63**	$ 1.66	$ 1.82
Dividends declared per share	**$ 0.90**	$ 0.90	$ 0.85

Notes:
(1) Gross profit before depreciation and amortization and EBITDA are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section for further information.

Our revenue and profit depend on the prices for the commodities we produce, sell and use in our production processes. Commodity prices are determined by the supply of and demand for those commodities, which are influenced by global economic conditions. We normally sell the products that we produce at prevailing market prices or, in the case of steelmaking coal, at negotiated prices under term contracts or on a spot basis. Prices for our products, particularly for exchange-traded commodities, can fluctuate significantly and that volatility can have a material effect on our financial results.

Exchange rate movements can have a significant effect on our results and cash flows, as a significant portion of our operating costs are incurred in Canadian and other currencies, and most of our revenue and debt are denominated in U.S. dollars. We report our financial results in Canadian dollars and, accordingly, our reported operating results and cash flows are affected by changes in the Canadian dollar exchange rate relative to the U.S. dollar.

Profit attributable to shareholders for 2014 was $362 million, or $0.63 per share. This compares with $961 million or $1.66 per share in 2013, and $1.1 billion or $1.82 per share in 2012, which included $784 million of after-tax debt refinancing charges.

Our profit over the past three years has included items that we segregate for presentation to investors so that the ongoing profit of the company may be more clearly understood. These are described below and summarized in the table that follows.

In 2014, the only significant unusual item was a $58 million non-cash tax charge primarily as a result of a Chilean tax reform bill being signed into law. In 2013, unusual items were minimal. In 2012, our profit included $784 million of after-tax refinancing charges related to debt refinancing transactions completed during the year, $70 million of collective agreement charges, $39 million of gains on asset sales and $98 million of gains on various derivatives.

The table below shows the effect of these items on our profit.

($ in millions, except per share data)	**2014**	2013	2012
Profit attributable to shareholders	**$ 362**	$ 961	$ 1,068
Add (deduct) the after-tax effect of:			
Asset sales and provisions	**20**	(9)	(39)
Foreign exchange losses	**8**	11	20
Derivative losses (gains)	**4**	–	(98)
Financing items	**–**	–	784
Collective agreement charges	**–**	–	70
Asset impairments and other	**–**	31	–
Tax items	**58**	10	(29)
Adjusted profit[1]	**$ 452**	$ 1,004	$ 1,776
Adjusted earnings per share[1]	**$ 0.78**	$ 1.74	$ 3.03

Notes:
(1) Adjusted profit and adjusted earnings per share are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section for further information.

Cash flow from operations in 2014 was $2.3 billion, compared with $2.9 billion in 2013 and $3.4 billion in 2012. The decline in cash flow from operations is mainly due to changes in sales volumes and commodity prices.

At December 31, 2014, our cash balance was $2.0 billion. Total debt was $8.4 billion and our net debt to net debt-plus-equity ratio was 25%, compared with 21% at December 31, 2013 and 18% at the end of 2012.

Gross Profit

Our gross profit is made up of our revenue less the operating, depreciation and amortization expenses at our producing operations. Income and expenses from our business activities that do not produce commodities for sale are included in our other operating income and expenses or in our non-operating income and expenses.

Our principal commodities are steelmaking coal, copper and zinc, which accounted for 39%, 27% and 18% of revenue respectively in 2014. Silver and lead are significant byproducts of our zinc operations, accounting for 7% and 4% each, respectively, of our 2014 revenue. We also produce a number of other byproducts including molybdenum, various specialty metals, and chemicals and fertilizers, which in total accounted for 5% of our revenue in 2014.

Our revenue is affected by sales volumes, which are determined by our production levels and by demand for the commodities we produce, commodity prices and currency exchange rates.

Our revenue was $8.6 billion in 2014, compared with $9.4 billion in 2013 and $10.3 billion in 2012. The reduction in 2014 revenue was due mainly to lower commodity prices, especially for steelmaking coal prices, partially offset by increased volumes of zinc in concentrate and higher zinc prices. The reduction in 2013 over 2012 was due mainly to lower commodity prices, partially offset by increased sales volumes of steelmaking coal and a stronger U.S. dollar.

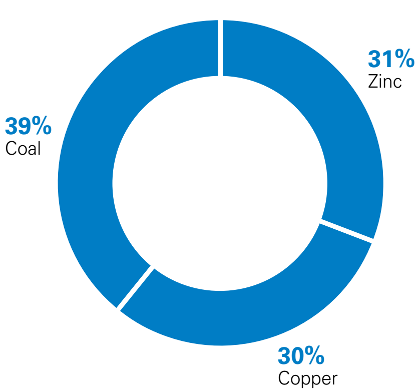
Our cost of sales includes all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased for our Trail Operations' refining and smelting operation, royalties, and marketing and distribution costs required to sell and transport our products to various delivery points. Our cost of sales also includes depreciation and amortization expense. Due to the geographic locations of many of our operations, we are highly dependent on third parties for the provision of rail, port and other distribution services. In certain circumstances, we negotiate prices and other terms for the provision of these services where we may not have viable alternatives to using specific providers, or may not have access to regulated rate-setting mechanisms or appropriate remedies for service failures. Contractual disputes, demurrage charges, rail and port capacity issues, availability of vessels and railcars, weather problems and other factors can have a material effect on our ability to transport materials from our suppliers and to our customers in accordance with schedules and contractual commitments.

Our costs are dictated mainly by our production volumes, by the costs for labour, operating supplies and concentrate purchases, and by strip ratios, haul distances, ore grades, distribution costs, commodity prices, foreign exchange rates and costs related to non-routine maintenance projects. Production volumes mainly affect our variable operating and our distribution costs. In addition, production may also affect our sales volumes and, when combined with commodity prices, it affects profitability and, ultimately, our royalty expenses.

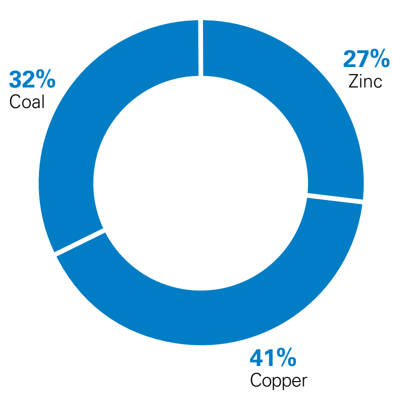
In the second half of 2012 we implemented a cost reduction program at all of our sites, which has exceeded our initial goals, with $640 million of annualized reductions realized to date.

Our cost of sales was $7.1 billion in 2014, compared with $7.0 billion in 2013 and $6.8 billion in 2012. Cost of sales increased in 2014 from 2013 primarily due to higher depreciation and royalty expenses. This was partly offset by

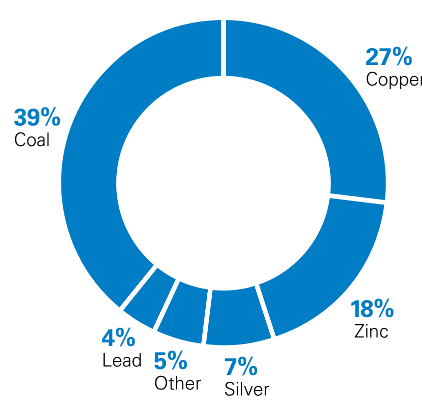
2014 Revenue by Business Unit



2014 Gross Profit by Business Unit
(Before depreciation and amortization)



2014 Revenue by Commodity



reduced concentrate purchase costs at our Trail Operations, due to lower production levels and reduced silver processed as a result of the planned 35-day shutdown of the KIVCET lead smelter, as well as savings arising from our cost reduction program. Depreciation expense rose by $111 million, as depreciation started in 2014 on Highland Valley Copper's mill optimization project and on Antamina's major mine expansion project, in addition to increasing amortization of capitalized production stripping costs. Royalty costs increased by $90 million at Red Dog Operations due to higher revenue linked to rising zinc prices and increased sales volumes.

Comparing 2013 with 2012, the higher costs were due primarily to substantially higher coal sales volumes and higher depreciation and amortization expense. Coal sales volumes increased by 2.9 million tonnes in 2013, which accounted for $275 million of the increase. Depreciation and amortization expense was $250 million higher than in 2012, partly as a result of increasing amortization of capitalized production stripping costs and due to the effect of the higher coal sales volumes. These items were partially offset by the results of our cost reduction program and by a $90 million reduction in operating costs at Quebrada Blanca Operations as a result of the restructuring plan we put in place in 2013. In addition, there was no labour agreement settlement charge in 2013, compared with $103 million incurred in 2012.

Other Expenses

($ in millions)	**2014**	2013	2012
General and administration	**$ 119**	$ 129	$ 137
Exploration	**60**	86	102
Research and development	**20**	18	19
Other operating expense (income)	**281**	216	24
Finance income	**(4)**	(13)	(33)
Finance expense	**304**	339	510
Non-operating expense (income)	**21**	6	848
Share of losses of associates	**3**	2	10
	$ 804	$ 783	$ 1,617

We must continually replace our reserves as they are depleted in order to maintain production levels over the long term. We try to do this through our exploration and development programs and through acquisition of interests in new properties or in companies that own such properties. Exploration for minerals and oil is highly speculative and the projects involve many risks. The vast majority of exploration projects are unsuccessful and there are no assurances that current or future exploration programs will find deposits that are ultimately brought into production.

Our research and development expenditures are primarily focused on advancing our proprietary CESL hydrometallurgical technology, the development of internal and external growth opportunities, and the development and implementation of process and environmental technology improvements at operations.

Other operating income and expenses include items we consider to be related to the operation of our business, such as final settlement pricing adjustments (which are further described in the next paragraph), share-based compensation, gains or losses on commodity derivatives, gains or losses on the sale of operating or exploration assets, and provisions for various costs at our closed properties. Significant items in 2014 include $130 million of negative pricing adjustments, $32 million on environmental costs, $18 million on asset write-downs and $12 million for share-based compensation. Significant items in 2013 included $62 million of negative pricing adjustments, $33 million on asset write-downs, $27 million on environmental costs and a $22 million expense for share-based compensation. Items in 2012 included $24 million from gains on the sale of assets, $45 million of positive pricing adjustments and a $34 million expense for share-based compensation.

Sales of metals in concentrate or copper cathodes are recognized in revenue on a provisional pricing basis when the rights, obligations, risks and benefits of ownership pass to the customer, which usually occurs upon shipment. However, final pricing is typically not determined until a subsequent date, often in the following quarter. Revenue in a quarter is based on prices at the date of sale. These pricing adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as other operating income or expense. The extent of the pricing adjustments also takes into account the actual price participation terms as provided in certain concentrate sales agreements. It should be noted that these effects arise on the sale of concentrates, as well as on the purchase of concentrates at our Trail Operations.

The table below outlines our outstanding receivable positions, which were provisionally valued at December 31, 2014 and 2013, respectively.

	Outstanding at December 31, 2014		**Outstanding at December 31, 2013**	
(payable pounds in millions)	Pounds	US$/lb.	Pounds	US$/lb.
Copper	208	2.86	135	3.35
Zinc	117	0.99	109	0.94

Our finance expense includes the interest expense on our debt, financing fees and amortization, and the interest components of our pension obligations and accretion on our decommissioning and restoration provisions, less any interest that we capitalize against the cost of our development projects. Debt interest expense increased in 2014 due to the effect of the stronger U.S. dollar, as all of our debt and related interest expense is U.S. dollar denominated. This was offset by additional capitalized interest in 2014 that totalled $183 million, compared with $134 million in 2013. Changes in the Fort Hills project agreements in the fourth quarter of 2013 changed the basis of accounting for the project and, as a result, we now capitalize interest relating to our investment in the Fort Hills oil sands project.

Non-operating income (expense) includes items that arise from financial and other matters and includes such items as foreign exchange gains or losses, debt refinancing costs, realized gains or losses on marketable securities, and gains and losses on the revaluation of the call options on certain of our high-yield notes that were refinanced in 2012. In 2014, other non-operating income included $8 million for provisions on marketable securities and $9 million of foreign exchange losses. In 2013, other non-operating income included $42 million of gains on the sale of various investments, $32 million of provisions taken against various marketable securities and $12 million of foreign exchange losses. 2012 included $965 million of charges related to debt refinancing activities described in more detail below under the heading "Financing Activities", $119 million of gains on the revaluation of the call options on our high-yield notes prior to their settlement and $29 million of gains on the sale of various investments.

Until October 29, 2013, we accounted for our investment in the Fort Hills Energy Limited Partnership using the equity method. As a result of changes made to the agreements governing the project at the time of project sanction, we are now accounting for our investment in Fort Hills by recording our share of the assets, liabilities, revenue, expenses and cash flows. The majority of the activities on this project to date relate to capital expenditures, rather than expenditures that affect profit.

Income and resource taxes were $342 million, or 47% of pre-tax profit. Our tax rate was affected by Chilean and Peruvian tax reform in 2014, which together resulted in a deferred tax expense of $37 million. In addition, a settlement with the Canada Revenue Agency regarding the treatment of gains realized in 2008 on the sale of our interest in Fording Canadian Coal Trust resulted in an additional charge of $21 million. Without these items, our combined income and resource taxes would be $284 million and our effective tax rate would be 39%. This rate is higher than the Canadian statutory income tax rate of 26% due mainly to the effect of resource taxes and higher taxes in foreign jurisdictions, including withholding taxes. The effect of resource taxes and higher taxes in foreign jurisdictions tends to be magnified in periods when our operating earnings are lower relative to our administrative and finance charges. This occurs because these costs are incurred in Canada and because resource taxes are based on profits before these costs.

Profit attributable to non-controlling interests relates to the ownership interests that are held by third parties in our Highland Valley Copper, Quebrada Blanca, Carmen de Andacollo and Elkview mines.

Financial Position and Liquidity

Our financial position and liquidity remain strong. Our outstanding debt was $8.4 billion at December 31, 2014 compared with $7.7 billion at the end of 2013 and $7.2 billion at the end of 2012. As substantially all of our debt is denominated in U.S. dollars, the increase is due primarily to the strengthening of the U.S. dollar that occurred in 2014.

Our debt positions and credit ratios are summarized in the following table.

	December 31, 2014	December 31, 2013	December 31, 2012
Term notes	**$ 7,132**	$ 7,124	$ 7,119
Other	**144**	137	113
Total debt (US$ in millions)	**$ 7,276**	$ 7,261	$ 7,232
Canadian $ equivalent at year-end exchange rate	**8,441**	7,723	7,195
Less cash balances	**(2,029)**	(2,772)	(3,267)
Net debt	**$ 6,412**	$ 4,951	$ 3,928
Debt to debt-plus-equity	**31%**	29%	29%
Net debt to net debt-plus-equity	**25%**	21%	18%
Average interest rate at year-end	**4.8%**	4.8%	4.8%

At December 31, 2014, the weighted average maturity of our consolidated indebtedness is approximately 14 years and the weighted average coupon rate is approximately 4.8%.

The cost of funds under our credit facilities depends in part on our credit ratings. Moody's currently rates us at Baa2 with a negative outlook, Standard & Poor's rates us at BBB- with a stable outlook, Dominion Bond Rating Service rates us as BBB with a negative trend and Fitch Ratings rates us as BBB with a negative outlook. These are all investment grade credit ratings. The costs under our credit facilities would change if certain of our credit ratings were to change.

Our primary sources of liquidity and capital resources are our cash and temporary investments, cash flow provided from operations, and funds available under our committed and uncommitted bank credit facilities, of which US$3 billion is currently available.

Operating Cash Flow

Cash flow from operations was $2.3 billion in 2014, compared with $2.9 billion in 2013 and $3.4 billion in 2012. The decreases in 2014 and 2013 compared to 2012 were due mainly to lower gross profits at our coal and copper operations from lower commodity prices, particularly steelmaking coal.

Investing Activities

Capital expenditures were $1.5 billion in 2014 and included $511 million on sustaining capital, $165 million on major enhancement projects and $822 million on new mine development. In addition, $715 million was spent on production stripping activities.

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	Total
Coal	$ 175	$ 45	$ 15	$ 235	$ 443	$ 678
Copper	170	90	97	357	225	582
Zinc	154	30	8	192	47	239
Energy	–	–	702	702	–	702
Corporate	12	–	–	12	–	12
	$ 511	$ 165	$ 822	$ 1,498	$ 715	$ 2,213

The largest components of sustaining capital expenditures were $175 million at our coal operations, primarily related to equipment replacement and the water quality plan to reduce selenium levels in mine discharge water; $126 million at Trail Operations, which included $49 million on construction of a new acid plant that replaced an aging facility and $48 million on the KIVCET furnace rebuild; $47 million each at Highland Valley Copper and for our share of spending at Antamina; and $52 million at Quebrada Blanca.

Major enhancement expenditures included $83 million at Highland Valley Copper, primarily for the completion of the mill optimization project, and $44 million at Teck Coal to increase production capacity to 28 million tonnes.

New mine development included $75 million for Quebrada Blanca's Phase 2 hypogene project, $16 million for Relincho, $15 million for the potential restart of the Quintette project prior to being put on care and maintenance due to unfavourable market conditions, $616 million for our share of spending on the Fort Hills project and $74 million on the Frontier oil sands project.

Investments in 2014 were $44 million and included various investments in publicly traded marketable securities. Investments in 2013 included $244 million for our share of the Fort Hills project until October 29, 2013. Beginning October 30, 2013, we began accounting for our investment in Fort Hills as a joint operation, resulting in our share of the project costs being included as part of our capital expenditures. Investments in 2012 were $432 million for the acquisition of SilverBirch Energy Corporation, which gave us full ownership of the Frontier oil sands project, including the Equinox property, $197 million for interests in a number of publicly traded companies and $122 million for our share of the costs of our equity accounted investment in Fort Hills.

Cash proceeds from the sale of assets and investments were $34 million in 2014, $502 million in 2013 and $51 million in 2012. In 2012, we sold various small non-core mining properties.

Financing Activities

We had no significant financings in 2014, but we did increase the amount of our U.S. dollar revolving line of credit to US$3 billion, all of which was undrawn at the end of the year.

In 2012, we issued US$2.75 billion of long-term notes and used the proceeds to redeem the remaining outstanding balance of the various high-yield notes issued in 2009 and to repay the US$200 million notes due in September 2012.

Class B subordinate voting shares repurchased for cancellation pursuant to normal course issuer bids included 200,000 shares at a cost of $5 million in 2014, 6.1 million shares for $176 million in 2013 and 3.9 million shares for $129 million in 2012.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	2014				2013			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**$ 2,256**	**$ 2,250**	**$ 2,009**	**$ 2,084**	$ 2,376	$ 2,524	$ 2,152	$ 2,330
Gross profit	**416**	**412**	**295**	**405**	546	597	582	701
EBITDA	**582**	**651**	**558**	**557**	766	815	670	902
Profit attributable to shareholders	**129**	**84**	**80**	**69**	232	267	143	319
Earnings per share	**$ 0.23**	**$ 0.14**	**$ 0.14**	**$ 0.12**	$ 0.40	$ 0.46	$ 0.25	$ 0.55
Cash flow from operations	**$ 743**	**$ 554**	**$ 436**	**$ 545**	$ 769	$ 656	$ 690	$ 763

Gross profit before depreciation and amortization from our coal business unit declined by $118 million in the fourth quarter, compared with a year ago primarily due to lower coal prices. The average realized coal price of US$110 per tonne was 23% lower than the fourth quarter of 2013 and reflects oversupplied steelmaking coal market conditions. The favourable effect of a stronger U.S. dollar in the fourth quarter partly offset the lower coal price, which weakened by 17% in Canadian dollar equivalent terms compared with the same period a year ago. Coal production in the fourth quarter of 6.8 million tonnes rose by 2% compared with the same period a year ago and set a new fourth quarter record for the business unit. There was potential for higher production rates to have been achieved; however, rail movement of coal to Vancouver ports has been underperforming and limiting our production rates since late November. This led to temporary shutdowns at a number of the mines due to high site inventory levels in December.

Gross profit before depreciation and amortization from our copper business unit decreased by $110 million in the fourth quarter compared with a year ago. This was primarily due to lower sales volumes and lower copper prices in the quarter. These items were partially offset by the positive effect of the stronger U.S. dollar. Copper production declined 22,000 tonnes compared to a year ago primarily due to lower ore grades. Our share of Antamina's copper production decreased by 10,400 tonnes, primarily due to significantly lower ore grades, as anticipated in the mine plan. Copper production at Highland Valley Copper was 4,200 tonnes lower than a year ago due to lower grades and recoveries, partially offset by a significant increase in mill throughput. Quebrada Blanca's copper production declined 3,700 tonnes due to lower grades and less dump leach material processed while copper production declined 3,000 tonnes at Carmen de Andacollo primarily as a result of both lower grades and lower mill throughput due to harder ore and unplanned maintenance downtime.

Gross profit before depreciation and amortization from our zinc business unit increased by $110 million in the fourth quarter compared with a year ago and was primarily attributable to our Red Dog Operations. Contributing to the increased gross profit was a 17% rise in zinc prices, the favourable effect of the stronger U.S. dollar and a 21% increase in both zinc and lead sales volumes from Red Dog. Refined zinc production from our Trail Operations increased by 6% compared to last year due to improved operating efficiencies in the electrolytic plant and to the improved reliability of the new acid plant, which led to higher throughput. At Red Dog, zinc in concentrate production rose by 9% as mill throughput increased as a result of processing softer, more favourable ore types in the quarter.

Profit attributable to shareholders was $129 million, or $0.23 per share, in the fourth quarter compared with $232 million, or $0.40 per share, in the same period last year. The decline in profit was primarily due to significantly lower coal prices and a decline in copper sales volumes and prices. Cash flow from operations, before working capital changes, was $522 million in the fourth quarter compared with $636 million a year ago, with the reduction primarily due to significantly lower coal prices.

Outlook

We continue to experience challenging markets for our products, and prices for some of our products have declined significantly in 2014. Commodity markets have historically been volatile, prices can change rapidly and customers can alter shipment plans. This can have a substantial effect on our business. Demand for our products, particularly coal, remains strong. However, increased supply from Australian mines has put downward pressure on coal prices. While we believe that the longer term fundamentals for steelmaking coal, copper and zinc are favourable, the weakness in some of these markets may persist for some time. We are also significantly affected by foreign exchange rates. For the 12 months to December 31, 2014, the U.S. dollar strengthened by approximately 9% against the Canadian dollar, which has had a positive effect on the profitability of our Canadian operations. It will, to a lesser extent, put upward pressure on the portion of our operating costs and capital spending that is denominated in U.S. dollars. Following year-end and to the date of this report, the U.S. dollar has strengthened by a further 9% against the Canadian dollar.

We have approved an estimated $2.9 billion on the development of the Fort Hills oil sands project, of which approximately $1.1 billion has been expended cumulative to date. We have access to cash and credit lines, which are expected to be sufficient to meet our capital commitments and working capital needs over this period. We are taking further steps to manage our capital spending profile, and we continuously monitor all aspects of our cost reduction program, our capital spending and key markets as conditions evolve.

Commodity Prices and 2015 Production

Commodity prices are a key driver of our profit. On the supply side, the depleting nature of ore reserves, difficulties in finding new orebodies, the permitting processes, the availability of skilled resources to develop projects, as well as infrastructure constraints, political risk and significant cost inflation may continue to have a moderating effect on the growth in future production for the industry as a whole. We believe that over the longer term, the industrialization of emerging market economies will continue to be a major positive factor in the future demand for commodities. Therefore, we believe that the long-term price environment for the products that we produce and sell remains favourable.

Based on our expected 2015 mid-range production estimates and a Canadian/U.S. dollar exchange rate of $1.20, the estimated sensitivity of our annual profit attributable to shareholders to the U.S. dollar exchange rate and the indicated changes in commodity prices, before pricing adjustments, is as follows:

	2015 Mid-Range Production Estimates(1)	Change	Estimated Effect on Profit(2)	Estimated Effect on EBITDA(2)
US$ exchange		CAD$0.01	$ 32 million	$ 52 million
Coal (000's tonnes)	27,000	US$1/tonne	$ 21 million	$ 32 million
Copper (tonnes)	350,000	US$0.01/lb.	$ 5 million	$ 8 million
Zinc (tonnes)(3)	935,000	US$0.01/lb.	$ 8 million	$ 12 million

Notes:
(1) All production estimates are subject to change based on market and operating conditions.
(2) The effect on our profit attributable to shareholders and on EBITDA of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes. Our estimate of the sensitivity of profit and EBITDA to changes in the U.S. dollar exchange rate is sensitive to commodity price assumptions.
(3) Zinc includes 285,000 tonnes of refined zinc and 650,000 tonnes of zinc contained in concentrate.

The decline in our estimated foreign exchange sensitivity from previous estimates is primarily due to the effect of lower commodity prices, which are all denominated in U.S. dollars.

Foreign exchange translation gains and losses on our U.S. dollar denominated debt arising from exchange rate fluctuations may have some effect on our 2015 profit, as most our U.S. dollar debt is expected to be designated as a hedge against our investments in U.S. dollar denominated foreign operations.

Steelmaking coal prices continue to trade at unsustainably low long-term levels and are currently trading at prices approximately 7% lower than 2014 averages. Copper prices to date in 2015 are trading approximately 15% below 2014 average prices, while zinc prices have been trading at similar levels to 2014 average prices. The fluctuations in the Canadian/U.S. dollar exchange rate can have a significant effect on our profit and financial position. The Canadian dollar, to date in 2015, has averaged approximately $1.22 against the U.S. dollar, compared with $1.10 on average for 2014.

Our coal production in 2015 is expected to be in the range of 26.5 to 27.5 million tonnes. Our actual production will depend primarily on customer demand for deliveries of steelmaking coal. Depending on market conditions and the sales outlook, we may adjust our production plans. Our current production capacity is approximately 28 million tonnes, but our actual production will ultimately depend on demand from our customers.

Our copper production for 2015 is expected to increase and be in the range of 340,000 to 360,000 tonnes, compared with 333,100 tonnes produced in 2014. Highland Valley Copper is expected to increase their production by approximately 20,000 tonnes as a result of the mining of higher ore grades. Antamina is expected to gradually increase production as grades improve in the second half. These increases are expected to offset declines from the closure of Duck Pond, with overall a weaker first quarter, but a strong final quarter in the year. However, most of the increased copper production is expected in the last half of the year.

Our zinc in concentrate production in 2015 is expected to be in the range of 635,000 to 665,000 tonnes, compared with 660,000 tonnes produced in 2014. Red Dog's production is expected to decrease by approximately 45,000 tonnes due to lower mill throughput. The restart of Pend Oreille is expected to add 40,000 tonnes to zinc production. Our share of Antamina is expected to increase by approximately 5,000 tonnes and will partly offset the decline from the closure of Duck Pond in mid-2015. Refined zinc production from our Trail Operations in 2015 is expected to be in the range of 280,000 to 290,000 tonnes, compared with 277,000 tonnes produced in 2014.

Our mining operations use a significant amount of diesel fuel and our transportation costs are contractually linked to diesel prices. The significant decline in oil prices that began in the fourth quarter of 2014 is also expected to have a significant effect on our gross profit if current prices persist. Each US$1 change in the price of a barrel of oil has a $5 million effect on our operating costs.

Capital Expenditures

Our forecast of approved capital expenditures for 2015, before capitalized stripping costs, is expected to be approximately $1.6 billion and is summarized in the following table:

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	Total
Coal	$ 100	$ 45	$ –	$ 145	$ 490	$ 635
Copper	200	15	105	320	225	545
Zinc	180	–	–	180	60	240
Energy	–	–	910	910	–	910
Corporate	10	–	–	10	–	10
	$ 490	$ 60	$ 1,015	$ 1,565	$ 775	$ 2,340

New mine development includes $95 million for Quebrada Blanca Phase 2, $850 million for Fort Hills and $60 million on the Frontier oil sands project. The amount and timing of actual capital expenditures is also dependent upon being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the projects to be completed as currently anticipated. We may change capital spending plans in 2015, depending on commodity markets, our financial position, results of feasibility studies and other factors.

Foreign Exchange, Debt Revaluation and Interest Expense

The sales of our products are denominated in U.S. dollars, while a significant portion of our expenses are incurred in local currencies, particularly the Canadian dollar. Foreign exchange fluctuations can have a significant effect on our operating margins, unless such fluctuations are offset by related changes to commodity prices.

Our U.S. dollar denominated debt is subject to revaluation based on changes in the Canadian/U.S. dollar exchange rate. As at December 31, 2014, $6.5 billion of our U.S. dollar denominated debt is designated as a hedge against our U.S. dollar denominated foreign operations. As a result, any foreign exchange gains or losses arising on that amount of our U.S. dollar debt are recorded in other comprehensive income, with the remainder being charged to profit.

Other Information

British Columbia Carbon Tax

The Province of B.C. imposes a carbon tax on virtually all fossil fuels used in B.C. at a tax rate of $30 per tonne of CO_2-emission equivalent. For 2014, our seven B.C.-based operations incurred $51 million in provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas.

Financial Instruments and Derivatives

We hold a number of financial instruments and derivatives, which are recorded on our balance sheet at fair value with gains and losses in each period included in other comprehensive income and profit for the period as appropriate. The most significant of these instruments are marketable securities, foreign exchange forward sales contracts, metal-related forward contracts, and settlements receivable and payable. Some of our gains and losses on metal-related financial instruments are affected by smelter price participation and are taken into account in determining royalties and other expenses. All are subject to varying rates of taxation, depending on their nature and jurisdiction.

Critical Accounting Estimates and Judgments

In preparing consolidated financial statements, management makes estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses across all reportable segments. Management makes estimates and judgments that are believed to be reasonable under the circumstances. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider to be reasonable, including expectations of future events. Critical accounting estimates and judgments are those that could affect the consolidated financial statements materially, are highly uncertain and where changes are reasonably likely to occur from period to period. Management's critical accounting estimates and judgments apply to the assessment of the impairment of assets, including goodwill, joint arrangements, the estimated recoverable reserves and resources, and the valuation of other assets and liabilities such as decommissioning and restoration provisions (DRP) and the accounting for income taxes.

Impairment Testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. We consider both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required. Impairment testing is based on discounted cash flow models prepared by internal experts with assistance from third-party advisors when required. Significant assumptions used include commodity prices, mineral reserves and resources, operating costs, capital expenditures, discount rates, foreign exchange rates, tax assumptions and inflation rates. The inputs used are based on management's best estimates of what an independent market participant would consider appropriate, and are reviewed by senior management. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the statement of income and the resulting carrying values of assets.

We allocate goodwill arising from business combinations to the cash-generating unit or group of cash-generating units acquired that is expected to receive the benefits from the business combination. When performing annual goodwill impairment tests, we are required to determine the recoverable amount of each cash-generating unit or group of cash-generating units to which goodwill has been allocated. The recoverable amount of each cash-generating unit or group of cash-generating units is determined as the higher of its fair value less costs of disposal and its value in use.

We have performed our annual goodwill impairment testing and did not identify any impairment losses. The recoverable amounts for our goodwill impairment testing were determined based on a fair value less costs of disposal basis. The fair value less costs of disposal was calculated using a discounted cash flow methodology taking account of assumptions that would be made by market participants. Our annual goodwill impairment test resulted in the recoverable amount of Carmen de Andacollo exceeding its carrying value by approximately $492 million. The recoverable amount is most sensitive to commodity price assumptions and is based on an average of US$3.12 per pound for copper over the next three years escalating to a real long-term copper price of US$3.50 per pound. A 12% decrease in the long-term price assumption would result in the recoverable amount equalling the carrying value.

Our annual goodwill impairment test resulted in the recoverable amount of our coal operations exceeding their carrying value by approximately $7.5 billion. The recoverable amount is most sensitive to the long-term commodity price assumption and is based on a long-term coal price of US$185 per tonne. A 22% decrease in the long-term price assumption would result in the recoverable amount equalling the carrying value.

The recoverable amount for Quebrada Blanca significantly exceeded the carrying amount at the date of our annual impairment test.

Joint Arrangements

We are a party to a number of arrangements in which we do not have control. Judgment is required in determining whether joint control over these arrangements exists and, if so, which parties have joint control and whether each arrangement is a joint venture or joint operation. In assessing whether we have joint control, we analyze the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we consider decisions about activities such as managing the asset during its life, acquisition, expansion and dispositions of assets and financing, operating and capital decisions to be the most relevant. We may also consider activities including the approval of budgets, appointment of key management personnel, representation on the Board of Directors, and other items.

If we conclude that we have joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether we have rights to the assets, and obligations for the liabilities, relating to the arrangement or whether we have rights to the net assets of the arrangement. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give us rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances we may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation is appropriate. This conclusion requires judgment and is specific to each arrangement. We have applied the use of other facts and circumstances to conclude that Antamina and Fort Hills are joint operations for the purposes of our consolidated financial statements. The other facts and circumstances considered for both of these arrangements are the provisions for output to the parties of the joint arrangements. For both Antamina and Fort Hills, we will take our share of the output from the assets directly over the life of the arrangement. We have concluded that this, combined with other factors, gives us direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to our ownership interests.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries, amongst other factors.

Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing, and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could change the carrying value of assets, depreciation and impairment charges recorded in the income statement, and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The DRP are based on future cost estimates using information available at the balance sheet date. These estimates are based on engineering studies of the work that is required by environmental laws or public statements by management that result in an obligation.

The DRP is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The DRP requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

Current and Deferred Income Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse. We also evaluate the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves and resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and corresponding credit or charge to profit. Judgment is also required on the application of income tax legislation. We are subject to assessments by various taxation authorities who may interpret tax legislation differently. These differences may affect the final amount or timing of the payment of taxes. We provide for these differences, where known, based on management's best estimate of the probable outcome of these matters.

Adoption of New Accounting Standards and Accounting Developments

Adoption of New Accounting Standards

We adopted IFRIC 21, Levies (IFRIC 21) on January 1, 2014, with retrospective application. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes, which are accounted for under IAS 12, Income Taxes, or fines or other penalties imposed for breaches of legislation. The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized. An example of a common levy is property tax.

IFRIC 21 defines an obligating event as the activity that triggers the payment of the levy, as identified by legislation. A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy that will arise in a future period as a result of continuing to operate.

The adoption of IFRIC 21 did not affect our financial results or disclosures, as our analysis determined that no changes were required to our existing accounting treatment of levies.

Accounting Developments

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standard or interpretation in the annual period for which it is first required.

Revenue from Contracts with Customers

In May 2014, the IASB and the Financial Accounting Standards Board (FASB) completed their joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles (U.S. GAAP). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15) to replace IAS 18, Revenue and IAS 11, Construction Contracts and the related interpretations on revenue recognition.

The new revenue standard introduces a single principles-based five-step model for the recognition of revenue when control of a good or service is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine transaction price, allocate the transaction price, and recognize revenue when a performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers.

IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the completed version of the Standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income, and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedging section of the final IFRS 9 standard remains relatively unchanged from when the new hedging accounting section of IFRS 9 was first introduced in November 2013. The new hedge accounting model aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The new hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosure. The IASB currently has a separate project on macro hedging activities and until the project is completed, the IASB have provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

Other Information

Control Activities

For all changes to policies and procedures that have been identified relating to the above items, the effectiveness of internal controls over financial reporting and disclosure controls and procedures has been assessed and any changes have been implemented. We have identified and implemented accounting process changes relating to the above new policies and these changes were not significant. We applied our existing control framework to the implementation of the new standards. All accounting policy changes and financial effects are subject to review by senior management and the Audit Committee of the Board of Directors.

Business Activities, Key Performance Measures and Information Systems

We do not expect the preceding changes to significantly affect our financial covenants or key ratios. The implementation of the above IFRS pronouncements is not expected to significantly impact our information systems.

Outstanding Share Data

As at February 17, 2015, there were 566,847,793 Class B subordinate voting shares and 9,353,470 Class A common shares outstanding. In addition, there were 16,162,748 employee stock options outstanding, with exercise prices ranging between $4.15 and $58.80 per share. More information on these instruments and the terms of their conversion are set out in the equity note to our 2014 consolidated financial statements.

Contractual and Other Obligations

($ in millions)	Less than 1 Year	1–3 Years	4–5 Years	More than 5 Years	Total
Principal and interest payments on debt	$ 773	$ 1,449	$ 1,839	$ 11,094	$ 15,155
Operating leases	52	48	19	6	125
Capital leases	56	14	9	46	125
Road and port lease at Red Dog[(1)]	20	41	41	239	341
Minimum purchase obligations[(2)]					
Concentrate, equipment and supply purchases	1,115	366	36	23	1,540
Shipping and distribution	291	143	79	102	615
Pension funding[(3)]	31	–	–	–	31
Other non-pension post-retirement benefits[(4)]	16	35	40	377	468
Decommissioning and restoration provision[(5)]	63	81	62	659	865
Other long-term liabilities[(6)]	15	37	17	10	79
Project commitments for the Fort Hills oil sands project[(7)]	850	755	–	–	1,605
	$ 3,282	$ 2,969	$ 2,142	$ 12,556	$ 20,949

Notes:

(1) We lease road and port facilities from the Alaska Industrial Development and Export Authority through which we ship metal concentrates produced at the Red Dog mine. Minimum lease payments are US$18 million per annum and are subject to deferral and abatement for *force majeure* events.

(2) The majority of our minimum purchase obligations are subject to continuing operations and *force majeure* provisions.

(3) As at December 31, 2014, the company had a net pension asset of $129 million based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2014 in respect of defined benefit pension plans is $31 million. The timing and amount of additional funding after 2014 is dependent upon future returns on plan assets, discount rates and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $468 million in respect of other non-pension post-retirement benefits as at December 31, 2014. Amounts shown are estimated expenditures in the indicated years.

(5) We accrue environmental and reclamation obligations over the life of our mining operations and amounts shown are estimated expenditures in the indicated years at fair value, assuming credit-adjusted risk-free discount rates between 6.61% and 7.61% and an inflation factor of 2.00%.

(6) Other long-term liabilities include amounts for post-closure, environmental costs and other items.

(7) In November 2005, we acquired a 15% interest in the Fort Hills Energy Limited Partnership, which is developing the Fort Hills oil sands project in Alberta, Canada. In September 2007, we acquired an additional 5% interest, bringing our total interest to 20%. To earn our additional 5% interest, we are required to contribute 27.5% of $5 billion of project expenditures after project spending reaches $2.5 billion. We are presently funding at this level. Thereafter, we are responsible for our 20% share of development costs.

Disclosure Controls and Internal Control Over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding required disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at December 31, 2014. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at December 31, 2014.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at December 31, 2014, our internal control over financial reporting was effective.

The effectiveness of our internal controls over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion in their report included with our annual consolidated financial statements.

Use of Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS). This document refers to gross profit before depreciation and amortization, EBITDA, adjusted profit, adjusted earnings per share, net debt, debt to debt-plus-equity ratio, and the net debt to net debt-plus-equity ratio, which are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the U.S.

Gross profit before depreciation and amortization is gross profit with depreciation and amortization added back. EBITDA is profit attributable to shareholders before net finance expense, provision for income taxes, and depreciation and amortization. For adjusted profit, we adjust profit attributable to shareholders as reported to remove the effect of certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis. Adjusted earnings per share is calculated by dividing the adjusted profit amount by our reported weighted average shares outstanding. We believe that disclosing these measures assists readers in understanding the cash-generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends.

Net debt is total debt less cash and cash equivalents. The debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity. The net debt to net debt-plus-equity ratio takes net debt and divides that by the sum of net debt plus total equity. These measures are disclosed as we believe they provide readers with information that allows them to assess our potential financing needs and capacity and the ability to meet our short- and long-term financial obligations.

These measures do not have standardized meanings under IFRS, may differ from those used by different issuers, and may not be comparable to such measures as reported by others. These measures have been derived from our financial statements and applied on a consistent basis as appropriate. We disclose these measures because we believe they assist readers in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

Reconciliation of Gross Profit Before Depreciation and Amortization

($ in millions)	**2014**	2013	2012
Gross profit	**$ 1,528**	$ 2,426	$ 3,524
Depreciation and amortization	**1,344**	1,233	983
Gross profit before depreciation and amortization	**$ 2,872**	$ 3,659	$ 4,507
Reported as:			
Coal	**$ 913**	$ 1,729	$ 2,405
Copper			
Highland Valley Copper	**419**	408	530
Antamina	**450**	596	682
Quebrada Blanca	**118**	121	115
Carmen de Andacollo	**164**	244	227
Duck Pond	**16**	19	42
Other	**10**	3	5
	$ 1,177	$ 1,391	$ 1,601
Zinc			
Red Dog	**638**	418	440
Trail	**142**	112	59
Other	**(1)**	4	(2)
	$ 779	**$** 534	$ 497
Energy	**3**	5	4
Gross profit before depreciation and amortization	**$ 2,872**	$ 3,659	$ 4,507

Reconciliation of Profit Attributable to Shareholders to EBITDA

($ in millions)	**2014**	2013	2012
Profit attributable to shareholders	**$ 362**	$ 961	$ 1,068
Finance expense net of finance income	**300**	326	477
Provision for income taxes	**342**	633	767
Depreciation and amortization	**1,344**	1,233	983
EBITDA	**$ 2,348**	$ 3,153	$ 3,295

Quarterly Reconciliation

($ in millions)	2014				2013			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Profit attributable to shareholders	**$ 129**	**$ 84**	**$ 80**	**$ 69**	$ 232	$ 267	$ 143	$ 319
Finance expense net of finance income	**80**	**78**	**74**	**68**	71	82	86	87
Provision for income taxes	**32**	**151**	**66**	**93**	134	144	152	203
Depreciation and amortization	**341**	**338**	**338**	**327**	329	322	289	293
EBITDA	**$ 582**	**$ 651**	**$ 558**	**$ 557**	$ 766	$ 815	$ 670	$ 902

Caution on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements, principally under the heading "Outlook", but also elsewhere in this document, include estimates, forecasts and statements as to management's expectations with respect to, among other things, mine life, anticipated cost production at our business units and individual operations, costs at our business units and individual operations, our expectation that we will meet our production guidance, sales volume and selling prices for our products (including settlement of coal contracts with customers), our expectation that we should complete 2015 with over $1 billion in cash without any material change in our overall U.S. dollar debt level, plans and expectations for our development projects, including resulting increases in forecast operating costs and costs of product sold, expected production, expected progress, costs and outcomes of our various projects and investments, including, but not limited to, those described in the discussions of our operations, the sensitivity of our profit to changes in commodity prices and exchange rates, the effect of potential production disruptions, the effect of changes in currency exchange rates, our expectations for the general market for our commodities, future trends for the company, costs associated with the Elk Valley Water Quality Plan and results of the initiative, timing of the closing of our Duck Pond mine, projected increase in Antamina production, the economic and production estimates for our Relincho project, our ability to continue our cost reduction initiative and the results of the initiative, timing of the re-filing of the SEIA for the Quebrada Blanca Phase 2 project, projected capital and operating costs for Fort Hills, as well as timing of first oil from the Fort Hills project, timing expectations regarding the Frontier review and permitting process, anticipated capital expenditures, the impact of the change in oil price on our operating expenses, our expectation that we will have access to cash and credit lines sufficient to meet our capital commitments and working capital needs, and demand and market outlook for commodities. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of zinc, copper and coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs and levels of production, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees and business partners and joint venturers. Statements concerning timing of the re-filing of our SEIA for the Quebrada Blanca Phase 2 project are based on assumptions regarding the permitting process of our existing project. Our selenium management plans are based on the assumptions, and subject to the factors, described under "Elk Valley Water Management". Assumptions regarding the impact of operating costs to oil prices include assumptions regarding the amount of diesel fuel used in our operations and transporting our products, as well as an assumed Canadian dollar exchange rate of $1.20 against the U.S. dollar. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, changes in tax or royalty rates, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits or environmental impact assessments, and changes or further deterioration in general economic conditions. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners. The impact of the price of oil on operating costs will be affected by the exchange rate between Canadian and U.S. dollars.

Statements concerning future production costs or volumes, and the sensitivity of the company's profit to changes in commodity prices and exchange rates, are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, and adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR and on EDGAR under cover of Form 40-F.

Consolidated Financial Statements

For the Years Ended December 31, 2014 and 2013

Management's Responsibility for Financial Reporting

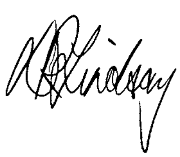
Management is responsible for the integrity and fair presentation of the financial information contained in this annual report. Where appropriate, the financial information, including financial statements, reflects amounts based on the best estimates and judgments of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information presented elsewhere in the annual report is consistent with that disclosed in the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The system of controls is also supported by a professional staff of internal auditors who conduct periodic audits of many aspects of our operations and report their findings to management and the Audit Committee.

Management has a process in place to evaluate internal control over financial reporting based on the criteria established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets periodically with management, our internal auditors and independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, appointed by the shareholders, have audited our financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the auditor's report.



Donald R. Lindsay
President and Chief Executive Officer

Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

February 17, 2015

Independent Auditor's Report

To the Shareholders of Teck Resources Limited

We have completed integrated audits of Teck Resources Limited's (the "Company") December 31, 2014 and 2013 consolidated financial statements and its internal control over financial reporting as at December 31, 2014. Our opinions, based on our audits, are presented below.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Teck Resources Limited, which comprise the consolidated balance sheets as at December 31, 2014 and 2013 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits as at December 31, 2014 and 2013 and for the years then ended in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teck Resources Limited as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control Over Financial Reporting

We have also audited the Company's internal control over financial reporting as at December 31, 2014 based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control Over Financial Reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

Definition of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Teck Resources Limited maintained, in all material respects, effective internal control over financial reporting as at December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

PricewaterhouseCoopers LLP

Chartered Accountants
February 17, 2015
Vancouver, British Columbia

Consolidated Statements of Income Years ended December 31

(CAD$ in millions, except for share data)	2014	2013
Revenue	**$ 8,599**	$ 9,382
Cost of sales	**(7,071)**	(6,956)
Gross profit	**1,528**	2,426
Other operating expenses		
General and administration	**(119)**	(129)
Exploration	**(60)**	(86)
Research and development	**(20)**	(18)
Other operating income (expense) (Note 6)	**(281)**	(216)
Profit from operations	**1,048**	1,977
Finance income (Note 7)	**4**	13
Finance expense (Note 7)	**(304)**	(339)
Non-operating income (expense) (Note 8)	**(21)**	(6)
Share of losses of associates and joint ventures	**(3)**	(2)
Profit before tax	**724**	1,643
Provision for income taxes (Note 16)	**(342)**	(633)
Profit for the year	**$ 382**	$ 1,010
Profit attributable to:		
Shareholders of the company	**$ 362**	$ 961
Non-controlling interests	**20**	49
Profit for the year	**$ 382**	$ 1,010
Earnings per share (Note 19(g))		
Basic	**$ 0.63**	$ 1.66
Diluted	**$ 0.63**	$ 1.66
Weighted average shares outstanding (millions)	**576.2**	578.3
Shares outstanding at end of year (millions)	**576.1**	576.3

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income Years ended December 31

(CAD$ in millions)	2014	2013
Profit for the year	**$ 382**	$ 1,010
Other comprehensive income (loss) in the year		
Items that may be reclassified to profit		
Currency translation differences (net of taxes of $82 and $64)	**132**	142
Change in fair value of available-for-sale financial instruments (net of taxes of $nil and $nil)	**(1)**	5
Cash flow hedges (net of taxes of $nil and $1)	**(2)**	(2)
	129	145
Items that will not be reclassified to profit		
Remeasurements of retirement benefit plans (net of taxes of $nil and $(110))	**28**	221
Total other comprehensive income for the year	**157**	366
Total comprehensive income for the year	**$ 539**	$ 1,376
Total other comprehensive income attributable to:		
Shareholders of the company	**$ 149**	$ 360
Non-controlling interests	**8**	6
	$ 157	$ 366
Total comprehensive income attributable to:		
Shareholders of the company	**$ 511**	$ 1,321
Non-controlling interests	**28**	55
	$ 539	$ 1,376

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows Years ended December 31

(CAD$ in millions)	2014	2013
Operating activities		
Profit for the year	**$ 382**	$ 1,010
Items not affecting operating cash flows:		
Depreciation and amortization	**1,344**	1,233
Provision for (recovery of) deferred income taxes	**(55)**	106
Share of losses of associates and joint ventures	**3**	2
Loss (gain) on sale of investments and assets	**2**	(43)
Foreign exchange losses	**9**	12
Finance expense	**304**	339
Other	**15**	(16)
	2,004	2,643
Net change in non-cash working capital items	**274**	235
	2,278	2,878
Investing activities		
Purchase of property, plant and equipment	**(1,498)**	(1,858)
Capitalized production stripping costs	**(715)**	(744)
Expenditures on financial investments and other assets	**(44)**	(325)
Proceeds from the sale of investments and other assets	**34**	502
	(2,223)	(2,425)
Financing activities		
Issuance of debt	**12**	–
Repayment of debt	**(70)**	(39)
Debt interest paid	**(381)**	(355)
Issuance of Class B subordinate voting shares	**–**	1
Purchase and cancellation of Class B subordinate voting shares	**(5)**	(176)
Dividends paid	**(518)**	(521)
Distributions to non-controlling interests	**(23)**	(38)
	(985)	(1,128)
Effect of exchange rate changes on cash and cash equivalents	**187**	180
Decrease in cash and cash equivalents	**(743)**	(495)
Cash and cash equivalents at beginning of year	**2,772**	3,267
Cash and cash equivalents at end of year	**$ 2,029**	$ 2,772

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheets

(CAD$ in millions)	December 31, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents (Note 9)	**$ 2,029**	$ 2,772
Current income taxes receivable	**100**	71
Trade accounts receivable	**1,036**	1,232
Inventories (Note 10)	**1,752**	1,695
	4,917	5,770
Financial and other assets (Note 11)	**894**	746
Investments in associates and joint ventures	**32**	24
Property, plant and equipment (Note 12)	**28,925**	27,811
Deferred income tax assets (Note 16)	**361**	164
Goodwill (Note 13)	**1,710**	1,668
	$ 36,839	$ 36,183
Liabilities and Equity		
Current liabilities		
Trade accounts payable and other liabilities (Note 14)	**$ 1,663**	$ 1,784
Dividends payable (Note 19(i))	**259**	259
Current income taxes payable	**59**	61
Debt (Note 15)	**428**	59
	2,409	2,163
Debt (Note 15)	**8,013**	7,664
Deferred income tax liabilities (Note 16)	**6,091**	5,908
Retirement benefit liabilities (Note 17)	**572**	479
Other liabilities and provisions (Note 18)	**918**	1,158
	18,003	17,372
Equity		
Attributable to shareholders of the company	**18,606**	18,597
Attributable to non-controlling interests	**230**	214
	18,836	18,811
	$ 36,839	$ 36,183

Contingencies (Note 21)
Commitments (Note 22)

Approved on behalf of the Board of Directors

Hugh J. Bolton, FCA
Chairman of the Audit Committee

Janice G. Rennie, FCA
Director

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Equity Years ended December 31

(CAD$ in millions)	2014	2013
Class A common shares (Note 19)	**$ 7**	$ 7
Class B subordinate voting shares (Note 19)		
Beginning of year	**6,503**	6,699
Share repurchases (Note 19(e))	**(2)**	(73)
Issued on exercise of options	**1**	1
Provision for tax benefit (Note 19(h))	**–**	(124)
End of year	**6,502**	6,503
Retained earnings		
Beginning of year	**11,853**	11,291
Profit for the year attributable to shareholders of the company	**362**	961
Dividends declared	**(518)**	(518)
Share repurchases (Note 19(e))	**(2)**	(102)
Remeasurements of retirement benefit plans	**28**	221
End of year	**11,723**	11,853
Contributed surplus		
Beginning of year	**130**	113
Share option compensation expense (Note 19(c))	**20**	18
Transfer to Class B subordinate voting shares on exercise of options	**(1)**	(1)
End of year	**149**	130
Accumulated other comprehensive income (loss) attributable to shareholders of the company (Note 19(f))		
Beginning of year	**104**	(35)
Other comprehensive income	**149**	360
Less remeasurements of retirement benefit plans recorded in retained earnings	**(28)**	(221)
End of year	**225**	104
Non-controlling interests (Note 20)		
Beginning of year	**214**	189
Profit for the year attributable to non-controlling interests	**20**	49
Other comprehensive income	**8**	6
Other	**11**	8
Distributions	**(23)**	(38)
End of year	**230**	214
Total equity	**$ 18,836**	$ 18,811

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements Years ended December 31, 2014 and 2013

1. Nature of Operations

Teck Resources Limited and its subsidiaries (Teck, we, us, or our) are engaged in mining and related activities including exploration, development, processing, smelting, refining and reclamation. Our major products are steelmaking coal, copper, zinc and lead. We also produce precious metals, molybdenum, electrical power, fertilizers and other metals. Metal products are sold as refined metals or concentrates. We also own an interest in a wind power facility and in certain oil sands leases and have a partnership interest in an oil sands development project now under construction.

Teck Resources Limited is a Canadian corporation and our registered office is at 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0B3.

2. Basis of Preparation and New IFRS Pronouncements

a) Basis of Preparation

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements were prepared by management and were approved by the Board of Directors on February 17, 2015.

b) Adoption of New IFRS Pronouncements

We adopted IFRIC 21, Levies (IFRIC 21) on January 1, 2014 with retrospective application. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes, which are accounted for under IAS 12, Income Taxes or fines or other penalties imposed for breaches of legislation. The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized. An example of a common levy is property tax.

IFRIC 21 defines an obligating event as the activity that triggers the payment of the levy, as identified by legislation. A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy that will arise in a future period as a result of continuing to operate.

The adoption of IFRIC 21 did not affect our financial results or disclosures as our analysis determined that no changes were required to our existing accounting treatment of levies.

c) New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standards or interpretations in the annual period for which it is first required.

Revenue from Contracts with Customers

In May 2014, the IASB and the Financial Accounting Standards Board (FASB) completed their joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles (US GAAP). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15) to replace IAS 18, Revenue and IAS 11, Construction Contracts and the related interpretations on revenue recognition.

2. Basis of Preparation and New IFRS Pronouncements (continued)

The new revenue standard introduces a single, principles based, five-step model for the recognition of revenue when control of a good or service is transferred to the customer. The five steps are identify the contract(s) with the customer, identify the performance obligations in the contract, determine transaction price, allocate the transaction price and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers and improves the comparability of revenue from contracts with customers.

IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the completed version of the Standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedging section of the final IFRS 9 standard remains relatively unchanged from when the new hedging accounting section of IFRS 9 was first introduced in November 2013. The new hedge accounting model aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The new hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosure. The IASB currently has a separate project on macro hedging activities and until the project is completed, the IASB has provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

Our consolidated financial statements include the accounts of Teck Resources Limited and all of its subsidiaries. Our significant operating subsidiaries include Teck Metals Limited (TML), Teck Alaska Incorporated (TAK), Teck Highland Valley Copper Partnership (Highland Valley Copper), Teck Coal Partnership (Teck Coal), Compañia Minera Teck Quebrada Blanca S.A. (Quebrada Blanca) and Compañia Minera Teck Carmen de Andacollo (Carmen de Andacollo).

All subsidiaries are entities that we control, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of our intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that we control, but do not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated balance sheet and consolidated statements of income and comprehensive income.

Certain of our business activities are conducted through joint operations. Galore Creek Partnership (Galore Creek, 50% share), Fort Hills Energy Limited Partnership (Fort Hills, 20% share), Waneta Dam (66.7% share) and Wintering Hills Wind Power Facility (30% share, which increased to 49% in January of 2015) all operate in Canada and Compañia Minera Antamina (Antamina, 22.5%) operates in Peru. Our interests in these joint operations are accounted for by recording our share of the respective assets, liabilities, revenue, expenses and cash flows.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which we have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which we have rights to only the net assets of the arrangement.

Joint ventures are accounted for in accordance with the policy "Investments in Associates and Joint Ventures." Joint operations are accounted for by recognizing our share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in our consolidated financial statements.

3. Summary of Significant Accounting Policies (continued)

Investments in Associates and Joint Ventures

Investments over which we exercise significant influence and which we do not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

Our proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

If our share of the associate's or joint venture's losses equals or exceeds our investment in the associate or joint venture, recognition of further losses is discontinued. After our interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that we have incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, we resume recognizing our share of those profits only after our share of the profits equals the share of losses not recognized.

At each balance sheet date, we consider whether there is objective evidence of impairment in associates and joint ventures. If there is such evidence, we determine if there is a need to record an impairment in relation to the associate or joint venture.

Foreign Currency Translation

The functional currency for each of our subsidiaries and for joint operations, joint ventures and associates is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates.

The functional currency of Teck Resources Limited, the parent entity, is the Canadian dollar, which is also the presentation currency of our consolidated financial statements.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation. Items in the statement of income are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the balance sheet are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar, and any offsetting exchange differences on net debt used to hedge those assets, are recognized in a separate component of equity through other comprehensive income.

Exchange differences that arise relating to long term intra-group balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income.

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the statement of income.

Revenue Recognition

Sales of product, including by-product, are recognized in revenue when there is persuasive evidence that all of the following criteria have been met: the significant risks and rewards of ownership pass to the customer, neither continuing managerial involvement nor effective control remains over the goods sold, the selling price and costs to sell can be measured reliably, and it is probable that the economic benefits associated with the sale will flow to us. All of these criteria are generally met by the time the significant risks and rewards of ownership pass to the customer. Royalties related to production are recorded in cost of sales.

For sales of steelmaking coal and a majority of sales of metal concentrates, significant risks and rewards of ownership generally pass to the customer when the product is loaded onto a carrier specified by the customer. We generally retain title to these products until we receive the first contracted payment, solely to protect the collectability of the amounts due to us, which are typically received shortly after loading. A minority of metal concentrate sales are made on consignment. For these transactions, significant risks and rewards of ownership pass to the customer at the time the product is consumed in the customer's processes.

For sales of refined metal, significant risks and rewards of ownership generally pass to the customer when the product is loaded onto a carrier specified by the customer. For these products loading generally coincides with the transfer of title.

Steelmaking coal is sold under spot, quarterly or annual pricing contracts, and pricing is final when product is delivered.

The majority of our cathode and metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, the price is determined on a provisional basis at the date of sale and revenue is recorded at that time based on current market prices.

Adjustments are made to the customer receivable in subsequent periods based on movements in quoted market prices up to the date of final pricing. As a result, the value of our cathode and concentrate sales receivables changes as the underlying commodity market prices vary and this adjustment mechanism has the characteristics of a derivative. Accordingly, the fair value of the embedded derivative is adjusted each reporting period by reference to forward market prices and the changes in fair value are recorded as an adjustment to other operating income (expense).

Financial Instruments

We recognize financial assets and liabilities on the balance sheet when we become a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is designated as loans and receivables. Cash equivalents are classified as available-for-sale.

Trade receivables and payables

Trade receivables and payables are non-interest bearing if paid on schedule and are recognized at face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Where necessary, trade receivables are net of allowances for uncollectable amounts. We may enter into transactions to sell trade receivables to third parties. If the risks and rewards of ownership of the receivables are transferred to the purchaser, we account for the transaction as a sale and derecognize the trade receivables. If significantly all of the risks and rewards of ownership of the receivables are neither transferred nor retained, we account for the transaction as a sale and derecognize the trade receivables if we have not retained control over the receivables.

3. Summary of Significant Accounting Policies (continued)

Investments in marketable securities

Investments in marketable securities are designated as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income until investments are disposed of or when there is objective evidence of an impairment in value. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance.

At each balance sheet date, we assess for any objective evidence of an impairment in value of our investments and record such impairments in profit for the period. If an impairment of an investment in a marketable equity security has been recorded in profit, it cannot be reversed in future periods prior to sale.

Debt

Debt is initially recorded at total proceeds received less direct issuance costs. Debt is subsequently measured at amortized cost, calculated using the effective interest rate method.

Derivative instruments

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Hedging

Certain derivative investments may qualify for hedge accounting. For fair value hedges, any gains or losses on both the hedged item and the hedging instrument are recognized in profit.

For cash flow hedges, any unrealized gains and losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit upon settlement of the hedging instrument, when the hedged item ceases to exist, or when the hedge is determined to be ineffective.

For hedges of net investments in foreign operations, any foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit on the ineffective portion of the hedge, or when there is a disposal of a foreign operation being hedged.

Inventories

Finished products, work in-process and raw materials inventories are valued at the lower of weighted average cost and net realizable value. Raw materials include concentrates for use at smelting and refining operations. Work in-process inventory includes inventory in the milling, smelting or refining process and stockpiled ore at mining operations.

For work in-process and finished product inventories, cost includes all direct costs incurred in production, including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Production stripping costs that are not capitalized are included in the cost of inventories as incurred. Depreciation and amortization of capitalized production stripping costs are included in the cost of inventory.

When inventories have been written down to net realizable value, we make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

We use both joint-product and by-product costing for work in-process and finished product inventories. Joint costing is applied where the profitability of the operations is dependent upon the production of a number of primary products. Joint costing allocates total production costs based on the relative values of the products. Where by-product costing is used, by-products are allocated only the incremental costs of processes that are specific to the production of that product.

Supplies inventory is valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

Property, Plant and Equipment

Land, buildings, plant and equipment

Land is recorded at cost and buildings, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Depreciation of mobile equipment, buildings used for production, and plant and processing equipment at our mining operations is calculated on a units-of-production basis. Depreciation of buildings not used for production, and plant and equipment at our smelting operations is calculated on a straight-line basis over the assets' estimated useful lives. Where components of an asset have different useful lives, depreciation is calculated on each component separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives are as follows:

- Buildings and equipment (not used in production) 3–40 years
- Plant and equipment (smelting operations) 4–30 years

Mineral properties and mine development costs

The cost of acquiring and developing mineral properties or property rights, including pre-production waste rock stripping costs related to mine development and costs incurred during production to increase future output are capitalized.

Waste rock stripping costs incurred in the production phase of a surface mine are recorded as capitalized production stripping costs within property, plant and equipment when it is probable that the stripping activity will improve access to the ore body; the component of the ore body to which access has been improved can be identified; and the costs relating to the stripping activity can be measured reliably. When the actual waste-to-ore stripping ratio in a period is greater than the expected life-of-component waste-to-ore stripping ratio for a component, the excess is capitalized as capitalized production stripping costs.

Once available for use, mineral properties and mine development costs are depreciated on a units-of-production basis over the proven and probable reserves to which they relate. Since the stripping activity within a component of a mine generally only improves access to the reserves of the same component, capitalized waste rock stripping costs incurred during the production phase of a mine are depreciated on a units-of-production basis over the proven and probable reserves expected to be mined from the same component.

Underground mine development costs are depreciated using the block depreciation method where development costs associated with each distinct section of the mine are depreciated over the reserves to which they relate.

3. Summary of Significant Accounting Policies (continued)

Exploration and evaluation costs

Property acquisition costs are capitalized. Other exploration and evaluation costs are capitalized if they relate to specific properties for which resources, as defined under National Instrument 43-101, exist or are near a specific property with a defined resource and it is expected that the expenditure can be recovered by future exploitation or sale. All other costs are charged to profit in the year in which they are incurred. Capitalized exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized exploration and evaluation costs are reclassified to mineral properties and leases within property, plant and equipment.

Development costs of oil sands properties

The costs of acquiring, exploring, evaluating and developing oil sands properties are capitalized when it is expected that these costs will be recovered through future exploitation or sale of the property. Capitalized development costs of oil sands properties are considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized development costs for oil sands properties are reclassified to mineral properties and leases within property, plant and equipment.

Construction in progress

Assets in the course of construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment, and depreciation commences when the asset is available for its intended use.

Impairment of non-current assets

The carrying amounts of assets included in property, plant and equipment are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount, and is recorded as an expense immediately.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted. Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. For mining assets, when a binding sale agreement is not readily available, fair value less costs of disposal is estimated using a discounted cash flow approach. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Indicators of impairment and impairment of exploration and evaluation assets or oil sands development costs are assessed on a project-by-project basis or as part of the existing operation to which they relate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit immediately.

Repairs and maintenance

Repairs and maintenance costs, including shutdown maintenance costs, are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Borrowing costs

We capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use. We begin capitalizing borrowing costs when there are general or specific borrowings, expenditures are incurred, and activities are undertaken to prepare the asset for its intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred during the period. All other borrowing costs are expensed as incurred.

We discontinue the capitalization of borrowing costs when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. In addition, we cease capitalization of borrowing costs when there is suspension of activities to prepare an asset for its intended use or sale. Capitalization recommences when the activities are no longer suspended. Capitalized borrowing costs are amortized over the useful life of the related asset.

Leased assets

Leased assets in which we receive substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet.

Assets under operating leases are not capitalized, and rental payments are expensed based on the terms of the lease.

Goodwill

We allocate goodwill arising from business combinations to each cash-generating unit or group of cash-generating units that are expected to receive the benefits from the business combination. Irrespective of any indication of impairment, the carrying amount of the cash-generating unit or group of cash-generating units to which goodwill has been allocated is tested annually for impairment. Testing is also performed when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Any impairment of goodwill is not subsequently reversed.

3. Summary of Significant Accounting Policies (continued)

Income Taxes

Taxes, comprising both income taxes and resource taxes, are accounted for as income taxes under IAS 12, Income Taxes and are recognized in the statement of income, except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity.

Current taxes receivable or payable are based on estimated taxable income for the current year at the statutory tax rates enacted or substantively enacted less amounts paid or received on account.

Deferred tax assets and liabilities are recognized based on temporary differences (the difference between the tax and accounting values of assets and liabilities) and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities in a particular jurisdiction will be available against which the assets can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates. However, we do not recognize such deferred tax liabilities where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction, other than in a business combination, that affects neither accounting profit nor taxable profit.

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. We account for such differences based on our best estimate of the probable outcome of these matters.

Employee Benefits

Defined benefit pension plans

Defined benefit pension plan obligations are based on actuarial determinations. The projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, is used to determine the defined benefit obligations, the related current service costs and, where applicable, the past service costs. Actuarial assumptions used in the determination of defined benefit pension plan assets and liabilities are based upon our best estimates, including discount rates, salary escalation, expected health care costs and retirement dates of employees.

Vested and unvested costs arising from past service following the introduction of changes to a defined benefit plan are recognized immediately as an expense when the changes are made.

Actuarial gains and losses can arise from differences between expected and actual outcomes or changes in actuarial assumptions. Actuarial gains and losses, changes in the effect of asset ceiling rules and return on plan assets are collectively referred to as remeasurements of retirement benefit plans and are recognized immediately through other comprehensive income and directly into retained earnings. Measurement of our net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the funded status of the plan on an accounting basis, less the present value of the expected economic benefit available to us in the form of refunds from the plan or reductions in future contributions to the plan. We only have asset ceilings in our registered pension plans.

We apply one discount rate to the net defined benefit asset or liability for the purposes of determining the interest component of the defined benefit cost. This interest component is recorded as part of finance expense. Depending on their function, current service costs and past service costs are included in either operating expenses or general and administration expenses.

Defined contribution pension plans

The cost of providing benefits through defined contribution plans is charged to profit as the obligation to contribute is incurred.

Non-pension post-retirement plans

We provide health care benefits for certain employees when they retire. Non-pension post-retirement plan obligations are based on actuarial determinations. The cost of these benefits is expensed over the period in which the employees render services. These non-pension post-retirement benefits are funded by us as they become due.

Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of share options and other equity-settled share-based payment arrangements is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged to profit over the vesting period. For employees eligible for normal retirement prior to vesting, the expense is charged to profit over the period from the grant date to the date they are eligible for retirement.

Share-based payment expense relating to cash-settled awards, including deferred, restricted and performance share units, is accrued over the vesting period of the units based on the quoted market value of Class B subordinate voting shares. Performance share units have an additional vesting factor determined by our total shareholder return in comparison to a group of specified companies. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price. Our performance share units will additionally be adjusted by our total shareholder return in comparison to a group of specified companies.

Provisions

Decommissioning and restoration provisions

Future obligations to retire an asset and to restore a site, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The provisions are also accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to finance expense in the statement of income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value. The method of depreciation follows that of the underlying asset. For a closed site or where the asset which generated a decommissioning and restoration provision no longer exists, there is no longer any future benefit related to the costs and, as such, the amounts are expensed. For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the provision with an offsetting adjustment to the capitalized retirement cost.

3. Summary of Significant Accounting Policies (continued)

Environmental disturbance restoration provisions

During the operating life of an asset, events such as infractions of environmental laws or regulations may occur. These events are not related to the normal operation of the asset. The costs associated with these provisions are accrued and charged to profit in the period in which the event giving rise to the liability occurs. Any subsequent adjustments to these provisions due to changes in estimates are also charged to profit in the period of adjustment.

Other provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk-free rate.

Share Repurchases

Where we repurchase any of our equity share capital, the excess of the consideration paid over book value is deducted from contributed surplus and retained earnings on a pro-rata basis.

Research and Development

Research costs are expensed as incurred. Development costs are only capitalized when the product or process is clearly defined, the technical feasibility has been established, the future market for the product or process is clearly defined and we are committed to, and have the resources to, complete the project.

Earnings per Share

Earnings per share is calculated based on the weighted average number of shares outstanding during the year. For diluted earnings per share, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds used to repurchase common shares at the average market price in the year. Dilution from convertible securities is calculated based on the number of shares to be issued after taking into account the reduction of the related after-tax interest expense.

4. Critical Accounting Estimates and Judgments

In preparing these consolidated financial statements, we make estimates and judgments that affect the amounts recorded. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider to be reasonable, including expectations of future events. The estimates and judgments that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities are outlined below.

Impairment Testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. We consider both internal and external information to determine whether there is an indicator of impairment present and accordingly, whether impairment testing is required. Impairment testing is based on discounted cash flow models prepared by internal experts with assistance from third-party advisors when required. Note 13 outlines the significant inputs used when performing goodwill and other asset impairment testing. The inputs used are based on management's best estimates of what an independent market participant would consider appropriate and are reviewed by senior management. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the statement of income and the resulting carrying values of assets.

Joint Arrangements

We are a party to a number of arrangements in which we do not have control. Judgment is required in determining whether joint control over these arrangements exists and if so, which parties have joint control and whether each arrangement is a joint venture or joint operation. In assessing whether we have joint control, we analyze the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we generally consider decisions about activities such as managing the asset during its life, acquisition, expansion and dispositions of assets and financing, operating and capital decisions to be the most relevant. We may also consider activities including the approval of budgets, appointment of key management personnel, representation on the board of directors and other items.

If we conclude that we have joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether we have rights to the assets, and obligations for the liabilities, relating to the arrangement or whether we have rights to the net assets of the arrangement. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give us rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances, we may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation is appropriate. This conclusion requires judgment and is specific to each arrangement. We have applied the use of other facts and circumstances to conclude that Antamina and Fort Hills are joint operations for the purposes of our consolidated financial statements. The other facts and circumstances considered for both of these arrangements are the provisions for output to the parties of the joint arrangements. For both Antamina and Fort Hills, we will take our share of the output from the assets directly over the life of the arrangement. We have concluded that this, combined with other factors, gives us direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to our ownership interests.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. These include production costs, mining and processing recoveries, cut-off grades, long term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries amongst other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing and in forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could affect the carrying value of assets, depreciation and impairment charges recorded in the income statement and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

4. Critical Accounting Estimates and Judgments (continued)

Current and Deferred Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, profit in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse. We also evaluate the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves and resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. Judgment is also required on the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit.

5. Expenses by Nature

(CAD$ in millions)	2014	2013
Wages and salaries	**$ 919**	$ 894
Wage-related costs	**249**	225
Bonus payments	**126**	141
Post-employment benefits and pension costs	**67**	85
Transportation	**1,355**	1,350
Depreciation and amortization	**1,344**	1,233
Raw material purchases	**729**	890
Fuel and energy	**811**	757
Operating supplies	**620**	498
Maintenance and repair supplies	**585**	649
Contractors and consultants	**503**	584
Overhead costs	**243**	239
Royalties	**246**	162
Other operating costs	**87**	99
	7,884	7,806
Less:		
Production stripping and other capitalized costs	**(718)**	(750)
Change in inventory	**104**	133
Total cost of sales, general and administration, exploration and research and development expenses	**$ 7,270**	$ 7,189

6. Other Operating Income (Expense)

(CAD$ in millions)		2014		2013
Settlement pricing adjustments (Note 24(b))	**$**	**(130)**	$	(62)
Share-based compensation		**(12)**		(22)
Environmental costs		**(32)**		(27)
Social responsibility and donations		**(15)**		(30)
Loss on operating assets		**(2)**		(33)
Care and maintenance		**(22)**		(10)
Commodity derivatives (Note 24(b))		**(7)**		2
Provision for closed properties		**2**		1
Impairment of operating assets		**(18)**		–
Restructuring		**(11)**		–
Other		**(34)**		(35)
	$	**(281)**	$	(216)

7. Finance Income and Finance Expense

(CAD$ in millions)		2014		2013
Finance income				
Investment income	**$**	**4**	$	13
Total finance income	**$**	**4**	$	13
Finance expense				
Debt interest	**$**	**384**	$	358
Financing fees and discount amortization		**7**		6
Net interest expense on retirement benefit plans		**16**		29
Accretion on decommissioning and restoration provisions (Note 18(a))		**70**		69
Other		**10**		11
		487		473
Less capitalized borrowing costs (Note 12)		**(183)**		(134)
Total finance expense	**$**	**304**	$	339

8. Non-Operating Income (Expense)

(CAD$ in millions)	2014	2013
Gain on sale of investments	**$ 1**	$ 42
Provision for marketable securities	**(8)**	(32)
Foreign exchange losses	**(9)**	(12)
Other derivative losses	**(1)**	(2)
Other	**(4)**	(2)
	$ (21)	$ (6)

9. Supplemental Cash Flow Information

(CAD$ in millions)	December 31, 2014	December 31, 2013
Cash and cash equivalents		
Cash	**$ 378**	$ 174
Money market investments with maturities from the date of acquisition of three months or less	**1,651**	2,598
	$ 2,029	$ 2,772

(CAD$ in millions)	2014	2013
Net change in non-cash working capital items		
Trade accounts receivable and taxes receivable	**$ 239**	$ 199
Inventories	**133**	93
Trade accounts payable and other liabilities and taxes payable	**(98)**	(57)
	$ 274	$ 235
Income taxes paid	**$ 406**	$ 425

10. Inventories

(CAD$ in millions)	December 31, 2014	December 31, 2013
Raw materials	**$ 197**	$ 295
Supplies	**595**	598
Work in-process	**533**	415
Finished products	**486**	444
	1,811	1,752
Less long term portion (Note 11)	**(59)**	(57)
	$ 1,752	$ 1,695

Cost of sales of $7.1 billion (2013 – $7.0 billion) include $6.5 billion (2013 – $6.4 billion) of inventories recognized as an expense during the year.

Total inventories held at net realizable value amounted to $105 million at December 31, 2014 (December 31, 2013 – $64 million). Cost of sales included $118 million (2013 – $11 million) of inventory write-downs during the year.

Long term inventories consist of ore stockpiles and other in-process materials that are not planned to be processed within one year.

11. Financial and Other Assets

(CAD$ in millions)	December 31, 2014	December 31, 2013
Long term receivables and deposits	**$ 219**	$ 204
Available-for-sale marketable equity securities carried at fair value	**270**	260
Pension plans in a net asset position (Note 17(a))	**233**	111
Long term portion of inventories (Note 10)	**59**	57
Intangibles	**81**	85
Other	**32**	29
	$ 894	$ 746

12. Property, Plant and Equipment

(CAD$ in millions)	Exploration and Evaluation	Mineral Properties and Leases	Land, Buildings, Plant and Equipment	Capitalized Production Stripping Costs	Construction In-Progress	Total
At December 31, 2012						
Cost	$ 1,853	$ 19,170	$ 9,690	$ 1,280	$ 958	$ 32,951
Accumulated depreciation	–	(2,903)	(4,768)	(343)	–	(8,014)
Net book value	**$ 1,853**	**$ 16,267**	**$ 4,922**	**$ 937**	**$ 958**	**$ 24,937**
Year ended December 31, 2013						
Opening net book value	$ 1,853	$ 16,267	$ 4,922	$ 937	$ 958	$ 24,937
Additions	161	123	627	801	1,207	2,919
Fort Hills change in accounting method (a)	–	850	19	–	197	1,066
Disposals	–	–	(4)	–	–	(4)
Depreciation and amortization	–	(497)	(457)	(313)	–	(1,267)
Decommissioning and restoration provision change in estimate	–	(337)	(24)	–	–	(361)
Capitalized borrowing costs	–	63	–	–	71	134
Other	11	(12)	(10)	–	–	(11)
Exchange differences	41	206	126	15	10	398
Closing net book value	**$ 2,066**	**$ 16,663**	**$ 5,199**	**$ 1,440**	**$ 2,443**	**$ 27,811**
At December 31, 2013						
Cost	$ 2,066	$ 20,090	$ 10,394	$ 2,102	$ 2,443	$ 37,095
Accumulated depreciation	–	(3,427)	(5,195)	(662)	–	(9,284)
Net book value	**$ 2,066**	**$ 16,663**	**$ 5,199**	**$ 1,440**	**$ 2,443**	**$ 27,811**

13. Property, Plant and Equipment (continued)

(CAD$ in millions)	Exploration and Evaluation	Mineral Properties and Leases	Land, Buildings, Plant and Equipment	Capitalized Production Stripping Costs	Construction In-Progress	Total
Year ended December 31, 2014						
Opening net book value	$ 2,066	$ 16,663	$ 5,199	$ 1,440	$ 2,443	$ 27,811
Additions	108	59	485	775	796	2,223
Disposals	–	–	(14)	–	–	(14)
Depreciation and amortization	–	(551)	(559)	(442)	–	(1,552)
Transfers	–	–	1,054	–	(1,054)	–
Decommissioning and restoration provision change in estimate	–	(284)	(6)	–	–	(290)
Capitalized borrowing costs	–	70	–	–	113	183
Other	–	41	(60)	–	(3)	(22)
Exchange differences	60	302	188	29	7	586
Closing net book value	**$ 2,234**	**$ 16,300**	**$ 6,287**	**$ 1,802**	**$ 2,302**	**$ 28,925**
At December 31, 2014						
Cost	$ 2,234	$ 20,349	$ 11,942	$ 2,916	$ 2,302	$ 39,743
Accumulated depreciation	–	(4,049)	(5,655)	(1,114)	–	(10,818)
Net book value	**$ 2,234**	**$ 16,300**	**$ 6,287**	**$ 1,802**	**$ 2,302**	**$ 28,925**

a) On October 30, 2013, the partners in Fort Hills announced that construction of the project would proceed. At that date certain amendments were made to the Limited Partnership Agreement, Unanimous Shareholder Agreement and the Fort Hills Oil Sands Project Operating Services Contract. The changes to these agreements required a reassessment of the accounting for our investment in Fort Hills. As a result of the changes made to the agreements for this arrangement, we have concluded that we now have rights to the assets and obligations for the liabilities of Fort Hills. Accordingly, from October 30, 2013 forward, we have accounted for our interest in Fort Hills as a joint operation and recorded our share of the assets, liabilities, revenue, expenses and cash flows of the operation. Prior to the amendment of the project agreements on October 30, 2013, we accounted for our investment in Fort Hills as an associate using the equity method. Our share of Fort Hills losses was nil to October 30, 2013.

b) The carrying value of property, plant and equipment held under finance lease at December 31, 2014 is $154 million (2013 – $186 million). Ownership of leased assets remains with the lessor.

Borrowing costs are capitalized at a rate based on our cost of borrowing or at the rate on the project-specific debt, as applicable. These projects are shown as part of mineral properties and leases, land, buildings, plant and equipment, or construction in-progress. Our weighted average borrowing rate used for capitalization of borrowing costs in 2014 was 4.9% (2013 – 4.9%).

Significant exploration and evaluation projects include Relincho, Galore Creek and oil sands properties.

13. Goodwill

(CAD$ in millions)	Coal Operations	Quebrada Blanca	Carmen de Andacollo	Total
January 1, 2013	$ 1,203	$ 305	$ 129	$ 1,637
Foreign exchange translation	–	22	9	31
December 31, 2013	$ 1,203	$ 327	$ 138	$ 1,668
Foreign exchange translation	–	29	13	42
December 31, 2014	**$ 1,203**	**$ 356**	**$ 151**	**$ 1,710**

The allocation of goodwill to cash generating units or groups of cash generating units reflects how goodwill is monitored for internal management purposes.

We have performed our annual goodwill impairment testing and did not identify any impairment losses. The recoverable amounts for our goodwill impairment testing were determined based on a fair value less costs of disposal basis. The fair value less costs of disposal was calculated using a discounted cash flow methodology taking account of assumptions that would be made by market participants.

Cash flow projections are based on life of mine plans and exploration potential. For our coal operations, the cash flows cover periods from 14 to 50 years with a steady state thereafter until reserves and resources are exhausted. For Quebrada Blanca and Carmen de Andacollo, the cash flows cover periods of 45 years and 22 years, respectively, with a steady state thereafter until reserves and resources are exhausted.

Given the nature of expected future cash flows used to determine the recoverable amount, a material change could occur over time as the cash flows are significantly affected by the key assumptions described below.

The key inputs used to determine fair value less costs of disposal are as follows:

Commodity Prices

Commodity price assumptions are based on internal forecasts, which are based on a number of factors, including forward curves in the near term, and are benchmarked with external sources of information, including information published by our peers, to ensure they are within the range of values used by market participants.

Reserves and Resources

Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by appropriately qualified persons. These estimates are based upon commodity price assumptions at or below the commodity prices noted in the sensitivity analysis below.

Operating Costs and Capital Expenditures

Operating costs and capital expenditures are based on life of mine plans and internal management forecasts. Cost estimates incorporate management experience and expertise, current operating costs, the nature and location of each operation and the risks associated with each operation. Future capital expenditures are based on management's best estimate of expected future capital requirements, which are generally for the extraction and processing of existing reserves and resources. All committed and anticipated capital expenditures based on future cost estimates have been included in the projected cash flows. Operating cost and capital expenditure assumptions are continuously subject to on-going optimization and review by management.

Discount Rates

Discount rates used are based on the weighted average cost of capital for a mining industry peer group and are calculated with reference to current market information. Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows. A 5.9% real, 8.1% nominal, post-tax discount rate was used to discount cash flow projections for our coal operations, Quebrada Blanca and Carmen de Andacollo.

Foreign Exchange Rates

Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants.

Inflation Rates

Inflation rates are based on average historical inflation rates for the location of each operation and long term government bond yields. Inflation rates are benchmarked with external sources of information and are within a range used by market participants.

Sensitivity Analysis

Our annual goodwill impairment test carried out as at October 31, 2014 resulted in the recoverable amount of Carmen de Andacollo exceeding its carrying value by approximately $492 million. The recoverable amount is most sensitive to commodity price assumptions and is based on an average of US$3.12 per pound for copper over the next three years escalating to a real long term copper price of US$3.50 per pound. A 12% decrease in the long term price assumption would result in the recoverable amount equalling the carrying value.

Our annual goodwill impairment test resulted in the recoverable amount of our coal operations exceeding their carrying value by approximately $7.5 billion. The recoverable amount is most sensitive to the long term commodity price assumption and is based on a long term coal price of US$185 per tonne. A 22% decrease in the long term price assumption would result in the recoverable amount equalling the carrying value.

The recoverable amount for Quebrada Blanca significantly exceeded the carrying amount at the date of our annual impairment test.

14. Trade Accounts Payable and Other Liabilities

(CAD$ in millions)	December 31, 2014	December 31, 2013
Trade accounts payable and accruals	**$ 793**	$ 890
Capital project accruals	**287**	366
Payroll-related liabilities	**182**	178
Accrued interest	**155**	144
Commercial and government royalties	**146**	113
Current portion of provisions (Note 18(a))	**73**	76
Current portion of derivative liabilities (Note 18)	**18**	3
Other	**9**	14
	$ 1,663	$ 1,784

15. Debt

(CAD$ in millions)	December 31, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.375% notes due October 2015 (US$300 million)	**$ 348**	**$ 358**	$ 318	$ 342
3.15% notes due January 2017 (US$300 million)	**347**	**356**	318	330
3.85% notes due August 2017 (US$300 million)	**345**	**360**	315	338
2.5% notes due February 2018 (US$500 million)	**577**	**569**	528	537
3.0% notes due March 2019 (US$500 million)	**577**	**567**	527	530
4.5% notes due January 2021 (US$500 million)	**576**	**581**	528	538
4.75% notes due January 2022 (US$700 million)	**807**	**796**	739	753
3.75% notes due February 2023 (US$750 million)	**859**	**788**	787	745
6.125% notes due October 2035 (US$700 million)	**796**	**752**	729	731
6.0% notes due August 2040 (US$650 million)	**750**	**672**	688	668
6.25% notes due July 2041 (US$1,000 million)	**1,147**	**1,075**	1,051	1,078
5.2% notes due March 2042 (US$500 million)	**572**	**491**	524	473
5.4% notes due February 2043 (US$500 million)	**573**	**490**	526	494
Antamina senior revolving credit facility due April 2015 (a)	**26**	**26**	24	24
Other	**141**	**141**	121	121
	8,441	**8,022**	7,723	7,702
Less current portion of long term debt	**(428)**	**(438)**	(59)	(59)
	$ 8,013	**$ 7,584**	$ 7,664	$ 7,643

The fair values of debt are determined using market values, if available, and discounted cash flows based on our cost of borrowing where market values are not available. The latter are considered Level 2 fair value measurements with significant other observable inputs on the fair value hierarchy (Note 25).

All obligations under our notes are directly guaranteed by TML except for the 5.375% and 6.125% notes which are supported by an arrangement similar in effect to a guarantee pursuant to which the trustee under these notes will, in the event of a default under the governing indenture, have the right to make a demand against TML in an amount equal to the amount due under the notes.

a) Antamina Facility

The Antamina revolving credit facility is our proportionate share of Antamina's revolving term bank facility with full repayment due at maturity in April 2015 and is the obligation of Antamina. The facility, which is denominated in U.S. dollars, is non-recourse to us and the other Antamina project sponsors; advances may be prepaid and re-borrowed during its term. The outstanding amount under the facility bears interest at LIBOR plus 1.9%.

b) Optional Redemptions

All of our outstanding notes are callable at any time by repaying the greater of the principal amount plus accrued interest and the present value of the principal and interest amounts discounted at a comparable treasury yield plus a stipulated spread. The 2023, 2042 and 2043 notes issued in 2012 are callable at 100% at any time on or after November 1, 2022, September 1, 2041 and August 1, 2042 respectively. The 2022 and 2041 notes issued in 2011 are callable at 100% at any time on or after October 15, 2021 and January 15, 2041 respectively. The 2021 notes are callable at 100% on or after October 15, 2020 and the 2040 notes are callable at 100% on or after February 15, 2040.

c) Revolving Facilities

At December 31, 2014, we had an undrawn US$3.0 billion committed revolving credit facility that is available until July 2019. Any amounts drawn under the revolving credit facility can be repaid at any time, are due in full at maturity and are guaranteed by TML. Any outstanding amounts under the facility bear interest at LIBOR plus an applicable margin based on our credit ratings. The facility requires that our total debt to total capitalization ratio not exceed 0.5 to 1. As at December 31, 2014, we were in compliance with all debt covenants and default provisions.

We also had $213 million of uncommitted demand revolving credit facilities at December 31, 2014. Net of $91 million of letters of credit issued, the unused portion of these credit facilities is $122 million, which is available in the form of cash borrowings or letters of credit. In addition, we have issued stand-alone letters of credit for $985 million at December 31, 2014, for environmental and other financial security requirements.

At December 31, 2014 we had pledged $363 million (2013 – $113 million) as collateral for letters of credit. The cash held as collateral is available for our use upon five business days' notice to the letter of credit issuer.

d) Scheduled Principal Payments

At December 31, 2014 the scheduled principal payments during the next five years and thereafter are as follows:

($ in millions)		**US$**		**CAD$**
2015	$	369	$	428
2016		6		7
2017		604		701
2018		503		584
2019		503		583
Thereafter		5,358		6,216
	$	7,343	$	8,519

16. Income Taxes

a) Provision for Income Taxes

(CAD$ in millions)	2014	2013
Current		
Current taxes on profits for the year	$ 392	$ 507
Adjustments for current tax of prior periods	5	20
Total current tax	$ 397	$ 527
Deferred		
Origination and reversal of temporary differences	$ (108)	$ 79
Adjustments to deferred tax of prior periods	3	(54)
Tax losses not recognized (recognition of previously unrecognized losses)	13	6
Effect of newly enacted change in tax rates	37	75
Total deferred tax	$ (55)	$ 106
	$ 342	$ 633

b) Reconciliation of income taxes calculated at the statutory rates to the actual tax provision is as follows:

(CAD$ in millions)	2014	2013
Tax expense at the Canadian statutory income tax rate of 26.12% (2013 – 25.95%)	$ 189	$ 426
Tax effect of:		
Resource taxes	62	150
Resource and depletion allowances	(83)	(60)
Non-temporary differences including one-half of capital gains and losses	19	1
Tax losses not recognized (recognition of previously unrecognized losses)	13	6
Effect of newly enacted change in tax rates	37	75
Withholding taxes	30	(2)
Difference in tax rates in foreign jurisdictions	70	51
Tax settlements	21	(18)
Revisions to prior year estimates	(14)	(16)
Other	(2)	20
	$ 342	$ 633

The Canadian statutory tax rate increased to 26.12% due to changes in provincial allocation.

c) The analysis of deferred tax assets and deferred tax liabilities is as follows:

(CAD$ in millions)		December 31, 2014		December 31, 2013
Deferred tax assets				
Expected to be reversed after more than a year	**$**	**329**	$	152
Expected to be reversed within a year		**32**		12
	$	**361**	$	164
Deferred tax liabilities				
Expected to be reversed after more than a year	**$**	**5,793**	$	5,676
Expected to be reversed within a year		**298**		232
	$	**6,091**	$	5,908
Net deferred tax liabilities	**$**	**5,730**	$	5,744

d) The amount of deferred tax expense charged (credited) to the income statement is as follows:

(CAD$ in millions)		2014		2013
Net operating loss carryforwards	**$**	**(108)**	$	(209)
Capital allowances in excess of depreciation		**341**		784
Decommissioning and restoration provisions		**48**		(41)
Amounts relating to phase out of partnership deferrals		**(96)**		(86)
Unrealized foreign exchange losses		**(92)**		(65)
Investments in associates		**–**		(122)
Withholding taxes		**(78)**		(75)
Retirement benefit plans		**(40)**		(31)
Other temporary differences		**(30)**		(49)
	$	**(55)**	$	106

16. Income Taxes (continued)

e) Temporary differences giving rise to deferred income tax assets and liabilities are as follows:

(CAD$ in millions)	December 31, 2014	December 31, 2013
Net operating loss carryforwards	**$ 479**	$ 621
Property, plant and equipment	**(50)**	(466)
Decommissioning and restoration provisions	**38**	60
Amounts relating to phase out of partnership deferrals	**(168)**	(165)
Unrealized foreign exchange	**–**	42
Retirement benefit plans	**21**	–
Other temporary differences	**41**	72
Deferred income tax assets	**$ 361**	$ 164
Net operating loss carryforwards	**$ (787)**	$ (538)
Property, plant and equipment	**7,350**	6,556
Decommissioning and restoration provisions	**(240)**	(266)
Amounts relating to phase out of partnership deferrals	**120**	219
Unrealized foreign exchange	**(134)**	–
Withholding taxes	**(20)**	58
Retirement benefit plans	**(90)**	(71)
Other temporary differences	**(108)**	(50)
Deferred income tax liabilities	**$ 6,091**	$ 5,908

f) The gross movement on the net deferred income tax account is as follows:

(CAD$ in millions)	2014	2013
As at January 1	**$ 5,744**	$ 5,377
Income statement change	**(55)**	106
Amounts recognized in equity (Note 19(h))	**–**	124
Tax charge relating to components of other comprehensive income	**(78)**	33
Foreign exchange and other differences	**119**	104
As at December 31	**$ 5,730**	$ 5,744

g) Deferred Tax Liabilities Not Recognized

Deferred tax liabilities of $635 million (2013 – $610 million) have not been recognized on the unremitted earnings of controlled subsidiaries as the timing of remittance for these earnings is in our control and it is probable that these earnings will not be repatriated for the foreseeable future.

h) Loss Carryforwards and Canadian Development Expenses

At December 31, 2014, we had $4.93 billion of Canadian federal net operating loss carryforwards (2013 – $4.43 billion). These loss carryforwards expire at various dates between 2015 and 2034. We also had $1.5 billion of cumulative Canadian development expenses at December 31, 2014 (2013 – $1.88 billion), which are deductible for income tax purposes on a declining balance basis at a maximum rate of 30% per year. The deferred tax benefits of these pools have been recognized.

i) Deferred Tax Assets Not Recognized

We have not recognized $224 million (2013 – $232 million) of deferred tax assets in jurisdictions and entities that do not have established sources of taxable income.

j) Sale of Fording Canadian Coal Trust Units

During the year, we recorded a deferred tax charge of $21 million arising from a settlement with the Canada Revenue Agency regarding the treatment of gains realized in 2008 on the sale of our interest in Fording Canadian Coal Trust.

17. Retirement Benefit Plans

We have defined contribution pension plans for certain groups of employees. Our share of contributions to these plans is expensed in the year it is earned by the employee.

We have multiple defined benefit pension plans registered in various jurisdictions that provide benefits based principally on employees' years of service and average annual remuneration. These plans are only available to certain qualifying employees. The plans are "flat-benefit" or "final-pay" plans and may provide for inflationary increases in accordance with certain plan provisions. All of our registered defined benefit pension plans are governed and administered in accordance with applicable pension legislation in either Canada or the United States. Actuarial valuations are performed at least every three years to determine minimum annual contribution requirements as prescribed by applicable legislation. For the majority of our plans, current service costs are funded based on a percentage of pensionable earnings or as a flat dollar amount per active member depending on the provisions of the pension plans. For these plans, deficits that are determined on an actuarial basis are funded over a period not to exceed five years. All of our defined benefit pension plans were actuarially valued within the past three years. While the majority of benefit payments are made from held-in-trust funds, there are also several unfunded plans where benefit payment obligations are met as they fall due.

We also have several post-retirement benefit plans which provide post-retirement medical, dental and life insurance benefits to certain qualifying employees and surviving spouses. These plans are unfunded and we meet benefit obligations as they come due.

17. Retirement Benefit Plans (continued)

a) Actuarial Valuation of Plans

(CAD$ in millions)	2014		2013	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Defined benefit obligation				
Balance at beginning of year	**$ 1,851**	**$ 407**	$ 1,984	$ 500
Current service cost	**43**	**10**	47	12
Benefits paid	**(118)**	**(13)**	(103)	(10)
Interest expense	**84**	**19**	77	19
Obligation experience adjustments	**6**	**(18)**	23	(54)
Effect from change in financial assumptions	**202**	**53**	(189)	(62)
Effect from change in demographic assumptions	**8**	**4**	5	2
Foreign currency exchange rate changes	**13**	**6**	7	–
Balance at end of year	**2,089**	**468**	1,851	407
Fair value of plan assets				
Fair value at beginning of year	**1,991**	**–**	1,729	–
Interest income	**92**	**–**	67	–
Return on plan assets, excluding amounts included in interest income	**187**	**–**	156	–
Benefits paid	**(118)**	**(13)**	(103)	(10)
Contributions by the employer	**65**	**13**	134	10
Foreign currency exchange rate changes	**11**	**–**	8	–
Fair value at end of year	**2,228**	**–**	1,991	–
Funding surplus (deficit)	**139**	**(468)**	140	(407)
Effect of the asset ceiling				
Balance at beginning of year	**101**	**–**	–	–
Interest on asset ceiling	**5**	**–**	–	–
Change in asset ceiling	**(96)**	**–**	101	–
Balance at end of year	**10**	**–**	101	–
Net accrued retirement benefit asset (liability)	**$ 129**	**$ (468)**	$ 39	$ (407)
Represented by:				
Pension assets (Note 11)	**$ 233**	**$ –**	$ 111	$ –
Accrued retirement benefit liability	**(104)**	**(468)**	(72)	(407)
Net accrued retirement benefit asset (liability)	**$ 129**	**$ (468)**	$ 39	$ (407)

A number of the plans have a surplus totaling $10 million at December 31, 2014 (December 31, 2013 – $101 million), which is not recognized on the basis that future economic benefits are not available to us in the form of a reduction in future contributions or a cash refund.

We expect to contribute $31 million to our defined benefit pension plans in 2015 based on minimum funding requirements. The weighted average duration of the defined benefit obligation is 15 years.

Defined contribution expense for 2014 was $42 million (2013 – $39 million).

b) Significant Assumptions

The discount rate used to determine the defined benefit obligations and the net interest cost was determined by reference to the market yields on high-quality debt instruments at the measurement date with durations similar to the duration of the expected cash flows of the plans.

Weighted average assumptions used to calculate the defined benefit obligation at the end of each year are as follows:

	2014		**2013**	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Discount rate	**3.86%**	**3.94%**	4.65%	4.77%
Rate of increase in future compensation	**3.25%**	**3.25%**	3.25%	3.25%
Initial medical trend rate	**–**	**6.50%**	–	7.00%
Ultimate medical trend rate	**–**	**5.00%**	–	5.00%
Years to reach ultimate medical trend rate	**–**	**4**	–	5

c) Sensitivity of the defined benefit obligation to changes in the weighted average assumptions:

	2014		
		Effect on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	**1.0%**	**Decrease by 13%**	**Increase by 15%**
Rate of increase in future compensation	**1.0%**	**Increase by 1%**	**Decrease by 1%**
Medical cost claim trend rate	**1.0%**	**Increase by 2%**	**Decrease by 2%**

	2013		
		Effect on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1.0%	Decrease by 12%	Increase by 14%
Rate of increase in future compensation	1.0%	Increase by 1%	Decrease by 1%
Medical cost claim trend rate	1.0%	Increase by 2%	Decrease by 2%

The above sensitivity analyses are based on a change in each actuarial assumption while holding all other assumptions constant. The sensitivity analyses on our defined benefit obligation are calculated using the same methods as those used for calculating the defined benefit obligation recognized on our balance sheet. The methods and types of assumptions used in preparing the sensitivity analyses did not change from the prior period.

17. Retirement Benefit Plans (continued)

d) Mortality Assumptions

Assumptions regarding future mortality are set based on management's best estimate in accordance with published mortality tables and expected experience. These assumptions translate into the following average life expectancies for an employee retiring at age 65:

	2014		2013	
	Male	**Female**	**Male**	**Female**
Retiring at the end of the reporting period	85.0 years	87.5 years	84.8 years	87.1 years
Retiring 20 years after the end of the reporting period	86.1 years	88.5 years	86.3 years	87.9 years

e) Significant Risks

The defined benefit pension plans and post-retirement benefit plans expose us to a number of risks, the most significant of which include asset volatility risk, changes in bond yields and life expectancy.

Asset Volatility Risk

The discount rate used to determine the defined benefit obligations is based on AA-rated corporate bond yields. If our plan assets underperform this yield, the deficit will increase. Our strategic asset allocation includes a significant proportion of equities that increases volatility in the value of our assets, particularly in the short term. We expect equities to outperform corporate bonds in the long term.

Changes in Bond Yields

A decrease in bond yields increases plan liabilities, which are partially offset by an increase in the value of the plans' bond holdings.

Life Expectancy

The majority of the plans' obligations are to provide benefits for the life of the member. Increases in life expectancy will result in an increase in the plans' liabilities.

f) Investment of Plan Assets

The assets of our defined benefit pension plans are managed by external asset managers under the oversight of the Teck Resources Limited Executive Pension Committee.

Our pension plan investment strategies support the objectives of each defined benefit plan and are related to each plan's demographics and timing of expected benefit payments to plan members. The objective for the plan asset portfolios is to achieve annualized portfolio returns over five-year periods in excess of the annualized percentage change in the Consumer Price Index plus a certain premium.

Strategic asset allocation policies have been developed for each defined benefit plan to achieve this objective. The policies also reflect an asset/liability matching framework that seeks to reduce the effect of interest rate changes on each plan's funded status by matching the duration of the bond investments with the duration of the pension liabilities. We do not use derivatives to manage interest risk. Asset allocation is monitored at least quarterly and rebalanced if the allocation to any asset class exceeds its allowable allocation range. Portfolio and investment manager performance is monitored quarterly and the investment guidelines for each plan are reviewed at least annually.

The defined benefit pension plan assets at December 31, 2014 and 2013 are as follows:

(CAD$ in millions)	2014			2013		
	Quoted	**Unquoted**	**Total %**	**Quoted**	**Unquoted**	**Total %**
Equity securities	**$ 1,094**	**–**	**49%**	$ 1,017	–	51%
Debt securities	**835**	**–**	**38%**	703	–	35%
Real estate and other	**88**	**211**	**13%**	91	180	14%

18. Other Liabilities and Provisions

(CAD$ in millions)	December 31, 2014	December 31, 2013
Provisions (a)	**$ 858**	$ 1,079
Derivative liabilities (net of current portion of $18 million (2013 – $3 million))	**5**	5
Other	**55**	74
	$ 918	$ 1,158

a) Provisions

The following table summarizes the movements in provisions for the year ended December 31, 2014:

(CAD$ in millions)	Decommissioning and Restoration Provisions	Other	Total
At January 1, 2014	$ 1,089	$ 66	$ 1,155
Settled during the year	(26)	(14)	(40)
Change in discount rate	(99)	–	(99)
Change in amount and timing of cash flows	(193)	10	(183)
Accretion	70	–	70
Exchange differences	24	4	28
At December 31, 2014	865	66	931
Less current provisions	(63)	(10)	(73)
Non-current provisions	**$ 802**	**$ 56**	**$ 858**

18. Other Liabilities and Provisions (continued)

Decommissioning and Restoration Provisions

The decommissioning and restoration provision represents the present value of estimated costs for required future decommissioning and other site restoration activities. The majority of the decommissioning and site restoration expenditures occur at the end of the life of the related operation. Remaining lives of mines and infrastructure range from less than a year to over 100 years. Therefore, it is anticipated that a portion of these costs will be incurred over a period in excess of 100 years. In 2014, the decommissioning and restoration provision was calculated using nominal discount rates between 6.61% and 7.61%. We also used an inflation rate of 2.00% in our cash flow estimates. The decommissioning and restoration provision includes $102 million (2013 – $117 million) in respect of closed operations.

During the fourth quarter of 2014, we updated the cash flow estimates for our decommissioning and restoration provisions, primarily relating to selenium management at our coal mines. As a result of the change in estimate and increase in discount rate, the provision decreased by $331 million compared to the third quarter. The decrease of $161 million in the fourth quarter was related to cash flows and a decrease of $170 million was due to a change in the discount rate.

19. Equity

a) Authorized Share Capital

Our authorized share capital consists of an unlimited number of Class A common shares without par value, an unlimited number of Class B subordinate voting shares (Class B shares) without par value and an unlimited number of preferred shares without par value issuable in series.

Class A common shares carry the right to 100 votes per share. Class B shares carry the right to one vote per share. Each Class A common share is convertible, at the option of the holder, into one Class B share. In all other respects, the Class A common shares and Class B shares rank equally.

The attributes of the Class B shares contain so-called “coattail provisions,” which generally provide that, in the event that an offer (an Exclusionary Offer) to purchase Class A common shares, which is required to be made to all or substantially all holders thereof, is not made concurrently with an offer to purchase Class B shares on identical terms, then each Class B share will be convertible into one Class A common share.

The Class B shares will not be convertible in the event that an Exclusionary Offer is not accepted by holders of a majority of the Class A common shares (excluding those shares held by the person making the Exclusionary Offer). If an offer to purchase Class A common shares does not, under applicable securities legislation or the requirements of any stock exchange having jurisdiction, constitute a “takeover bid,” or is otherwise exempt from any requirement that such offer be made to all or substantially all holders of Class A common shares, the coattail provisions will not apply.

b) Class A Common Shares and Class B Subordinate Voting Shares Issued and Outstanding

Shares (in 000’s)	Class A Common Shares	Class B Subordinate Voting Shares
At December 31, 2012	9,353	572,913
Options exercised (c)	–	225
Acquired and cancelled pursuant to normal course issuer bids (e)	–	(6,233)
At December 31, 2013	9,353	566,905
Options exercised (c)	–	115
Acquired and cancelled pursuant to normal course issuer bids (e)	–	(200)
Other	–	(25)
At December 31, 2014	**9,353**	**566,795**

c) Share Options

Under our current share option plan, 10 million Class B shares have been set aside for the grant of share options to full-time employees, of which 2.9 million remain available for grant. The exercise price for each option is the closing price for our Class B shares on the last trading day before the date of grant. Our share options are settled through the issuance of Class B shares.

During the year ended December 31, 2014, we granted 3,205,905 Class B share options to employees. These share options have a weighted average exercise price of $26.22, vest in equal amounts over three years and have a term of 10 years.

The weighted average fair value of Class B share options granted in the year was estimated at $7.36 per option (2013 – $9.77) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2014	2013
Weighted average exercise price	**$ 26.22**	$ 33.02
Dividend yield	**3.43%**	2.43%
Risk-free interest rate	**1.62%**	1.44%
Expected option life	**4.2 years**	4.2 years
Expected volatility	**41%**	43%
Forfeiture rate	**2.44%**	2.89%

The expected volatility is based on a statistical analysis of historical daily share prices over a period equal to the expected option life.

Outstanding share options are as follows:

	2014		**2013**	
	Share Options (in 000's)	**Weighted Average Exercise Price**	**Share Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**8,318**	**$ 33.19**	6,853	$ 32.65
Granted	**3,206**	**26.22**	2,171	33.02
Exercised	**(115)**	**4.15**	(225)	4.15
Forfeited	**(260)**	**31.56**	(240)	39.26
Expired	**(517)**	**36.25**	(241)	37.11
Outstanding at end of year	**10,632**	**$ 31.29**	8,318	$ 33.19
Vested and exercisable at end of year	**5,803**	**$ 33.04**	5,102	$ 30.87

The average share price during the year was $22.19 (2013 – $28.02), with the highest Class B share price at $29.10 (2013 – $37.85) and the lowest Class B share price at $12.82 (2013 – $21.18).

19. Equity (continued)

Information relating to share options outstanding at December 31, 2014 is as follows:

Outstanding Share Options (in 000's)	Exercise Price Range	Weighted Average Remaining Life of Outstanding Options (months)
1,153	$ 4.15 – $ 12.35	50
3,205	$ 12.36 – $ 33.19	109
2,738	$ 33.20 – $ 35.53	70
2,743	$ 35.54 – $ 49.17	64
793	$ 49.18 – $ 58.80	74
10,632	**$ 4.15 – $ 58.80**	**78**

Total share option compensation expense recognized for the year was $20 million (2013 – $18 million).

d) Deferred Share Units, Restricted Share Units and Performance Share Units

We have issued and outstanding deferred share units, restricted share units and performance share units (collectively referred to as Units).

Deferred Share Units (DSUs) and Restricted Share Units (RSUs) are granted to both employees and directors. Preferred Share Units (PSUs) are granted to employees only. The DSUs and RSUs entitle the holder to a cash payment equal to the market value of one Class B share at the time they are redeemed. The PSUs entitle the holder to a cash payment equal to a percentage of the weighted average trading price of one Class B share over 10 consecutive trading days prior to the time they are redeemed. The percentage varies from 0% to 200% and is based on our total shareholder return ranking compared to a group of specified companies.

RSUs and PSUs vest in three years. DSUs vest immediately for directors and in three years for employees. On retirement the units are pro-rated to reflect the period of vesting completed. Units vest on a pro-rata basis should employees be terminated without cause and are forfeited if employees resign or are terminated with cause.

DSUs may only be redeemed within 12 months from the date a holder ceases to be an employee or director, while RSUs and PSUs vest and are redeemed no later than three years measured from the date of the grant.

Additional units are issued to unit holders to reflect dividends paid on Class B subordinate voting share and other adjustments to Class B shares.

In 2014, we recognized a net recovery of compensation costs of $8 million for our Units (2013 – $4 million compensation costs recognized). The total liability and intrinsic value for vested Units as at December 31, 2014 was $31 million (2013 – $50 million).

At December 31, 2014, 1,454,338 DSUs (2013 – 1,415,621), 1,189,661 RSUs (2013 – 1,117,841) and 262,956 PSUs (2013 – nil) were outstanding, of which 1,347,454 DSUs (2013 – 1,306,454), 557,071 RSUs (2013 – 501,396) and 77,138 PSUs (2013 – nil) have vested.

e) Normal Course Issuer Bid

On occasion, we purchase and cancel Class B subordinate voting shares pursuant to normal course issuer bids that allow us to purchase up to a specified maximum number of shares over a one-year period.

Our current normal course issuer bid, which commenced on July 2, 2014, allows us to purchase up to 20 million Class B subordinate voting shares until July 1, 2015 or an earlier date if we complete all such purchases. No shares have been repurchased pursuant to our current issuer bid. During 2014, 200,000 shares were repurchased pursuant to our previous normal course issuer bid, which expired in June 2014.

f) Accumulated Other Comprehensive Income (Loss)

(CAD$ in millions)	2014	2013
Accumulated other comprehensive income (loss) — beginning of year	**$ 106**	$ (39)
Currency translation differences:		
Unrealized gains on translation of foreign subsidiaries	**682**	573
Foreign exchange differences on debt designated as a hedge of our investment in foreign subsidiaries (net of taxes of $82 and $64)	**(550)**	(431)
	132	142
Available-for-sale financial assets:		
Unrealized gains (net of taxes of $nil and $(2))	**–**	11
Gains reclassified to profit (net of taxes of $nil and $2)	**(1)**	(6)
	(1)	5
Derivatives designated as cash flow hedges:		
Unrealized losses (net of taxes of $6 and $5)	**(19)**	(13)
Losses reclassified to profit on realization (net of taxes of $(6) and $(4))	**17**	11
	(2)	(2)
Remeasurements of retirement benefit plans (net of taxes of $nil and $(110))	**28**	221
Total other comprehensive income	**157**	366
Less remeasurements of retirement benefit plans recorded in retained earnings	**(28)**	(221)
Accumulated other comprehensive income — end of year	**$ 235**	$ 106

The components of accumulated other comprehensive income (loss) are as follows:

(CAD$ in millions)	2014	2013
Currency translation differences	**$ 235**	$ 103
Unrealized gains on available-for-sale financial assets (net of taxes of $nil and $nil)	**4**	5
Unrealized losses on cash flow hedges (net of taxes of $1 and $1)	**(4)**	(2)
Accumulated other comprehensive income	**$ 235**	$ 106
Accumulated other comprehensive income attributed to:		
Shareholders of the company	**$ 225**	$ 104
Non-controlling interests	**10**	2
	$ 235	$ 106

19. Equity (continued)

g) Earnings Per Share

The following table reconciles our basic and diluted earnings per share:

(CAD$ in millions, except per share data)	2014	2013
Net basic and diluted profit attributable to shareholders of the company	**$ 362**	$ 961
Weighted average shares outstanding (000's)	**576,192**	578,299
Dilutive effect of share options	**996**	1,166
Weighted average diluted shares outstanding	**577,188**	579,465
Basic earnings per share	**$ 0.63**	$ 1.66
Diluted earnings per share	**$ 0.63**	$ 1.66

At December 31, 2014, there were 9,471,916 (2013 – 6,949,016) potentially dilutive shares that have not been included in the diluted earnings per share calculation for the periods presented because their effect is anti-dilutive.

h) Provision for Tax Benefit

In 2013, the Canada Revenue Agency issued a proposed adjustment to our 2006 taxable income that would deny a deduction of $346 million claimed in relation to a premium paid on the redemption of our Cominco exchangeable debentures. The proposed adjustment would reduce the loss carryforward pools available to us to reduce taxes payable in the future rather than have an immediate cash effect. In light of the uncertainty raised by the proposed adjustment and as the original amount was credited directly to equity against our Class B subordinate voting shares, we recognized a provision at December 31, 2013 of $124 million, which was charged directly to equity. There has been no change in the provision for 2014 while we continue to discuss the proposed adjustment with the Canada Revenue Agency.

i) Dividends

We declared dividends of $0.45 per share in the second and fourth quarters of 2014 and $0.45 per share in the second and fourth quarters of 2013. Dividends of $0.45 per share with a record date of December 15, 2014 were paid in January 2015.

20. Non-Controlling Interests

Set out below is information about our subsidiaries with non-controlling interests and the non-controlling interest balances included in equity for all comparative periods presented:

(CAD$ in millions)	Principal Place of Business	Percentage of Ownership Interest and Voting Rights Held by Non-Controlling Interest	December 31, 2014	December 31, 2013
Highland Valley Copper	British Columbia, Canada	2.5%	**$ 39**	$ 33
Carmen de Andacollo	Region IV, Chile	10%	**53**	53
Quebrada Blanca	Region I, Chile	23.5%	**95**	88
Elkview Mine Limited Partnership	British Columbia, Canada	5%	**43**	40
			$ 230	$ 214

21. Contingencies

We consider provisions for all our outstanding and pending legal claims to be adequate. The final outcome with respect to actions outstanding or pending as at December 31, 2014, or with respect to future claims, cannot be predicted with certainty. Significant contingencies not disclosed elsewhere in the notes to our financial statements are as follows:

Upper Columbia River Basin

Teck American Inc. (TAI) continues studies under the 2006 settlement agreement with the U.S. Environmental Protection Agency (EPA) to conduct a remedial investigation on the Upper Columbia River in Washington State.

The Lake Roosevelt litigation involving TML in the Federal District Court for the Eastern District of Washington continues. In September 2012, TML entered into an agreement with the plaintiffs, agreeing that certain facts were established for purposes of the litigation. The agreement stipulates that some portion of the slag discharged from our Trail Operations into the Columbia River between 1896 and 1995, and some portion of the effluent discharged from Trail Operations, have been transported to and are present in the Upper Columbia River in the United States, and that some hazardous substances from the slag and effluent have been released into the environment within the United States. In December 2012, the Court found in favour of the plaintiffs in phase one of the case, issuing a declaratory judgment that TML is liable under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for response costs, the amount of which will be determined in a subsequent phase of the case.

In October 2013, the Confederated Tribes of the Colville Reservation filed an omnibus motion with the District Court seeking an order stating that they are permitted to seek recovery from TML for environmental response costs, and in a subsequent proceeding, natural resource damages and assessment costs, arising from the alleged deposition of hazardous substances in the United States from aerial emissions from TML's Trail Operations. Prior allegations by the Tribes related solely to solid and liquid materials discharged to the Columbia River. The motion does not state the amount of response costs allegedly attributable to aerial emissions, nor did it attempt to define the extent of natural resource damages, if any, attributable to past smelter operations. In December 2013, the District Court ruled in favour of the plaintiffs. The plaintiffs have subsequently filed amended pleadings in relation to air emissions. The Court dismissed a motion to strike the air claims on the basis that CERCLA does not apply to air emissions in the manner proposed by the plaintiffs, and a subsequent TML motion seeking reconsideration of the dismissal. TML has sought leave to appeal both of these decisions in the Ninth Circuit on an interlocutory basis.

A hearing with respect to liability in connection with air emissions, if that claim survives, and past response costs is now expected to take place in December 2015 and a subsequent hearing, with respect to claims for natural resource damages and assessment costs, is expected to follow, assuming the remedial investigation and feasibility study being undertaken by TAI are completed, which is now expected to occur in 2017.

There is no assurance that we will ultimately be successful in our defence of the litigation or that we or our affiliates will not be faced with further liability in relation to this matter. Until the studies contemplated by the EPA settlement agreement and additional damage assessments are completed, it is not possible to estimate the extent and cost, if any, of remediation or restoration that may be required or to assess our potential liability for damages. The studies may conclude, on the basis of risk, cost, technical feasibility or other grounds, that no remediation should be undertaken. If remediation is required and damage to resources found, the cost of remediation may be material.

22. Commitments

a) Capital Commitments

As at December 31, 2014, we had contracted for $2.1 billion of capital expenditures that have not yet been incurred for the purchase of property, plant and equipment. This amount includes $1.6 billion for our share of Fort Hills capital commitments.

b) Operating Lease Commitments

We lease office premises, mobile equipment and railcars under operating leases. The lease terms are between one year and 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(CAD$ in millions)	2014	2013
Less than one year	**$ 53**	$ 50
1 to 5 years	**68**	71
Thereafter	**6**	12
	$ 127	$ 133

Lease rentals amounting to $12 million (2013 – $10 million) for office premises, $32 million (2013 – $37 million) for mobile equipment and $9 million (2013 – $8 million) for railcars are included in the statement of income.

c) Red Dog Commitments

In accordance with the operating agreement governing the Red Dog mine, TAK pays a royalty to NANA Regional Corporation Inc. (NANA) on the net proceeds of production. A 25% royalty became payable in the third quarter of 2007 after we had recovered cumulative advance royalties previously paid to NANA. The net proceeds of production royalty rate will increase by 5% every fifth year to a maximum of 50%. The increase to 30% of net proceeds of production occurred in 2012. An expense of US$195 million was recorded in 2014 (2013 – US$120 million) in respect of this royalty.

TAK leases road and port facilities from the Alaska Industrial Development and Export Authority through which it ships all concentrates produced at the Red Dog operation. The lease requires TAK to pay a minimum annual user fee of US$18 million for the next 27 years.

d) Antamina Royalty

Our interest in the Antamina mine is subject to a net profits royalty equivalent to 7.4% of our share of the mine's free cash flow. An expense of $19 million was recorded in 2014 (2013 – $19 million) in respect of this royalty.

e) Purchase Commitments

We have a number of forward purchase commitments for the purchase of concentrates, for shipping and distribution of products and for other process inputs, which are incurred in the normal course of business. Over the last three years, we have entered into arrangements for the purchase of 240 megawatts of power for the expansion of our Quebrada Blanca Operations. These contracts contain monthly fixed prices and variable prices per hour and are effective from dates between November 2016 and January 2018, extending for 21 years. The majority of these contracts are subject to *force majeure* provisions.

f) Sale of Interest in Gold Reserves and Resources

In 2010, Carmen de Andacollo sold an interest in the gold reserves and resources of the Carmen de Andacollo Operation to Royal Gold. Under the agreement, Royal Gold is entitled to 75% of the payable gold produced until total cumulative production reaches 910,000 ounces of gold, and 50% thereafter.

g) Fort Hills Energy Limited Partnership

In November 2005, we acquired a 15% interest in Fort Hills, which is developing the Fort Hills oil sands project in Alberta, Canada. As consideration for our initial 15% interest, we contributed 34% of the first $2.5 billion of project expenditures. In September 2007, we acquired an additional 5% interest, bringing our interest to 20%. In consideration for our additional 5% interest, we are required to contribute 27.5% of project expenditures after project spending reaches $2.5 billion and before project spending reaches $7.5 billion. Thereafter, we are responsible for contributing our 20% share of project expenditures. In the event that the project is abandoned, all limited partners are required to make additional contributions such that the aggregate contributions of all partners equal $7.5 billion and any unexpended amount will be distributed to the partners according to their partnership interests. Our share of project spending totalled $2.0 billion from November 2005 to December 31, 2014.

23. Segmented Information

Based on the primary products we produce and our development projects, we have five reportable segments — coal, copper, zinc, energy and corporate — which is the way we report information to our Chief Executive Officer. The corporate segment includes all of our initiatives in commodities, our corporate growth activities and groups that provide administrative, technical, financial and other support to all of our business units. Other operating expenses include general and administration costs, exploration, research and development, and other operating income (expense). Sales between segments are carried out at arm's-length prices.

(CAD$ in millions)	December 31, 2014					
	Coal	**Copper**	**Zinc**	**Energy**	**Corporate**	**Total**
Segment revenue	**$ 3,335**	**$ 2,586**	**$ 2,950**	**$ 3**	**$ –**	**$ 8,874**
Less: Inter-segment revenue	**–**	**–**	**(275)**	**–**	**–**	**(275)**
Revenue	**3,335**	**2,586**	**2,675**	**3**	**–**	**8,599**
Cost of sales	**(3,134)**	**(1,908)**	**(2,026)**	**(3)**	**–**	**(7,071)**
Gross profit	**201**	**678**	**649**	**–**	**–**	**1,528**
Other operating income (expenses)	**(27)**	**(144)**	**(50)**	**(6)**	**(253)**	**(480)**
Profit from operations	**174**	**534**	**599**	**(6)**	**(253)**	**1,048**
Net finance expense	**(40)**	**(23)**	**(32)**	**–**	**(205)**	**(300)**
Non-operating income (expenses)	**17**	**(9)**	**12**	**(1)**	**(40)**	**(21)**
Share of losses of associates and joint ventures	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Profit before tax	**151**	**502**	**579**	**(7)**	**(501)**	**724**
Capital expenditures	**678**	**582**	**239**	**702**	**12**	**2,213**
Goodwill	**1,203**	**507**	**–**	**–**	**–**	**1,710**
Total assets	**$ 20,928**	**$ 10,009**	**$ 3,892**	**$ 3,298**	**$ (1,288)**	**$ 36,839**

23. Segmented Information (continued)

(CAD$ in millions)	December 31, 2013					
	Coal	Copper	Zinc	Energy	Corporate	Total
Segment revenue	$ 4,113	$ 2,853	$ 2,638	$ 6	$ –	$ 9,610
Less: Inter-segment revenue	–	–	(228)	–	–	(228)
Revenue	4,113	2,853	2,410	6	–	9,382
Cost of sales	(3,106)	(1,865)	(1,981)	(4)	–	(6,956)
Gross profit	1,007	988	429	2	–	2,426
Other operating income (expenses)	(39)	(113)	6	(12)	(291)	(449)
Profit from operations	968	875	435	(10)	(291)	1,977
Net finance expense	(48)	(22)	(35)	–	(221)	(326)
Non-operating income (expenses)	16	(2)	7	(2)	(25)	(6)
Share of losses of associates and joint ventures	–	–	–	–	(2)	(2)
Profit before tax	936	851	407	(12)	(539)	1,643
Capital expenditures	946	1,266	234	125	31	2,602
Goodwill	1,203	465	–	–	–	1,668
Total assets	$ 35,834	$ 11,406	$ 4,704	$ 2,517	$ (18,278)	$ 36,183

The geographical distribution of our non-current assets is as follows:

(CAD$ in millions)	December 31, 2014	December 31, 2013
Canada	**$ 22,665**	$ 22,260
Chile	**5,943**	5,421
United States	**933**	861
Other	**1,126**	961
	$ 30,667	$ 29,503

Non-current assets attributed to geographical locations exclude deferred income tax assets and financial and other assets.

Revenue is attributed to regions based on the location of the port of delivery as designated by the customer and is as follows:

(CAD$ in millions)	2014	2013
Asia		
China	**$ 2,226**	$ 2,458
Japan	**1,231**	1,461
South Korea	**900**	938
Other	**727**	778
Americas		
United States	**1,195**	1,225
Canada	**528**	665
Latin America	**272**	289
Europe		
Germany	**372**	624
Finland	**267**	215
Other	**881**	729
	$ 8,599	$ 9,382

24. Accounting for Financial Instruments

a) Financial Risk Management

Our activities expose us to a variety of financial risks, which include liquidity risk, foreign exchange risk, interest rate risk, commodity price risk, credit risk and other risks associated with capital markets. From time to time, we may use foreign exchange, commodity price and interest rate contracts to manage exposure to fluctuations in these variables. We do not have a practice of trading derivatives. Our use of derivatives is based on established practices and parameters to mitigate risk and is subject to the oversight of our Hedging Committee and our Board of Directors.

Liquidity Risk

Liquidity risk arises from our general and capital financing needs. We have planning, budgeting and forecasting processes to help determine our funding requirements to meet various contractual and other obligations. Note 15 details our available credit facilities as at December 31, 2014.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2014 are as follows:

(CAD$ in millions)	Less Than 1 Year	2–3 Years	4–5 Years	More Than 5 Years	Total
Trade accounts payable and other liabilities and dividends payable	$ 1,922	$ –	$ –	$ –	**$ 1,922**
Debt (Note 15(d))	428	708	1,167	6,216	**8,519**
Estimated interest payments on debt	$ 401	$ 755	$ 681	$ 4,924	**$ 6,761**

Foreign Exchange Risk

We operate on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. Our foreign exchange risk arises primarily with respect to the U.S. dollar and to a lesser extent, the Chilean peso and Peruvian sole. Our cash flows from Canadian, Chilean and Peruvian operations are exposed to foreign exchange risk as commodity sales are denominated in U.S. dollars and a substantial portion of operating expenses are denominated in local currencies.

We hedge a portion of our U.S. dollar denominated future cash flows on a quarterly basis with U.S. dollar forward sales contracts. We have elected not to actively manage other foreign exchange exposures at this time.

We also have various investments in U.S. dollar foreign operations, whose net assets are exposed to foreign currency translation risk. This currency exposure is managed in part through our U.S. dollar denominated debt as a hedge against net investments in foreign operations. As at December 31, 2014, $6.5 billion of U.S. dollar debt was designated in this manner.

U.S. dollar financial instruments subject to foreign exchange risk are comprised of U.S. dollar denominated items held in Canada and are as follows:

(US$ in millions)	2014	2013
Cash and cash equivalents	**$ 583**	$ 476
Accounts receivable and other assets	**447**	506
Accounts payable	**(301)**	(359)
U.S. dollar forward sales contracts not designated as hedging instruments	**(227)**	(235)
U.S. dollar forward sales contracts designated as hedging instruments	**(246)**	(245)
Long term debt	**(7,200)**	(7,200)
	(6,944)	(7,057)
Net investment in foreign operations	**6,684**	7,716
Net U.S. dollar assets exposed	**$ (260)**	$ 659

As at December 31, 2014, with other variables unchanged, a $0.10 strengthening (weakening) of the Canadian dollar against the U.S. dollar would have a $23 million (2013 – $39 million) decrease (increase) on profit before tax resulting from our financial instruments. There would also be a $25 million (2013 – $25 million) increase (decrease) in other comprehensive income from our U.S. dollar forward sales contracts designated as cash flow hedges and a $22 million (2013 – $52 million) decrease (increase) in other comprehensive income from the translation of our foreign operations.

Interest Rate Risk

Our interest rate risk mainly arises from our cash and cash equivalents. Our interest rate management policy is generally to borrow at fixed rates. However, floating rate funding may be used to fund short term operating cash flow requirements or, in conjunction with fixed to floating interest rate swaps, be used to offset interest rate risk from our cash. The fair value of fixed-rate debt fluctuates with changes in market interest rates, but the cash flows, denominated in U.S. dollars, do not.

Cash and cash equivalents have short terms to maturity and receive interest based on market interest rates.

As at December 31, 2014 and 2013, with other variables unchanged, a 1% change in the LIBOR rate would not have a significant effect on profit. There would be no effect on other comprehensive income.

24. Accounting for Financial Instruments (continued)

Commodity Price Risk

We are subject to price risk from fluctuations in market prices of the commodities that we produce. From time to time, we may use commodity price contracts to manage our exposure to fluctuations in commodity prices. At the balance sheet date, we had zinc and lead derivative contracts outstanding as described in Note 24(b) below.

Our commodity price risk associated with financial instruments primarily relates to changes in fair value caused by final settlement pricing adjustments to receivables and payables and derivative contracts for zinc and lead.

The following represents the effect on pre-tax profit attributable to shareholders from a 10% change in commodity prices, based on outstanding receivables and payables subject to settlement pricing adjustments at December 31, 2014. There is no effect on other comprehensive income.

	Price on December 31,		Change in Profit Attributable to Shareholders	
(CAD$ in millions, except for US$/lb. data)	**2014**	2013	**2014**	2013
Copper	**US$2.86/lb.**	US$3.35/lb.	**$ 41**	$ 29
Zinc	**US$0.99/lb.**	US$0.94/lb.	**1**	–
Lead	**US$0.84/lb.**	US$1.01/lb.	**$ 1**	$ 1

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Our primary counterparties related to our cash, money market investments and derivative contracts carry investment grade ratings as assessed by external rating agencies. There is ongoing review to evaluate the creditworthiness of these counterparties. We manage credit risk for trade and other receivables through established credit monitoring activities. The only significant concentration of credit risk with any single counterparty or group of counterparties relates to our investments in U.S. Government securities. Our maximum exposure to credit risk at the reporting date is the carrying value of our cash and cash equivalents, receivables and derivative assets. While we are exposed to credit losses due to the non-performance of our counterparties, we do not consider this to be a material risk.

b) Derivative Financial Instruments and Hedges

Sale and Purchase Contracts

Sales and purchases of metals in concentrates and cathodes are recognized on a provisional pricing basis when the significant risks and rewards of ownership pass to the customer, which is generally when the product is loaded onto a carrier specified by the customer. The final pricing for the product sold and purchased is contractually linked to market prices at a subsequent date. Adjustments are made to the associated receivable and payable in subsequent periods based on movements in quoted market prices up to the date of final pricing. These arrangements have the characteristics of a derivative instrument as the value of our receivables and payables will vary as prices for the underlying commodities vary in the metal markets. These settlement pricing adjustments result in gains (losses from purchases) in a rising price environment and losses (gains from purchases) in a declining price environment and are recorded as other operating income (expense). The profit effect of gains and losses on these contracts is mitigated by smelter price participation, royalty interests, taxes and non-controlling interests. It should be noted that while these effects arise on the sale of concentrates, we also purchase concentrates at our Trail Operations where the opposite effects occur.

The table below outlines our outstanding receivable and payable positions, which were provisionally valued at December 31, 2014 and at December 31, 2013, respectively.

	Outstanding at December 31, 2014			Outstanding at December 31, 2013		
(Pounds in millions)	Pounds		US$/lb.	Pounds		US$/lb.
Receivable positions						
Copper	**208**	**$**	**2.86**	135	$	3.35
Zinc	**117**	**$**	**0.99**	109	$	0.94
Lead	**41**	**$**	**0.84**	41	$	1.01
Payable positions						
Zinc payable	**68**	**$**	**0.99**	85	$	0.94
Lead payable	**9**	**$**	**0.84**	22	$	1.01

At December 31, 2014, total outstanding settlements receivable were $886 million and total outstanding settlements payable were $23 million, which are included in trade accounts receivable and trade accounts payable, respectively, on the consolidated balance sheet.

Economic Hedge Contracts

We enter into commodity forward sales and purchase contracts to mitigate the risk of price changes for a portion of our concentrate purchases and refined metal sales. These contracts effectively lock in prices for a portion of our smelter sales. We do not apply hedge accounting to these commodity forward sales contracts.

Certain customers purchase concentrate and refined metal products at fixed forward prices from our operations. Forward purchase commitments for these metal products are matched to specific fixed price sales commitments to customers.

Zinc Swaps

Due to ice conditions, the port serving our Red Dog Mine is normally only able to ship concentrates from July to October each year. As a result, zinc and lead concentrate sales volumes are generally higher in the third and fourth quarter of each year than in the first and second quarter. During 2014, we purchased and sold zinc swaps to match our economic exposure to the average zinc price over our shipping year, which is from July of one year to June of the following year. We do not apply hedge accounting to the zinc swaps.

24. Accounting for Financial Instruments (continued)

The fair value of our commodity swaps and forward sales contracts is calculated using a discounted cash flow method based on forward metal prices. A summary of our free-standing derivative contracts and related fair values as at December 31, 2014 is as follows:

	Quantity	Average Price of Purchase Commitments	Average Price of Sale Commitments	Fair Value Asset (Liability) (CAD$ in millions)
Derivatives not designated as hedging instruments				
Commodity swaps:				
Zinc	156 million lbs.	US$1.03/lb.	US$0.99/lb.	$ (6)
Lead	36 million lbs.	US$0.91/lb.	US$0.84/lb.	(3)
Forward sales contracts				
U.S. dollar	US$227 million		CAD$/US$1.14	(4)
				(13)
Derivatives designated as hedging instruments				
U.S. dollar forward sales contracts	US$246 million		CAD$/US$1.14	$ (5)

All free-standing derivative contracts mature in 2015.

Derivatives designated as hedging instruments in the amount of $5 million and derivatives not designated as hedging instruments in the amount of $13 million are recorded in trade accounts payable and other liabilities on the consolidated balance sheet.

In addition to the above, one of our road and port contracts contains a contingent zinc escalation payment that is considered to be an embedded derivative. The fair value of this embedded derivative was $5 million at December 31, 2014 (2013 – $6 million), and is included in other liabilities and provisions on the consolidated balance sheet.

Derivatives Not Designated as Hedging Instruments

(CAD$ in millions)	Amount of Gain (Loss) Recognized in Other Operating Income (Expense)		Amount of Loss Recognized in Other Non-Operating Income (Expense)	
	2014	2013	**2014**	2013
Zinc derivatives	**$ (5)**	$ 3	**$ –**	$ –
Lead derivatives	**(4)**	–	**–**	–
Copper derivatives	**2**	(1)	**–**	–
U.S. forward sales	**–**	–	**–**	(6)
Settlements receivable and payable	**(130)**	(62)	**–**	–
Other	**–**	–	**(1)**	(2)
	$ (137)	$ (60)	**$ (1)**	$ (8)

Losses on U.S. dollar forward sales are included in foreign exchange losses in non-operating income (expense) (Note 8).

Hedges

Cash flow hedges

At December 31, 2014, U.S. dollar forward sales contracts with a notional amount of US$246 million remained outstanding. The contracts matured in early 2015. These contracts have been designated as cash flow hedges of a portion of our future cash flows from anticipated U.S. dollar coal sales. We have determined that they are highly effective hedges from inception to December 31, 2014.

Unrealized gains and losses on our U.S. dollar forward sales contracts designated as cash flow hedges are recorded in other comprehensive income. Realized gains and losses on these settled contracts are recorded in revenue at the same time as the hedged transactions.

The following table provides information regarding the effect of U.S. dollar forward sales contracts that are derivative instruments designated as cash flow hedges on our consolidated statements of income and comprehensive income in 2014 and 2013:

(CAD$ in millions)	**2014**	2013
Losses recognized in other comprehensive income (effective portion)	**$ (25)**	$ (18)
Losses reclassified from accumulated other comprehensive income into income (effective portion)	**(23)**	(15)
Location of losses reclassified from accumulated other comprehensive income into income	**Revenue**	Revenue

Net investment hedge

Our hedges of net investments in foreign operations were effective, and no ineffectiveness was recognized in profit for the period.

25. Fair Value Measurements

Certain of our financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 — Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents and marketable equity securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 — Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Derivative instruments are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward price curves, yield curves, and credit spreads. These inputs are obtained from or corroborated with the market where possible. Also included in Level 2 are settlements receivable and settlements payable from provisional pricing on concentrate sales and purchases because they are valued using quoted market prices for forward curves for copper, zinc and lead.

Level 3 — Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

We include investments in certain debt securities in Level 3 of the fair value hierarchy because they trade infrequently and have little price transparency. We review the fair value of these instruments periodically and estimate an impairment charge based on management's best estimates, which are unobservable inputs.

The fair values of our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013 are summarized in the following table:

(CAD$ in millions)	2014				2013			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Cash equivalents	$ 1,651	$ –	$ –	**$ 1,651**	$ 2,598	$ –	$ –	$ 2,598
Marketable equity securities	270	–	–	**270**	260	–	–	260
Debt securities	–	–	16	**16**	–	–	16	16
Settlements receivable	–	886	–	**886**	–	695	–	695
Derivative instruments	–	–	–	**–**	–	1	–	1
	$ 1,921	$ 886	$ 16	**$ 2,823**	$ 2,858	$ 696	$ 16	$ 3,570
Financial liabilities								
Derivative instruments	$ –	$ 23	$ –	**$ 23**	$ –	$ 10	$ –	$ 10
Settlements payable	–	23	–	**23**	–	42	–	42
	$ –	$ 46	$ –	**$ 46**	$ –	$ 52	$ –	$ 52

For our non-financial assets and liabilities measured at fair value on a non-recurring basis, no fair value measurements were made during the years ended December 31, 2014 or 2013.

26. Capital Risk Management

The capital we manage is the total of equity and debt on our balance sheet. Our capital management objectives are to maintain access to the capital we require to operate and grow our business, while minimizing the cost of such capital and providing for returns to our shareholders. Our debt is rated investment grade by independent rating agencies that assess, among other things, our ability to meet our financial obligations and policies. These policies include, on average over time, a target debt to debt-plus-equity ratio of approximately 30% and a target ratio of debt to EBITDA of approximately 2.5. These ratios are expected to vary from their target levels from time to time, reflecting commodity price cycles and corporate activity, including the development of major projects. We also maintain a committed revolving credit facility with strongly rated banks to ensure adequate liquidity.

As at December 31, 2014, our debt to debt-plus-equity ratio was 31% (2013 – 29%) and our debt to EBITDA ratio was 3.6 (2013 – 2.5). We manage the risk of not meeting our financial targets through the issuance and repayment of debt, our dividend policy and the issuance of equity capital as well as through the ongoing management of operations, investments and capital expenditures.

27. Key Management Compensation

The compensation for key management, which includes our directors and senior vice presidents, in respect of employee services is as follows:

(CAD$ in millions)	2014	2013
Salaries, director fees and other short term benefits	**$ 14**	$ 16
Post-employment benefits	**4**	1
Share-based compensation	**6**	11
	$ 24	$ 28

28. Supplemental Guarantor Condensed Consolidating Financial Information

Teck Metals Ltd. (Teck Metals), a wholly owned subsidiary of Teck Resources Limited (Teck, or our), provides a full and unconditional guarantee or the equivalent in respect of substantially all of our outstanding indebtedness for borrowed money.

The following tables set forth condensed consolidating financial information for Teck Metals as at December 31, 2014 and December 31, 2013. The information is presented with separate columns for: (i) Teck; (ii) Teck Metals; (iii) our other subsidiaries on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. The investments in subsidiaries held by Teck, Teck Metals and other non-guarantor subsidiaries have been accounted for using the equity method of accounting. Antamina and Fort Hills are not considered subsidiaries and, as such, our share of their results and balances are included in consolidation adjustments in the following tables.

During the period, we completed an internal reorganization that transferred certain mining assets previously held by our wholly-owned subsidiaries to the parent company.

As at December 31, 2014

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	$ 413	$ 152	$ 1,388	$ 76	**$ 2,029**
Current income taxes receivable	13	16	57	14	**100**
Trade accounts and intra-group receivables	7,226	288	11,356	(17,834)	**1,036**
Inventories	27	382	1,274	69	**1,752**
	7,679	838	14,075	(17,675)	**4,917**
Financial and other assets	1,531	1,430	1,062	(3,129)	**894**
Investments in associates	32,929	3,680	946	(37,523)	**32**
Property, plant and equipment	219	1,206	24,027	3,473	**28,925**
Deferred income tax assets	–	343	18	–	**361**
Goodwill	–	–	1,710	–	**1,710**
	$ 42,358	$ 7,497	$ 41,838	$ (54,854)	**$ 36,839**
Trade accounts and intra-group payables and other liabilities	$ 9,882	$ 8,485	$ 1,149	$ (17,853)	**$ 1,663**
Dividends payable	259	–	–	–	**259**
Current income taxes payable	–	2	52	5	**59**
Debt	347	–	10	71	**428**
	10,488	8,487	1,211	(17,777)	**2,409**
Debt	9,152	1,184	834	(3,157)	**8,013**
Deferred income tax liabilities	4,018	–	1,834	239	**6,091**
Retirement benefit liabilities	52	230	290	–	**572**
Other liabilities and provisions	42	139	688	49	**918**
	23,752	10,040	4,857	(20,646)	**18,003**
Equity					
Attributable to shareholders of the company	18,606	(2,543)	36,751	(34,208)	**18,606**
Attributable to non-controlling interests	–	–	230	–	**230**
	18,606	(2,543)	36,981	(34,208)	**18,836**
	$ 42,358	$ 7,497	$ 41,838	$ (54,854)	**$ 36,839**

28. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2014

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Statement of Income Information					
Revenue	$ 99	$ 1,709	$ 6,408	$ 383	**$ 8,599**
Cost of sales	(120)	(1,630)	(5,310)	(11)	**(7,071)**
Gross profit	(21)	79	1,098	372	**1,528**
Other operating expenses					
General and administration	(97)	(7)	(30)	15	**(119)**
Exploration	(11)	–	(45)	(4)	**(60)**
Research and development	(5)	(9)	–	(6)	**(20)**
Other operating income (expense)	(76)	(4)	(163)	(38)	**(281)**
Profit (loss) from operations	(210)	59	860	339	**1,048**
Finance income	77	75	2	(150)	**4**
Finance expense	(472)	(86)	(75)	329	**(304)**
Non-operating income (expense)	(692)	16	(121)	776	**(21)**
Share of profit (losses) of associates	1,424	71	233	(1,731)	**(3)**
Profit before tax	127	135	899	(437)	**724**
Provision for income taxes	235	(200)	(147)	(230)	**(342)**
Profit for the year	$ 362	$ (65)	$ 752	$ (667)	**$ 382**
Profit attributable to:					
Shareholders of the company	$ 362	$ (65)	$ 732	$ (667)	**$ 362**
Non-controlling interests	–	–	20	–	**20**
Profit for the year	$ 362	$ (65)	$ 752	$ (667)	**$ 382**

Year Ended December 31, 2014

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	**Consolidated Totals**
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	$ 1,169	$ 208	$ 3,552	$ (2,651)	**$ 2,278**
Investing activities					
Purchase of property, plant and equipment	(13)	(126)	(689)	(670)	**(1,498)**
Capitalized production stripping costs	–	–	(652)	(63)	**(715)**
Expenditures on financial investments and other assets	(21)	(1)	(21)	(1)	**(44)**
Proceeds from the sale of investments and other assets	3	6	25	–	**34**
	(31)	(121)	(1,337)	(734)	**(2,223)**
Financing activities					
Issuance of debt	–	–	12	–	**12**
Repayment of debt	–	–	(30)	(40)	**(70)**
Debt interest paid	(379)	–	(2)	–	**(381)**
Issuance of Class B subordinate voting shares	–	–	–	–	**–**
Purchase and cancellation of Class B subordinate voting shares	(5)	–	–	–	**(5)**
Dividends paid	(518)	–	–	–	**(518)**
Distributions to non-controlling interests	–	–	(23)	–	**(23)**
Interdivision distributions	–	(282)	(3,153)	3,435	**–**
	(902)	(282)	(3,196)	3,395	**(985)**
Effect of exchange rate changes on cash and cash equivalents	24	19	140	4	**187**
Increase (decrease) in cash and cash equivalents	260	(176)	(841)	14	**(743)**
Cash and cash equivalents at beginning of year	153	328	2,229	62	**2,772**
Cash and cash equivalents at end of year	$ 413	$ 152	$ 1,388	$ 76	**$ 2,029**

28. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

As at December 31, 2013

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Balance Sheet Information					
Cash and cash equivalents	$ 153	$ 328	$ 2,229	$ 62	$ 2,772
Current income taxes receivable	8	18	44	1	71
Trade accounts and intra-group receivables	3,718	143	12,212	(14,841)	1,232
Inventories	20	441	1,181	53	1,695
	3,899	930	15,666	(14,725)	5,770
Financial and other assets	1,306	1,080	1,138	(2,778)	746
Investments in associates	31,590	24,792	882	(57,240)	24
Property, plant and equipment	267	1,131	23,782	2,631	27,811
Deferred income tax assets	–	–	10	154	164
Goodwill	–	–	1,668	–	1,668
	$ 37,062	$ 27,933	$ 43,146	$ (71,958)	$ 36,183
Trade accounts and intra-group payables and other liabilities	$ 7,987	$ 4,843	$ 3,815	$ (14,861)	$ 1,784
Dividends payable	259	–	–	–	259
Current income taxes payable	–	1	41	19	61
Debt	–	–	12	47	59
	8,246	4,844	3,868	(14,795)	2,163
Debt	8,702	906	867	(2,811)	7,664
Deferred income tax liabilities	1,450	2,285	1,852	321	5,908
Retirement benefit liabilities	32	213	234	–	479
Other liabilities and provisions	35	170	916	37	1,158
	18,465	8,418	7,737	(17,248)	17,372
Equity					
Attributable to shareholders of the company	18,597	19,515	35,195	(54,710)	18,597
Attributable to non-controlling interests	–	–	214	–	214
	18,597	19,515	35,409	(54,710)	18,811
	$ 37,062	$ 27,933	$ 43,146	$ (71,958)	$ 36,183

Year Ended December 31, 2013

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Income Information					
Revenue	$ 119	$ 1,760	$ 6,909	$ 594	$ 9,382
Cost of sales	(131)	(1,695)	(5,084)	(46)	(6,956)
Gross profit	(12)	65	1,825	548	2,426
Other operating expenses					
General and administration	(101)	(5)	(29)	6	(129)
Exploration	(20)	–	(65)	(1)	(86)
Research and development	(2)	(16)	–	–	(18)
Other operating income (expense)	(77)	(1)	(98)	(40)	(216)
Profit (loss) from operations	(212)	43	1,633	513	1,977
Finance income	132	70	18	(207)	13
Finance expense	(440)	(151)	(85)	337	(339)
Non-operating income (expense)	(511)	(48)	(117)	670	(6)
Share of profit (losses) of associates	1,993	1,055	339	(3,389)	(2)
Profit before tax	962	969	1,788	(2,076)	1,643
Provision for income taxes	(1)	(229)	(121)	(282)	(633)
Profit for the year	$ 961	$ 740	$ 1,667	$ (2,358)	$ 1,010
Profit attributable to:					
Shareholders of the company	$ 961	$ 740	$ 1,618	$ (2,358)	$ 961
Non-controlling interests	–	–	49	–	49
Profit for the year	$ 961	$ 740	$ 1,667	$ (2,358)	$ 1,010

28. Supplemental Guarantor Condensed Consolidating Financial Information (continued)

Year Ended December 31, 2013

As Reported in IFRS (CAD$ in millions)	Teck	Teck Metals	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Totals
Condensed Consolidating Statement of Cash Flows Information					
Operating activities	$ 1,051	$ 751	$ 3,955	$ (2,879)	$ 2,878
Investing activities					
Purchase of property, plant and equipment	(54)	(138)	(1,521)	(145)	(1,858)
Capitalized production stripping costs	–	–	(677)	(67)	(744)
Expenditures on financial investments and other assets	(280)	–	(25)	(20)	(325)
Proceeds from the sale of investments and other assets	497	–	5	–	502
	163	(138)	(2,218)	(232)	(2,425)
Financing activities					
Issuance of debt	–	–	–	–	–
Repayment of debt	–	–	(24)	(15)	(39)
Debt interest paid	(355)	–	(3)	3	(355)
Issuance of Class B subordinate voting shares	1	–	–	–	1
Purchase and cancellation of Class B subordinate voting shares	(176)	–	–	–	(176)
Dividends paid	(521)	–	–	–	(521)
Distributions to non-controlling interests	–	–	(38)	–	(38)
Interdivision distributions	–	(307)	(2,805)	3,112	–
	(1,051)	(307)	(2,870)	3,100	(1,128)
Effect of exchange rate changes on cash and cash equivalents	8	15	153	4	180
Increase (decrease) in cash and cash equivalents	171	321	(980)	(7)	(495)
Cash and cash equivalents at beginning of year	(18)	7	3,209	69	3,267
Cash and cash equivalents at end of year	$ 153	$ 328	$ 2,229	$ 62	$ 2,772

Officers

Norman B. Keevil
Chairman of the Board

Warren S. R. Seyffert Q.C.
Deputy Chairman and
Lead Director

Donald R. Lindsay
President and Chief Executive
Officer

Ian C. Kilgour
Executive Vice President and
Chief Operating Officer

Dale E. Andres
Senior Vice President, Copper

Andrew J. Golding
Senior Vice President,
Corporate Development

Ronald A. Millos
Senior Vice President, Finance
and Chief Financial Officer

Raymond A. Reipas
Senior Vice President, Energy

Peter C. Rozee
Senior Vice President,
Commercial and Legal Affairs

Robert G. Scott
Senior Vice President, Zinc

Marcia M. Smith
Senior Vice President,
Sustainability and External Affairs

Timothy C. Watson
Senior Vice President,
Project Development

David R. Baril
Vice President, Copper,
Chile Operations

Shehzad Bharmal
Vice President, Strategy
and Development, Copper

Anne J. Chalmers
Vice President, Risk and Security

Alex N. Christopher
Vice President, Exploration

Larry M. Davey
Vice President, Development, Coal

Michael P. Davies
Vice President, Environment

Karen L. Dunfee
Corporate Secretary

Mark Edwards
Vice President, Community
and Government Relations

Réal Foley
Vice President, Coal Marketing

John F. Gingell
Vice President and Corporate
Controller

M. Colin Joudrie
Vice President,
Business Development

Robert J. Kelly
Vice President, Health and Safety

Ralph J. Lutes
Vice President, Asia and
Chief Representative, China

Douglas J. Powrie
Vice President, Tax

Robin B. Sheremeta
Vice President, Operations, Coal

Keith G. Stein
Vice President, Projects

Andrew A. Stonkus
Vice President, Base Metals
Marketing

Gregory A. Waller
Vice President, Investor Relations
and Strategic Analysis

Scott R. Wilson
Vice President and Treasurer

Dean C. Winsor
Vice President, Human Resources

Anthony A. Zoobkoff
Senior Counsel and Assistant
Secretary

Officers listed as at February 17, 2015. More information on our directors and officers can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Board of Directors

Norman B. Keevil
Chairman of the Board
Director since: 1963 (1)

Warren S. R. Seyffert Q.C.
Deputy Chairman and Lead Director
Director since: 1989 (1) (2) (3) (4) (5)

Donald R. Lindsay
President and Chief Executive Officer
Director since: 2005 (1)

Mayank M. Ashar
Director since: 2007 (3) (4) (5) (6)

Jalynn H. Bennett[1]
Director since: 2005 (2) (3) (4)

Hugh J. Bolton
Director since: 2001 (2) (4)

Felix P. Chee
Director since: 2010 (2)

Jack L. Cockwell
Director since: 2009 (1) (6)

Laura L. Dottori-Attanasio
Director since: 2014 (2)

Edward C. Dowling
Director since: 2012 (3) (5) (6)

Norman B. Keevil III
Director since: 1997 (5) (6)

Takeshi Kubota
Director since: 2012 (5) (6)

Takashi Kuriyama
Director since: 2006 (5) (6)

Tracey L. McVicar
Director since: 2014 (2)

Janice G. Rennie
Director since: 2007 (2) (3)

Chris M. T. Thompson[2]
Director since: 2003 (1) (3) (4) (6)

Notes:

(1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee
(4) Member of the Corporate Governance and Nominating Committee
(5) Member of the Safety and Sustainability Committee
(6) Member of the Reserves Committee

[1] Ms. Bennett passed away on January 23, 2015.
[2] Mr. Thompson retired on January 31, 2015.

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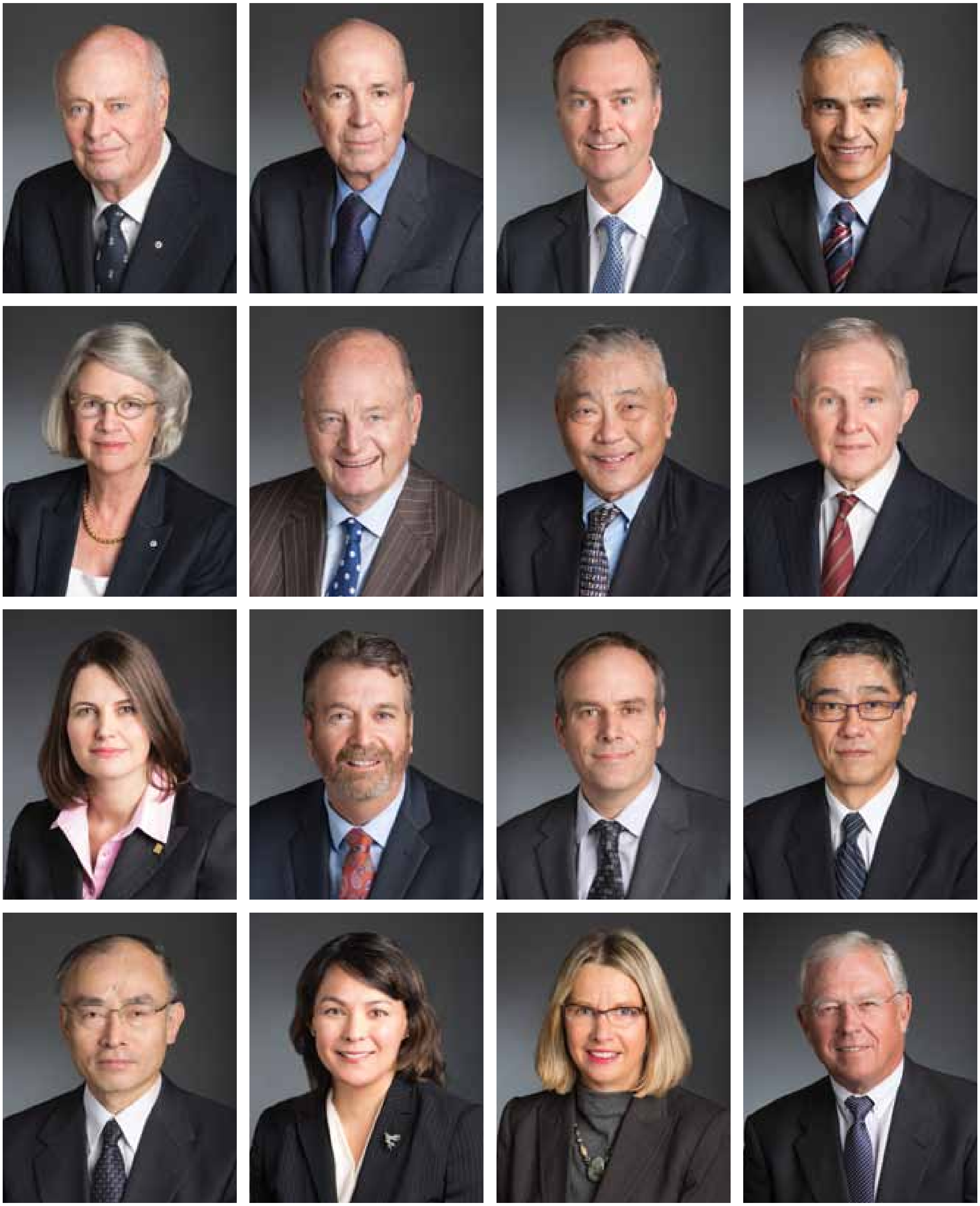

Teck's Board of Directors

(from left to right, top to bottom) Norman Keevil, Warren Seyffert, Donald Lindsay, Mayank Ashar, Jalynn Bennett, Hugh Bolton, Felix Chee, Jack Cockwell, Laura Dottori-Attanasio, Edward Dowling, Norman Keevil III, Takeshi Kubota, Takashi Kuriyama, Tracey McVicar, Janice Rennie, Chris Thompson

Corporate Information

2014 Share Prices and Trading Volume

Class B subordinate voting shares–TSX–CAD$/share

	High	Low	Close	Volume
Q1	$ 29.10	$ 22.53	$ 23.86	125,094,073
Q2	$ 26.11	$ 23.03	$ 24.36	96,221,432
Q3	$ 26.98	$ 20.80	$ 21.21	105,251,991
Q4	$ 21.17	$ 12.79	$ 15.88	185,316,903
				511,884,399

Class B subordinate voting shares–NYSE–US$/share

	High	Low	Close	Volume
Q1	$ 26.44	$ 19.99	$ 21.68	138,972,779
Q2	$ 23.90	$ 21.23	$ 22.83	143,666,710
Q3	$ 25.03	$ 18.59	$ 18.89	132,191,712
Q4	$ 18.96	$ 11.01	$ 13.64	252,756,194
				667,587,395

Class A common shares–TSX–CAD$/share

	High	Low	Close	Volume
Q1	$ 30.72	$ 24.30	$ 25.33	121,279
Q2	$ 27.51	$ 24.05	$ 25.76	99,494
Q3	$ 28.10	$ 22.40	$ 22.82	106,126
Q4	$ 22.52	$ 15.88	$ 18.41	209,674
				536,573

Stock Exchanges

Our Class A common and Class B subordinate voting shares are listed on the Toronto Stock Exchange under the symbols TCK.A and TCK.B, respectively.

Our Class B subordinate voting shares are listed on the New York Stock Exchange under the symbol TCK.

Dividends declared on Class A and B shares

Amount per share	Payment Date
$0.45	July 2, 2014
$0.45	January 2, 2015

These dividends are eligible for both the federal and provincial enhanced dividend tax credits.

Shares Outstanding at December 31, 2014

Class A common shares	9,353,470
Class B subordinate voting shares	566,794,741

Shareholder Relations

Karen L. Dunfee, Corporate Secretary

Annual Meeting

Our annual meeting of shareholders will be held at 11:00 a.m. on Wednesday, April 22, 2015, in the Waterfront Ballroom, Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

Transfer Agents

Inquiries regarding change of address, stock transfer, registered shareholdings, dividends or lost certificates should be directed to our Registrar and Transfer Agent:

CST Trust Company
1600 – 1066 West Hastings Street
Vancouver, British Columbia
V6E 3X1

CST Trust Company provides an Answerline Service for the convenience of shareholders:

Toll-free in Canada and the U.S.
1.800.387.0825

Outside Canada and the U.S.
1.416.682.3860
Email: inquiries@canstockta.com

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York
11219
1.800.937.5449 or 718.921.8124

Email: info@amstock.com
Website: www.amstock.com
TTY: 866.703.9077 or 718.921.8386

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
Suite 700
250 Howe Street
Vancouver, British Columbia
V6C 3S7

Annual Information Form

We prepare an Annual Information Form (AIF) that is filed with the securities commissions or similar bodies in all the provinces of Canada. Copies of our AIF and annual and quarterly reports are available on request or on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Teck Resources Limited
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+1.604.699.4750 Fax
www.teck.com

Setting Possibilities in Motion

Environmental Benefits Statement

By using paper made with post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
158	280,480	71	2,250	6,197
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Paper Network Calculator. For more information visit http://calculator.environmentalpaper.org

Green-e
Paper Manufactured and Printed Using 100% Certified Renewable Electricity
TN #: 15-5012-1005

zero 100% carbon neutral
by Hemlock Printers www.hemlock.com/zero

MIX
Paper from responsible sources
FSC® C014956
www.fsc.org