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PRESENTATION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's first quarter 2011 results conference call. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. This conference call is being recorded on Tuesday, April 19, 2011.

I would now like to turn the call over to Greg Waller, Vice President Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller: Good morning, everyone, and thank you for joining us this morning for Teck's first quarter 2011 earnings conference call. Before we start, I would like to draw your attention to the forward-looking information slides on pages 2 and 3 of our presentation package. This presentation contains forward-looking information regarding our business. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward-looking statements.

And at this point, I would like to turn the call over to Don Lindsay.

Don Lindsay: Thank you, Greg, and good morning, everyone. Thank you for joining us. I will start with a review of the results for the quarter, and then turn the presentation over to Ron Millos, our Senior Vice President Finance and CFO, to address some more in-depth financial topics. I should say a number of other members of the management team are on the call this morning, and available to answer your questions.

Turning to slide 5, there are a number of highlights in the quarter. Revenues this quarter were over \$2.3 billion. Gross profit before depreciation and amortization was over \$1.1 billion. That's up over 30% from the first quarter 2010, and compares to revenues being up 25%. First quarter profit was \$461 million, and EBITDA was just over \$1.0 billion. I would like to note that our profit is reported under IFRS for the first time this quarter, and although the conversion did not have a significant impact on our profit, we urge you to go through the financials to become more familiar with some of the changes.

Slide 6 shows our adjusted profit for the quarter, which removes unusual items in a comparison to last year. Adjusted profit of \$450 million or \$0.76 per share on a fully diluted basis is 124% higher than the adjusted profit per share last year. I would note that the first quarter is traditionally a seasonally weaker quarter for us due to winter weather impacts on our coal business, and of course, reduced zinc sales from Red Dog, so given the challenges that we had this quarter, we are pleased with the results.

Continuing with the highlights for the quarter on slide 7, our business fundamentals remain solid with strong pricing in both coal and copper. In coal, the benchmark contract price for premium hard coking coal reached a record high, settling at US\$330 per metric tonne. Similarly, copper reached record levels during the first quarter of 2011, but they declined by quarter-end. Underscoring our strong financial position is our \$1.0 billion cash balance after dividends and capital expenditures in the quarter, as well our net debt is at \$3.7 billion and our net debt to net debt plus equity now sits comfortably below 19%.

Also during the quarter, we established a new 4-year port agreement with Westshore Terminals. The agreement complements the growth objectives in our coal business over the longer term, and it's all at fixed rates. Although technically not in the quarter, we are pleased to have reached a new labour agreement with the Elkview Collective Bargaining group, and the new 5-year agreement expires October 31, 2015.

We show our view of comparative earnings for the quarter on slide 8. The quarter was relatively clean, from a financial standpoint anyway, with no significant unusual items to adjust for. The quarter was certainly not clean from an operational impact point of view. We had some modest exchange and derivative losses, and minor gains from asset sales. Adjusting for these items, profit was \$450 million for the quarter, or \$0.76 per share.

Turning to slide 9, we have summarized the guidance we gave for the quarter, and our performance relative to that guidance. As previously indicated, our copper production guidance for the year was reduced by about 15,000 tonnes. This is attributable both to the production impact we had at QB in Q1 and the ore hardness issue we're encountering at Carmen de Andacollo. About 10,000 tonnes of the production losses were in Q1, resulting in 75,000 tonnes of production for the quarter. The majority of the impact was due to the lost production at Quebrada Blanca. In coal, we came in at the top end of our revised coal sales guidance due to very strong shipping performance in the last 2 or 3 weeks of the quarter, and in fact, came in at the bottom of our initial guidance range of 5.0 million to 5.5 million tonnes. Coal costs finished the quarter within our revised guidance range, as did pricing.

Turning to our operating results for the quarter in our coal business, on slide 10, production and sales were down year-over-year. Our production for the quarter was 4.4 million tonnes, and sales came in just under 5.0 million tonnes. We currently expect to sell between 5.5 million and 6.0 million tonnes in the second quarter of 2011. The average realized price for the first quarter was US\$207 per tonne relative to benchmark prices of US\$225 per tonne for the premium brand of coal. First quarter of 2011 unit site costs were \$76 per tonne, and unit transportation costs of \$34 a tonne gave us combined costs of \$110; this is Canadian per tonne. A number of factors contributed to noticeably higher site costs -- the Elkview strike, number 1, severe winter weather conditions and equipment issues all reduced coal movement, and resulted in increased fixed costs on

a unit basis. And furthermore, higher strip ratios, various repairs and external services all contributed to higher costs during the quarter.

Slide 11 is meant to help put some context to the winter conditions that we referenced. I understand that some in the financial community were having difficulty understanding the challenges that winter weather brings. Well, these pictures show an avalanche on our main line from the Elk Valley to the port, and the photograph on the left puts the scope of the severe winter conditions in perspective. Keep in mind that this is one that we could actually get a picture of. The picture on the right emphasizes the scale of the avalanche. This is just an example of the many challenges that we were faced with this quarter, including derailments, generally heavy snow, unusual cold and mechanical failures at the port, and elsewhere, of course, we had 3 years or more worth of rain in just a few days at QB, so it frankly was a miserable quarter.

Turning to the coal price in slide 12, the chart on the right compares our average realized coal price with the benchmark price. There are a number of factors that cause our realized price to be different from the benchmark price. Firstly, the benchmark is for a premium hard coking coal product. Our product mix is 90% hard coking coal, but this does mean that it also consists of 10% weaker coal and a little bit of thermal, which impacts overall realized prices. It's important to note this split is not constant, and it fluctuates quarter-to-quarter.

Secondly, carry-over volumes still exist each quarter, although much lower than what we used to see under an annual contracting system, and this is typically about 2 weeks of production. And this quarter, it would be about 1.4 million tonnes that we will carry into the second quarter. About 1.2 million tonnes of this will be delivered in the second quarter, and approximately 200,000 to 700,000 tonnes of both first and second quarter carry-over will be delivered in the third quarter. The result is -- and this is probably the most important -- is that our overall realized price is expected to be in the range of \$US\$280 to \$US\$290 per tonne.

Ron Millos: That's in the second quarter.

Don Lindsay: Second quarter, yes, thanks.

Slide 13 highlights the progress we are making on key equipment deliveries required to grow coal production at our existing 6 operations. Our target continues to be 28 million tonnes of capacity at the existing 6 mines, and then the planned re-start of Quintette by 2013 will add another 3 million tonnes, for a target of 31 million tonnes in total. The chart on the right highlights our anticipated truck deliveries; 37 new trucks by the end of the third quarter of 2012, with 13 of them already delivered and in service. At the same time, we are expanding our plant capacities at Elkview and Greenhills; both expansions are projected to be completed this year, and hopefully Greenhills in the third quarter and Elkview in the fourth quarter. Lastly, we have increased our work force by 600 people in the last 2 years, and we continue to add people as we grow our operations. Our ability to produce more coal is all about more equipment, more plant capacity, and more people, and we are making good progress in all of these metrics. We certainly have the reserves.

In our copper business unit on slide 14, overall production was up 4% versus Q1 last year. However, the increase was not uniform across concentrate and cathode. Production of copper concentrate was up over 21%, mainly due to Carmen de Andacollo and Antamina. The increase in production was slightly offset by lower production from Highland Valley Copper as a result of lower ore grades. Conversely, cathode production was down 7,000 tonnes, and that's primarily due to the unusual and heavy rainfall experienced at QB. And due to the lag times involved in the leaching operations, this will have some impact on Q2 as well. Higher revenue on weaker sales volume was the result of substantially higher copper prices. Copper prices averaged US\$4.38 per pound in the quarter compared with US\$3.29 in the same period a year ago.

Turning to slide 15, we announced last week that we are commencing a feasibility study for expansion of copper production at our Carmen de Andacollo mine. We are currently addressing the ore hardness issue, which is restricting plant throughput, by evaluating some shorter term measures to increase crushing capacity. The proposed expansion, which includes an additional SAG mill, ball mill, and other associated plant and equipment, is aimed at increasing annual production at Carmen de Andacollo by approximately 35% to 40% from the current design rate, to 75,000 tonnes per day of ore throughput, and potentially to 100,000 to 120,000 tonnes of annual copper production. The study will involve drilling to confirm additional ore reserves, and will address the key issues of availability of process water and the permitting requirements. The study is expected to be complete by the end of the fourth quarter of 2011, and our early take on it is this is one of the most efficient uses of capital that we can find.

Slide 16 shows the current status of the expansion to the Antamina concentrator. And at this point, I'll turn it over to Tim Watson, our Senior VP Project Development.

Tim Watson: Thank you. The photograph above shows the expansion to the concentrator, which includes a second SAG mill, which is shown on the left-hand side of the photograph; a fourth ball mill, which is shown in the center as well but behind the extended crane bone; as well as an expansion to the copper flotation circuit and zinc concentrate circuits, and the status of the construction of those two circuits could be seen on the far right hand side, the tank shown in yellow. Thank you.

Don Lindsay: Thank you, Tim. Turning to our zinc business, slide 17, the zinc concentrate production for the quarter was approximately 2% higher than last year. At Red Dog, despite a 4-day weather related shutdown, just another part of the quarter, higher mill throughput resulted in a significant increase in production. At Antamina, production declined due principally to a lower proportion of copper zinc ore. It was 49% for the current quarter compared to 58% last year. As in previous quarters, I should note that even though we show Antamina's share of zinc production in these figures, the financial results of Antamina are reported in our copper business.

Lead concentrate production was 39% lower than the first quarter last year due to lower feed grade and recovery impacted by near-surface, weathered re from the Aqqaluk pit. At Trail, production of refined zinc was 5% higher than the same period last year due to improved online time and higher plant throughput. Overall, our zinc business contributed \$167 million in cash gross profit this quarter.

In our energy business, we continued to make progress across all our projects. At Fort Hills, engineering studies in both design and cost are ongoing. The timeline continues to anticipate a project-sanctioned decision by the partners in 2012. Suncor has provided a forecast project spending estimate of \$198 million for 2011, which our share would be \$54 million, and that includes our earnings commitment.

At Frontier and Equinox, we are working on pre-feasibility studies, and expect to be ready to file a regulatory application in the second half of this year, and that would kick off the permitting process. At Lease 421, we completed a seismic program, which will assist in citing future drill holes, and beyond that, exploration is ongoing and we hope to be able to declare an initial contingent resource in the 2012 to 2013 timeframe.

I'd now turn the call over to Ron Millos to address some of the financial issues.

Ron Millos: Thanks, Don. On slide 20, we've summarized our changes in cash for the quarter. Our cash flow from operations was \$874 million in the first quarter, which is up 54% from the same period last year. Our working capital change was negative this quarter, due mainly to \$100 million reduction in the use of the facility

that we used for factoring our coal receivables. Capital expenditures and investments were \$244 million for the quarter, including \$83 million on sustaining capital, and \$143 million on our major development projects.

Our major development projects include \$26 million for stripping at Highland Valley's copper mine life extension project, \$18 million for Antamina's expansion, \$14 million on QB's hypogene project, and \$49 million at Teck coal. We paid \$177 million in January to settle our semi-annual dividend at \$0.30 per share that we declared in November of 2010. And after allowing for our minority partner share of cash and the effective exchange rate changes, our cash increase in the quarter was \$214 million, and we ended the quarter with just over \$1.0 billion in cash.

Slide 21 shows our final pricing adjustments for the quarter. Our pricing adjustments are now included in non-operating income/expense. Pricing adjustments were previously included in our revenue or concentrate purchases as appropriate. This is a presentation change only, and there's been no change to the methodology in how we calculate the pricing adjustments. Total adjustments for the quarter were negative \$28 million on a pre-tax basis, and about \$18 million on an after-tax basis. In copper, we had about 100 million pounds at the beginning of the quarter, and the price dropped \$0.12 per pound, so we recorded \$14 million in negative adjustment. We also incurred a negative \$2 million adjustment in zinc.

Silver works in the opposite direction, as this represents settlements outstanding on the purchase of silver contained in concentrate. On average, we had over 2.4 million ounces of silver payables outstanding for the quarter, and the price increased by just over US\$8 per ounce. This resulted in a negative \$12 million adjustment. And as always, just remember, when analyzing the impact of price changes in the adjustment, refining and treatment charges, the Canadian/US dollar exchange rate must be included in your calculations, and when trying to analyze the impact on earnings, you need to consider the impact of taxes and royalties.

Turning to slide 22, I would like to highlight the guidance we've given for the second quarter of 2011. Again, you should be aware of the seasonality in zinc and lead concentrate sales due to the shipping season at Red Dog. Zinc concentrate sales at Red Dog are expected to be 77,000 tonnes, and we are sold out of lead, with all the sales occurring in the latter part of 2010, so there will be no lead sales in the second quarter. We expect coal sales to be in the range of 5.5 million to 6 million tonnes in the quarter, and average realized pricing to be between US\$280 and US\$290 per tonne, and this includes the impact of all types of coal sold, expected carry-over, and expected spot sales. This takes into account the 1.2 million tonnes of carry-over that Don mentioned earlier in the call.

Coal costs for the year are expected to be in the range of \$63 to \$67 per tonne for site costs, and \$30 to \$34 per tonne for transportation costs, and those are all Canadian dollars. As mentioned earlier, settlement adjustments are dependent on the direction of prices, and you need to factor in the effects of treatment and refining charges, royalties, exchange rates, and taxes, so those are some of the key items to consider as you develop earnings estimates for the second quarter.

I would also like to update the capital spending guidance for 2011. At our fourth quarter conference call, we stated that our spending was expected to be about \$1.4 billion for the year. We now expect the spending to be just over \$1.5 billion, and a major part of that increase is due to additional spending anticipated for the potential reopening of the Quintette mine.

I'll now turn the call back to Don Lindsay.

Don Lindsay: Thank you, Ron. Before we close, I would like to update you on the status of the many development projects that we have underway, and I'm on slide 24. In coal, the feasibility study for the re-start

of the Quintette coal mine is proceeding, and it's expected to be complete sometime the middle of this year. Assuming the results of the study are positive and development proceeds, the mine could be in production by 2013 at an annual rate of approximately 3 million tonnes per year. At Relincho, the pre-feasibility is underway and is expected to be completed in the third quarter of 2011. At Quebrada Blanca, a full feasibility study commenced in early 2011, and is expected to be completed by the end of the first quarter in 2012, and a positive feasibility study could potentially result in a decision to undertake project development with production in early 2016. Continuing in copper, the Galore Creek pre-feasibility is expected this quarter in 2011, and I did refer to our expansion study for Andacollo earlier.

In our energy division, we're working on the pre-feasibility study for the Frontier Oil Sands project with the possibility of Equinox being a satellite mine to that. This study is expected to be complete in the fourth quarter of 2011, which will also be marked by filing of a regulatory application. So we have lots of exciting growth opportunities coming. I look forward to reporting on the development status of these projects.

In summary, although this was a very challenging quarter for us from an operational point of view, and particularly in coal, we usually expect that in Q1, and this quarter I guess more than lived up to that. We are glad to have the quarter behind us, and we look forward to continuing to ramp up our production. Otherwise, we have a strong balance sheet. We're now focused on the strong and increasing cash flow from our business. Our coal business is very exciting, with robust fundamentals and market prices, and we're increasing production for a relatively small amount of capital. Our copper production will grow over the next year, with the completion of the expansion at Antamina, and we are moving forward with several development projects to further enhance shareholder value. As you see, we have lots of growth already on the agenda.

And with that, I would like to open up to questions. Actually, just before questions, I would like to take a minute to introduce our new Senior Vice President of Coal, Ian Kilgour. Ian has a very strong history in mining, and an extensive background in coal. From 2007 to 2010, Ian served as President and CEO of Antamina, and certainly did an excellent job there. Prior to heading up Antamina, Ian served as General Manager of Business Improvement and Optimization at the BHP Mitsubishi Alliance, which is, of course, the largest producer and exporter of coking coal. And preceding BMA, Ian was the General Manager at BHP's Goonyella Riverside coal mine, which is a large-scale open-pit operation that produces approximately 10 to 11 million tonnes per year at that time. I can tell you since Ian's joined us, we've been extremely pleased with how things are going. He's really on top of all this other business.

And with that, I would like to turn it over to questions.

QUESTIONS AND ANSWERS Operator: Thank you. We will now take questions from the telephone lines. (Operator Instructions)

The first question is from Meredith Bandy from BMO Capital Markets. Please go ahead.

Meredith Bandy: Good morning, gentlemen. So first question, the Andacollo study that was recently announced, wondered if you could give us just a little more detail about how soon could we potentially see that expansion, and do you have any guidance on potential cost?

Don Lindsay: Well, I would say that we're really just beginning it, but I'll turn it over to Roger Higgins to give whatever overview.

Roger Higgins: Good morning, Meredith.

Yes, it is very early for us to be talking about it. We are doing a study which will take us through to the end of this year and that will -- we would expect to define the configuration in terms of equipment we need to put in place and also define the requirements we will need for a new environmental impact study, and in particular, the water supply. As you'll remember, we've had -- water supply for Andacollo has been a significant point for us over the last couple of years and we need to redefine where we'll get that water from and the permits for it.

Given those things, we would say that from the end of this year onwards, we are 24 to 30 months away from having all of this equipment and all the permits in place. I think it's a bit premature to put a capital cost on the project yet.

Meredith Bandy: And so what are the potential solutions for the water supply issues?

Roger Higgins: We have two potential solutions. One is to look at our circuit, understand exactly how much water we are using, and see what we can do to optimize that water use, so that we then need to minimize the second part of the solution, which is to get some additional water either through water rights from somewhere in the vicinity of our operations.

Meredith Bandy: Okay, and then as a quick follow-up, I think on the site visit, it was mentioned there might be a potential to add a moly circuit. Is that still the case? And, does this expansion make that more or less feasible?

Roger Higgins: It has always been the intention to add a molybdenum circuit, and we are in testing process of the concentrates. The moly circuit will treat copper concentrate to extract moly, so we were waiting till we had a firm stream of copper concentrate before we did the final test work. That test work's been under way for some time. It has been the intention to add a moly circuit, and yes, we would continue to do that at the expanded rate. That's the expectation

Meredith Bandy: At the expanded rate. Okay, great. Thank you very much.

Don Lindsay: I think the way you should look at this is that we're quite happy with the ore body. The recoveries have been higher than expected and we do know we can increase the resource, and so when we look at where we can deploy capital, this is very efficient capital on a per tonne of expanded copper capacity basis, so that's why we want to take a close look at it and see where we're at.

Meredith Bandy: All right, that's great. Thank you.

Operator: Thank you.

The next question is from Sal Tharani from Goldman Sachs. Please go ahead.

Sal Tharani: Thank you.

Wanted to ask you a little bit about the physical market of copper, and this CESCO week, there was a lot of concern among physical traders that it's been very sloppy. Have you seen any changes? And also, with the Japanese smelters down, have you seen any disruption in your intake of concentrate by the Japanese producers?

Don Lindsay: I'll turn the question over to Andrew Stonkus.

Andrew Stonkus: Yes, Sal, regarding the Japanese situation on copper, there's one smelter that's been impacted and the reports are that they are studying the situation there and with opening possibly later on this summer, so the impact on the concentrate market is some cargoes have been diverted to other smelters and other locations so there has been a near-term impact on the copper concentrate situation, but fundamentally, we still view it as a structurally deficit market. So, we're seeing some nearby parcels being diverted to other locations. That has impacted the near-term spot market for concentrates.

With regard to the metal situation, if you look at the Shanghai Exchanges, in particular, they have been declining since the beginning of March, so what we're seeing is demand in China is still strong and fabricators are starting to draw down the Shanghai inventories themselves; and we're also seeing a reduction in the scrap availability. So the fundamentals for the copper demand side still are holding up. Their national copper study group is so far casting a deficit market for metal this year as well, so we see metal premiums starting to pick up somewhat and strengthen. So, we're still pretty confident on the copper and metal side of things as well.

Sal Tharani: Great.

I have one more question on the CapEx outlook you gave in the press release. I noted that the copper CapEx you kept the same almost, but you have moved around from development to sustaining. Your development CapEx from last quarter went from down -- sorry, up from \$285 million to \$405 million, while your sustaining went down. Is there any shift in just the allocation, or is that some shift in the strategy?

Ron Millos: A little embarrassing, we made a boo boo. The Antamina expansion was in the sustaining in the first quarter, should have been in the development, so we apologize for that.

Sal Tharani: Okay, that's all right. Thank you very much.

Operator: Thank you.

The next question is from David Charles from GMP Securities. Please go ahead.

David Charles: Yes, good morning, everyone.

I would just like to go back maybe to the coal business for a little bit. You have negotiations coming up at Fording River and I was wondering, even though you probably have a media blackout on that, if you could give us some colour there as to how those negotiations are going, especially after you've settled with Elkview? And earlier in the year, of course, we had the unfortunate problems in Japan and I'm wondering if you're seeing any changes in coal demand from steel producers in Japan following the earthquake?

Don Lindsay: On the first part, your sentiment is correct. Our objective is to achieve a new contract without disruption of operations. We all think the strength is productive to either party. We are in discussions and really beyond that, we can't comment.

And then for the next part of the question on Japan, who would like to take that? Bob Bell?

Bob Bell: David, as far as coal demand from Japan, there was very little impact for steel-making coal caused by the earthquake tsunami. There was one client affected, but the production from that plant that was lost was picked up by other plants. We have not seen impact as of yet on our demand for product into Japan. And how do you see the economy there with the fact that they are having rolling blackouts or brownouts, whatever you want to call them? Do you think that the outlook for the Japanese economy is looking reasonable for the rest

of the year, or are they through the worst, or do you think it may stay weak for a while longer? It's a -- in the very short-term, I think that's an unanswered question. There has been some speculation on the impact of rolling blackouts, but we've also seen information to suggest that auto production, at least with one of the major producers, has picked up again already, so we don't -- we haven't seen an impact on our business caused by that; that's an outstanding question. In the longer term, there is going to be some rebuilding, and obviously that will have an impact on the economy as they rebuild, reconstruct some of the facilities that were damaged by the tsunami.

David Charles: Excellent. Thank you very much.

Operator: Thank you.

The next question is from Orest Wowkodaw from Canaccord Genuity. Please go ahead.

Orest Wowkodaw: Hi, good morning. Two questions. First being cash allocation. My numbers are going to be generating north of \$4 billion a year in free cash next couple of years. Don, can you give us an update of what you see doing with that cash, whether we could expect the dividend to be restored to the pre-crisis level or perhaps share buybacks?

Don Lindsay: Yes, it's a question we've been asked frequently, and my answer is usually I'll wait till we have the cash. Now, it is happening now, and we are in a very strong cash generation position, but we do have a pretty long list of growth projects ahead of us, and so I think in this particular period, letting the cash build up and seeing what the results of these feasibility studies and pre-feasibility studies are for the actual capital requirements is pretty important. So, I think we need to wait a few more months before we look at anything related to the dividend.

The dividend, of course, is always a Board decision and at each Board meeting, we'd take a look at it, but for now, we're going to stay the course of what we said before and build up cash in anticipation of the capital expenditures we have ahead.

Orest Wowkodaw: And are you able to pull forward some of the CapEx spending on some of these long projects? Or do you think you really have to wait for the studies to be completed in full?

Don Lindsay: Well, that is something that we look at in every case, and we have pulled forward some expenses to try and reduce the lead time for equipment orders; in fact, we're doing that at Quintette, so that's something we'll look at in each case, but the amount that you pull forward isn't, isn't as material as you might think. In the end, to make a full construction decision for Quebrada Blanca, for example -- that's a multibillion dollar project and you wouldn't want to get too far down the line before we have the final feasibility and final Board decision.

Orest Wowkodaw: Okay, and just shifting gears, at Andacollo, the operating issues there, in terms of the ramp up, you keep citing the hardness of the ore. Do you expect that to be a pervasive issue through the ore body, or is this just in the initial, the initial couple of months? Can you give us some insight there?

Don Lindsay: Just before we get to that question, a final thought on your previous question. We also wouldn't want to commit too much capital for permanent structure items when we haven't finished the feasibility and got full permitting, but the capital we do commit is for mobile equipment, trucks that we could use at any one of our operations, that sort of thing.

Now, on the ore hardness issue, I'll turn it over to Roger Higgins.

Roger Higgins: Thank you.

At Carmen de Andacollo, we do have a range of hardness of ores and, of course, hardness is a surrogate for all of the things about the ore from when it's solid rock in the pit through till its ground to, in Carmen de Andacollo's case, about 150 microns for flotation, and that's a process through blasting, crushing, SAG milling, and ball milling and we have pebble crushers there as well. We do have -- most pits, and Carmen de Andacollo's no exception, have a change of hardness from very soft to quite hard ore and what we're experiencing is not a particular change in that range of hardness, but some differences from what we were anticipating in what the proportions of hard and soft ore are and when it's appearing in the pit. It is overall a fairly hard ore body and as the pit deepens, we will continue to have more hard ore rather than less.

Orest Wowkodaw: Does that imply you're going to have to make modifications to the mill?

Roger Higgins: Well, that's what we're looking at. In the short-term, we are looking at what we can do in the short-term being here through the next 9 to 12 months and the longer term being incorporated into the expansion that we talked about earlier, the study for that. In the short-term, we're looking at adding crushing capacity to do some more of that work that's required between solid rock in the pit and fine ore for floatation, and we can do that by incorporating some additional crushing capacity. We have already been doing some of that using the crusher that's available on the site for the older leaching operations and that's the plan we have in the shorter-term.

Orest Wowkodaw: Okay, so is it fair to say that the hardness of the ore was underestimated? Or, was it more of the mill is just inappropriately designed?

Roger Higgins: It's the proportion between hard and soft that we are finding coming earlier than we anticipated. If we go back to the original work that was done, we expected the harder ore to come in due course, but we did think we had 3 or 4 years perhaps before it got to the point where it is now.

Orest Wowkodaw: Okay. Thank you very much.

Operator: Thank you.

The next question is from Lawrence Smith from CIBC Asset Management. Please go ahead.

Lawrence Smith: Question on taxes, I guess probably for Ron. The tax provision percentage wise is where I would expect it to be. I'm always surprised by the relative proportion of cash taxes versus deferred taxes, i.e., I would have thought with the tax pools from Fording there would have been higher proportion deferred. What am I missing? And, what happens to the taxes payable when those pools expire couple years down the road? Thank you.

Ron Millos: The cash taxes are primarily the mining taxes, and then the foreign taxes. And then on the ongoing basis, the tax pools, there's about \$10 billion of various tax pools that will shelter the Canadian income taxes, which is primarily the coal operations, Highland Valley, Trail, and our Duck Pond operation. How quickly we chew through those tax pools obviously depends on where the commodity prices go, but current expectations, we would be several years away. But, overall cash taxes will be the mining taxes, which are basically 13% in British Columbia and the foreign taxes.

Lawrence Smith: If I could follow up on that. So, your provisioning is roughly 3%, 4% tax rate. If you didn't have those tax pools, what would the effective tax rate be for the Company?

John Gingell: The pools are -- it's John Gingell -- the controller. The pools don't make any affect on our overall tax rate. They affect the timing of the deductions and so the overall tax rate wouldn't change.

Lawrence Smith: All right. Thank you very much.

Operator: Thank you.

The next question is from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes: Yes, thank you.

Following along the lines of Larry's question, I'm curious why the tax pools don't seem to be coming down very much. I seem to remember a year ago at the investor day, I guess November actually, that the tax pool was \$9.5 billion. I think it was in the presentation. Now it's \$10 billion. I'm just trying to figure out what's going on.

John Gingell: I think it's still \$9.5 billion. I think that was just a rounding in conversation.

Greg Barnes: Okay.

John Gingell: The other thing you've got to remember is that a lot of our overhead expenses like interest and general and admin costs are all in Canada, so they reduce our taxable income against which the tax pools would be applied.

Greg Barnes: Oh, I see. But it does seem to be taking a little longer to draw down those tax pools than I would have thought.

John Gingell: Or they are lasting longer. (Laughter)

Greg Barnes: Yes, but even at these very high commodity prices, it doesn't seem to be trumping as rapidly as I thought it would. Do you have a forecast of -- let's say prices stay where they are, do you have a forecast of how long those tax pools will last?

John Gingell: I'm not sure that we want to get into that kind of forecasting at this time.

Greg Barnes: CRA maybe listening, I guess? (Laughter)

The other question for you, Don, \$50 silver, is there any intention to hedge some silver here and lock in what is obviously a very attractive 31-year high price?

Don Lindsay: That is tempting, I must say, but our policy on hedging has been not to hedge unless we have a major capital expenditure, in which case we might hedge a certain amount using put options to ensure recovery of that capital that's invested. In this case, the benefit we're getting from the silver prices through Trail and that's not really the case. There's no capital associated with that. And the reason we don't hedge otherwise, unless it's to protect the whole range of stake holders, which we did in '08, but simply because the shareholders buy at their exposure to commodities and so clearly we're in very strong position financially, so we won't do that.

Greg Barnes: I don't think they buy you to participate in the silver prices, so it would be nice to lock it in for five years.

Don Lindsay: That's true, but once we've locked in the silver, then it's a little longer and you lock in the copper, and then it's like once you're on the slippery slope, it's hard to go back.

Greg Barnes: Sure.

Don Lindsay: And that's the policy. That's where it is for now.

Greg Barnes: Fair enough. Thank you.

Operator: Thank you.

The next question is from Kerry Smith from Haywood Securities. Please go ahead.

Kerry Smith: Thanks, operator. Don, just on Antamina, you say in the presentation you're 40% complete on the expansion, so I'm presuming if you're 40% complete, you've probably committed 70% or 80% of the capital. Just wondering how it's tracking with the estimated CapEx budget?

Tim Watson: The reference to the 40% complete is the actual concentrated construction itself. Total project that had an initial budget, or a budget of \$1.228 billion remains on forecast. To date, our total commitments are \$784 million and our expenditures to date are \$420 million, and the total project progress is approximately 50% complete.

Kerry Smith: Okay, and that's tracking on that \$1.2 billion, let's call it \$1.23 billion number then?

Tim Watson: Yes, it is.

Kerry Smith: Okay, okay.

And just on the coal inventory, in Q1, you actually produced -- I think it's around 4.4 million tonnes, and you actually sold almost 5 million tonnes, so you drew down the inventories pretty significantly. Will you build the inventory back up, or did you have an excess inventory that you were looking to draw down at some point in time and that was a convenient time to do it?

Don Lindsay: Bob Bell?

Bob Bell: Kerry, we did draw down our inventory, we've done the calculation and we're now at a more normal inventory level, so I don't think we would attempt to make a big change in the inventory, but it will fluctuate from month to month, just depending on what's going on in the shipping and transportation.

Kerry Smith: Okay.

And just on the equipment, the mobile equipment that you're buying -- if you go back two or three years, there was a lot of concern about trying to get tires for trucks and just getting trucks themselves. Are you seeing any of that pressure this time around because there are a lot of companies out there ordering trucks, particularly?

I'm just wondering if you're starting to see delivery time getting pushed out and getting more difficult to get tires, et cetera.

Ian Kilgour: We're seeing delivery times a little bit delayed, but basically we're sticking to the delivery times over the three-year period that we had planned for. There's just been one or two-month delay, but by mid-year we'll be right back on track with the number of trucks that we had planned. We've so far received 13 of the 37 new trucks planned and an additional 12 will be operational in second quarter and further in the third quarter, so we're doing fairly well with our plans there. In terms of tires, our strategic sourcing division has been working very hard to ensure that we have tire supplies for the existing and future trucks, and we're in a very good position for this year and next year.

Kerry Smith: Okay, and just one last question, Don, if I could, just on Andacollo with the whole water situation for any expansion. On the current throughput rates for the sulfides, which is -- whatever it is 40,000 or 45,000 tonnes a day, are you -- does that mill effectively need all of the water that you have today, or are you only using, call it two-thirds of the water that you have permitted and available? Just how are the numbers?

Roger Higgins: The numbers on a per tonne basis are tracking fairly closely and perhaps slightly under the usage rate for what we had in the plan, so we are not using our full allocation at this point in time.

Kerry Smith: So the allocation that you have available would allow you to go to what rate before you would need extra water?

Roger Higgins: Well, we would be comfortable at the design rate of 55,000 tonnes through the plant and we may have a little excess; and we're doing a full inventory and in order through the water cycle in the plant at the moment.

Kerry Smith: Okay, okay, great. Thank you.

Operator: Thank you.

The next question is from Oscar Cabrera from Bank of America, Merrill Lynch. Please go ahead.

Oscar Cabrera: Thank you, operator. Good morning, gentlemen.

So getting back to your coal business, in the press release, there is mention of water code challenges and the watering issues at Fording River and Cardinal River. Just wondering if you can provide a little bit more color on this and if you expect this to be an issue for production in 2011?

Don Lindsay: Ian?

Ian Kilgour: Starting at Cardinal River, we have gone through a phase in our mine development plan where a couple of the pits were restricted to peak bottom mining where the water problem was far greater than it will be in the future, so we are working through that period, opening up new places, and expect to be through that area in the next couple of months. At Fording River, we have quite a wide range of seams which become available during the year. We have been working through a thinner seam area and by midyear we'll be working into our thickest seam, which will be providing a higher ratio there, oh, for the rest of the year, so that's the main factor in Fording River, and that will see us meet our production guidance from Fording for the year.

Oscar Cabrera: Should we expect our production to be just a little bit higher than what you had in the first quarter for the second quarter?

Ian Kilgour: We expect production in the sales in the second quarter to be in the range of 5.5 million to 6 million tonnes.

Oscar Cabrera: Would it be fair to say that if -- because you have inventory I believe of 1.2 million tonnes, we take that back, would that get us to what you're expecting to produce in the second quarter?

Ian Kilgour: We expect to be within that range for the second quarter.

Oscar Cabrera: Okay.

And next, moving on to the copper business, you have consistently maintained your pre-feasibility study expected completion for Relincho and Quebrada Blanca, over at Galore Creek, but I don't think that you've mentioned a startup for Galore Creek. I know Quebrada Blanca, you mentioned early 2016, Relincho -- I believe it was 2017. Should we expect, or are you expecting to start production in Galore Creek 2018 i.e. based in production?

Don Lindsay: Maybe I'll start on that. The Board hasn't reviewed the pre-feasibility study of Galore yet, so it's premature to be releasing really any of the details at this stage related to that study, and that won't occur for a little while yet, so -- but once we have gone through it in detail, we will give you an update on that study.

Oscar Cabrera: Thank you.

Operator: Thank you.

The next question is from Sal Tharani from Goldman Sachs. Please go ahead.

Sal Tharani: Thanks, just wanted to get some view on the zinc concentrate production out of Antamina. I remember initial guidance was about 200,000 tonnes. First quarter shows you're running at almost 330,000 tonnes. Do you still think that is going to go down and we'll end up with same as your guidance of 200,000 tonnes, metric tonnes?

Roger Higgins: Yes, Sal, that's correct. The Antamina ore body is variable. We run campaigns at different ores through that mill and the first quarter has been high, but we are not expecting any overall change in the annual forecast.

Sal Tharani: Okay. Thank you very much.

Operator: Thank you.

The next question is from John Hughes from Desjardins Securities. Please go ahead.

John Hughes: Thanks, operator.

Just one quick one on the coal front again. Looking at all of your costs aside for the quarter, like cost of production as well as transportation and your guidance going forward, and -- I think to hit your guidance, everything as a unit cost is all volume related and I'm doing the numbers, looking at your midpoint of your sales

for the year. We would be looking at 6.6 million tonnes of sales in both Q3, as well as Q4, and I'm just wondering what is the biggest single change that is being undertaken to allow a sustainable 6.5 million tonne a quarter production level.

Don Lindsay: Ian, over to you? Plants and trucks.

Ian Kilgour: Yes, the change is the significant increase in the amount of truck capacity that we are investing in, in the coal business. Over the 2.5-year period we're putting into operation 37 new trucks, which is a significant increase on our overall truck fleet, and essentially we need to move more waste and more raw coal to be able to produce more clean coal, and so that's essentially the biggest factor that's taking place. The other efforts to support that, of course, are in the plant, and we have a plant upgrade at Elkview coming into operation in the second half of the year, and as well, our Green Hills plant is expanding from 4.2 million to 5 million tonnes per year as we go through the second half of the year.

John Hughes: Okay.

Of the three shovels that have been delivered, are they all operating now?

Ian Kilgour: Yes, they are all operating and they are all operating very well.

John Hughes: Okay, and sorry, there's no -- I'm assuming, of course, with the sales guidance, which is very detailed, that the production guidance, particularly in the second half of the year, is going to be very close to the sales guidance.

Ian Kilgour: Yes, that's what we would expect.

John Hughes: Okay, and, sorry, last one, maybe Don, just in terms of strategy going forward, the discussions on iron ore, potential acquisitions, looking at the iron ore scene and sector, is this a sector that Teck is interested in getting directly involved with?

Don Lindsay: Well, as I said quite a few times, iron ore would be a good fit in our portfolio. Obviously, we're in the steel-making coal business. We have steel companies as customers, and they buy both steel-making coal and iron ore, so it would be -- it would be synergies. But, we also, look at the growth that we have currently and it's pretty substantial, and stay the course strategy looks pretty good to us.

If we continue on the plan that we have, and you look out, say, 5 years, though we're going to have substantially more copper production per share and coal production per share and oil sands Fort Hills will be coming on, and all of that throughout we will be paying a decent dividend and doing it all financed internally. And, yes, some things will cost a little more, some things will take a little longer, but at the end of 5 years, it sure looks pretty good, and so if we want to gloat and add something to that, it's got to be pretty good, too. And, so, we're taking our time looking at opportunities, but for the moment, the stay the course strategy looks good to us.

John Hughes: All right, thank you. That's it for me, operator.

Operator: Thank you.

The next question is from Tony Rizzuto from Dahlman Rose. Please go ahead.

Tony Rizzuto: Thanks very much for taking my question.

You gentlemen were very good at talking about some of the issues you're facing from an equipment standpoint. I wonder if you could discuss some of the soft issues, some of the people issues as a lot of companies are looking to increase capacities? I wonder how you're retaining the skilled labor and what kind of challenges you're seeing there? Thanks so much.

Don Lindsay: Okay. Well, that is an industry-wide issue, but I have to say that we've been pretty pleased with our results last year, in any event, in being able to attract and retain good people. We actually hired I think 1,500 people last year, which in a pretty competitive market surprised me on the upside, in any event. We do invest an awful lot in various training programs and in our franchise in general to attract and retain. We've had some good success in Chile, for example, as our business is perceived to be high growth there and a Company on the move. We're developing good reputation and the opening, inauguration ceremony that we had last week attracted a lot of attention at Carmen de Andacollo and everyone from the Minister of Engineering Mines took note of it.

I think we'll be able to handle it, but it's not to say that the industry itself isn't facing a demographic issue. It is, and we'll just have to take it quarter by quarter. So far, so good.

Tony Rizzuto: Thanks a lot, Don.

Operator: Thank you.

The next question is from Mark Caruso from Millennium Partners. Please go ahead.

Mark Caruso: Good morning. Thanks for taking my question. I just wanted to circle back. Don, you mentioned earlier about port and rail performance. I want -- in the release you guys were talking about port inventories. I didn't know if you'd give an update on how that's progressing.

Don Lindsay: If I heard that correctly, it was both a rail and a port question. I do want to say we are very pleased with CP; there's a terrific working relationship. Their numbers have been excellent, and they had an awful lot of challenges, as we did in the quarter, but they sure addressed them really well, so that's just an excellent working partnership there.

On the port side, we did see some pretty good numbers in the second half of March. We were using West Shore Neptune and Ridley, and if you looked at -- if you annualize the numbers from the second half of March, we actually showed tremendous capacity. We had more rail and port capacity than we would need if we'd already finished all of our expansion. Now, that was just for a couple of weeks and ships all arrived on time and the rest of it.

But, generally, that whole area is looking much better than it had before. We continue our discussions with Ridley, and additional capacity there for when Quintette comes on; and as you have seen in our disclosure, capacity at Neptune is going to increase. We're putting some capital in there, so -- by and large, we've seen a pretty big improvement.

Mark Caruso: Great, thanks.

Operator: Thank you.

The next question is from Orest Wowkodaw from Canaccord Genuity. Please go ahead.

Orest Wowkodaw: Hi. Thanks for taking my follow up. Again, it's just a coal question.

Obviously, this year's production has been hampered by the strike. For next year, is it reasonable to assume that we should be somewhere around the 26 million tonne range? And if you could give us some detail on what the current constraint is? You've signed numerous port and rail agreements in the last couple of months. Is the choke right now in production just your ability to produce to get the coal out, or any insight would be appreciated?

Don Lindsay: I'll let Ian comment in a minute, but my take on it is we've more or less addressed the throughput issues on the distribution side and now it's a matter of time for trucks to arrive, waste to be moved, access to coal established, and plant capacity to be -- plant capacity expansions to be finished. And it's time and logistics, and it should occur more or less on schedule and that would give us the capacity to get in excess of the 26 that you referenced. Ian, do you want to add any comments to that?

Ian Kilgour: I think it's a matter of getting the equipment that we've put into production up to its full productivity and that involves recruiting operators, training operators, ramping up the mine plan, so they can actually cope with the extra equipment in each mine, and then that's a process. The mines adjust to that and you move up to your higher level of production. That's all in process and you can see that there's additional trucks coming online each quarter, so there's a little bit of a delay behind those trucks coming up to where you get to your full production, but by the end of this year, it will be in a very stable position to be able to meet that 26 million tonnes or so next year.

Orest Wowkodaw: Okay. Thank you very much.

Operator: Thank you.

The next question is from Ralph Profiti from Credit Suisse. Please go ahead.

Ralph Profiti: Good morning.

I'm sorry to have to come back to the coal business, but there was a little bit of cautious language with respect to meeting vessel requirements. I just -- are you incurring any demurrage costs at the moment and are there any demurrage costs in the cost guidance for 2011? And then the second question is with respect to the inventories, you said they are around normal levels. I assume that to be around 2 million tonnes. Can we maybe get a split between what's at the mine and what's at the port? Thanks very much.

Don Lindsay: Bob Bell?

Bob Bell: First of all, the merge costs, those are included in the cost guidance and right now our demurrage costs are not particularly out of line with what you would expect in the normal course. As far as the inventories go, I should say -- they are probably on the low side of ideal, but they are within the range of what you would say that we can operate effectively under and certainly meet our sales guidance. The big change in inventory is it's shifting from the mines over to the port, where our port inventories have been quite low, now they are a bit higher because we are shipping it to the port through the improved rail performance and improved performance of the whole supply chain.

Ralph Profiti: Great. Thanks very much.

Operator: Thank you.

The next question is from Brandon Bradford from VB Capital Partners. Please go ahead.

Brandon Bradford: Hi, guys. I just jumped on, so you may have answered this, but what is your un-priced net tonnage for the second half of the year? Thank you.

Ron Millos: You are referring to sales that are un-priced as in not contracted? Our contracts are negotiated on a quarterly basis, so we've only just finished and provided guidance on our pricing for the second quarter and we won't start third quarter pricing until sometime during the third quarter.

Brandon Bradford: Okay, thank you.

Operator: Thank you. There are no further questions registered at this time. I would like to return the meeting to Mr. Lindsay.

Don Lindsay: Okay. With that, thank you very much. We look forward to the results in the second quarter, and we're very pleased to have all of these various operational challenges from the first quarter behind us. Thanks very much.

Operator: Thank you. That concludes today's conference call. Please disconnect your lines at this time, and we thank you for your participation.