First Quarter 2020 Results

April 21, 2020

Teck

Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentation certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as forward-looking statements). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “should”, “believe” and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this presentation. These forward-looking statements include, but are not limited to, statements concerning: our focus and strategy; anticipated global and regional supply, demand and market outlook for our commodities; the potential impact of the COVID-19 on our business and operations, including our ability to continue operations at our sites; production expectations; our ability to manage challenges presented by COVID-19; cost reduction program targets and timing of achieving those targets; plans to be back to near-full coal production levels in the fourth quarter of 2020; ability to increase production in our steelmaking coal and copper business units; expectation that Antamina operations will restart within two weeks; production expectations; expected 2020 Fort Hills annual production and unit operating costs; energy business unit 2020 capital spend targets; liquidity and availability of borrowings under our credit facilities and the QB2 project finance facility; timing of Teck’s next contributions to QB2 project capital; our strong financial position and our expectations regarding our business and markets.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, commodity and power prices, acts of foreign or domestic governments and the outcome of legal proceedings, the supply and demand for, deliveries of, and the level and volatility of prices of copper, coal, zinc and blended bitumen and our other metals and minerals, as well as oil, natural gas and other petroleum products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, including mine extensions; positive results from the studies on our expansion and development projects; our ability to secure adequate transportation, including rail, pipeline and port service, for our products our costs of production and our production and productivity levels, as well as those of our competitors, continuing availability of water and power resources for our operations, our ability to secure adequate transportation, pipeline and port services for our products; changes in credit market conditions and conditions in financial markets generally; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors for our operations, including our new developments and our ability to attract and retain skilled employees; the satisfactory negotiation of collective agreements with unionized employees; the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results; engineering and construction timetables and capital costs for our development and expansion projects; the accuracy of our mineral reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based; tax benefits and tax rates; our ability to obtain, comply with and renew permits in a timely manner; and our ongoing relations with our employees and with our business and joint venture partners. Statements regarding the availability of our credit facilities and project financing facility are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the facilities are not otherwise terminated or accelerated due to an event of default. Statements concerning Fort Hills’ future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that 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, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies and may be further impacted by reduced demand for oil and low oil prices. 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 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, 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 (including logistics suppliers) 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 of environmental impact assessments, and changes or further deterioration in general economic conditions. Certain operations and projects are not controlled by us; schedules and costs may be adjusted by our partners, and timing of spending and operation of the operation or project is not in our control.

The forward-looking statements in this news release and actual results will also be impacted by the effects of COVID-19 and related matters. The overall effects of COVID-19 related matters on our business and operations and projects will depend on how quickly our sites can safely return to normal operations, and on the duration of impacts on our customers and markets for our products, all of which are unknown at this time. Returning to normal operating activities is highly dependant on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on business activities.

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, 2019, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile. In addition, see our “Cautionary Statement on Forward-Looking Statements” in our news release announcing our Q1 2020 results for further assumptions and risks regarding our guidance and other forward-looking statements in this presentation.

First Quarter 2020 Highlights

Our focus is on managing the risks around COVID-19

- Created $20 million COVID-19 response fund
- All of our managed sites are currently operating
- No material impact to sales or shipments to date
- Suspended all previously issued 2020 annual guidance
- Steelmaking Coal had a strong finish to Q1 2020
- Advancing our four key priorities:
  1. Issued an updated capital cost estimate for QB2
  2. Consolidating our RACE21™ improvements
  3. Advancing the Neptune facility upgrade project
  4. Increased our cost reduction target to ~$1 billion
- Maintained a strong financial position

Elkview Plant Expansion Completed

First Quarter 2020 Earnings

	Q1 2020	Q1 2019
Revenue	$ 2.4 billion	$ 3.1 billion
Gross profit before depreciation and amortization[1]	$ 776 million	$ 1.4 billion
Gross profit	$ 398 million	$ 1.0 billion
EBITDA[1]	$ 45 million	$ 1.4 billion
Adjusted EBITDA[1]	$ 608 million	$ 1.4 billion
Profit (loss) attributable to shareholders	$ (312) million	$ 630 million
Adjusted profit attributable to shareholders[1]	$ 94 million	$ 587 million
Adjusted basic earnings per share[1]	$ 0.17/share	$ 1.03/share
Adjusted diluted earnings per share[1]	$ 0.17/share	$ 1.02/share

First Quarter 2020 Earnings and Adjusted Earnings

Reflects changes to our calculations of adjusted profit attributable to shareholders[1]

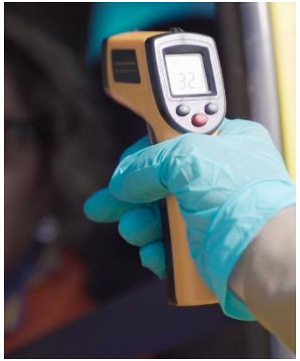
(C$M)	Q1 2020	Q1 2019
Profit (loss) attributable to shareholders	$ (312)	$ 630
Add (deduct) on an after-tax basis:		
Asset impairment	474	-
COVID-19 costs	22	-
Environmental costs	(87)	29
Inventory write-downs (reversals)	27	(8)
Share-based compensation	(22)	12
Commodity derivatives	15	(14)
Debt prepayment option gain	-	(51)
Other	(23)	(11)
Adjusted profit attributable to shareholders[1]	$ 94	$ 587
Adjusted basic earnings per share[1] ($/share)	$ 0.17	$ 1.03
Adjusted diluted earnings per share[1] ($/share)	$ 0.17	$ 1.02

We do not adjust for pricing adjustments, which were ($64) million or ($0.12)/share after tax

COVID-19 Response

- **Remote** work implemented where feasible
- **Reduced on-site crews** at sites to support physical distancing
- **Comprehensive measures** at all sites:
    - Enhanced cleaning / disinfecting protocols
    - Physical distancing – no large group meetings; reduced occupancy on buses
    - Rapid symptom response protocol
    - Promoting preventative measures like frequent handwashing
- All Teck operated sites **continue to operate**
- **Close collaboration** with unions, e.g.; United Steelworkers
- **$20 million COVID-19 support fund** launched

Crew bus cleaning



Temperature screening

Handwashing promotion

Physical distancing

Steelmaking Coal Business Unit

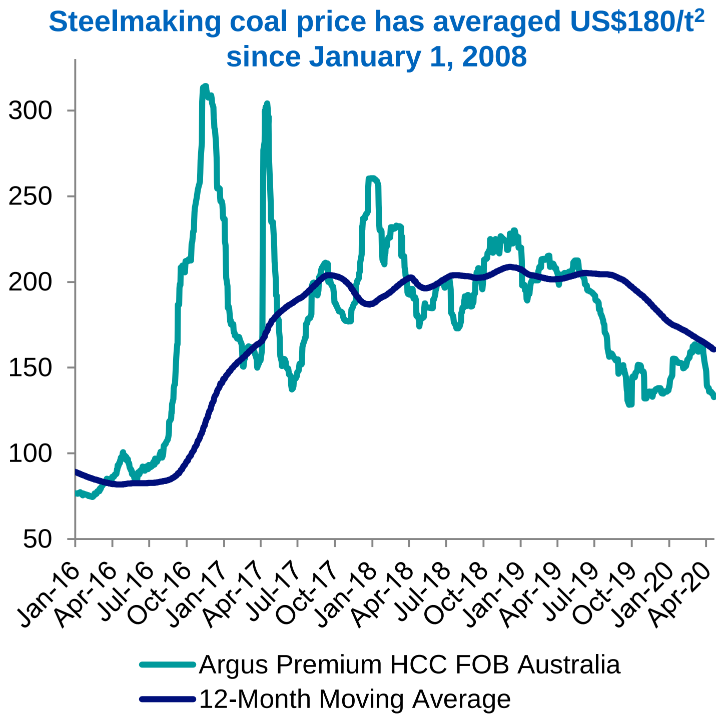
Strong Finish to Q1 2020

- Sales exceeded guidance at 5.7 million tonnes
- Adjusted site cash cost of sales[1] were well below our previously issued guidance at $63 per tonne
- Reduced finished coal inventories at the mine sites
- Logistics supply chain performed well in March
- Completed Elkview plant expansion to 9 million tonnes

Looking Forward

- Crews are back up to 75% of normal levels, from 50%
- Currently at stable levels of production across all operations
- Planning to increase production further in Q4 2020, when the Neptune extended outage and our annual major plant outages are scheduled to be completed
- Q2 2020 sales could decrease significantly from Q1 2020 due to COVID-19; Some customers are notifying us that they may delay purchases

Steelmaking Coal Prices[2] (US$/t)



Copper Business Unit

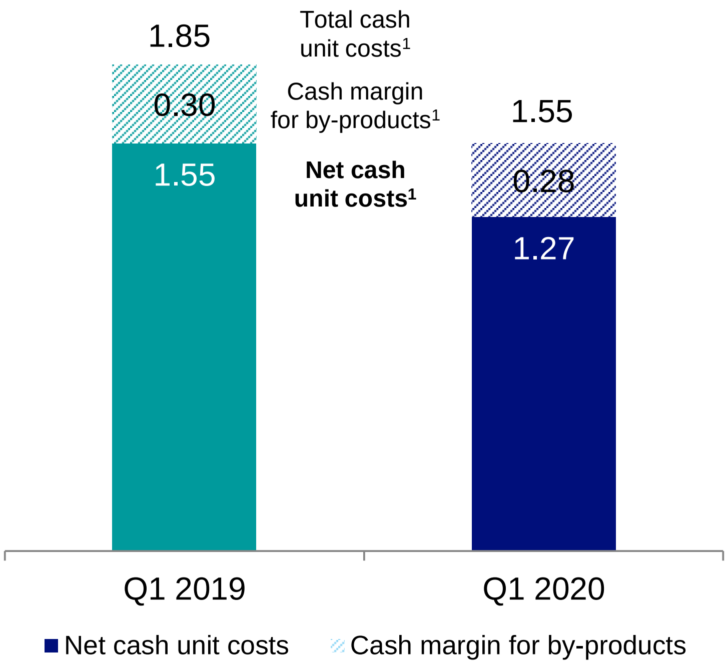
Q1 2020

- Copper production was similar to Q1 last year
- Lower unit costs reflect our cost reduction program and favourable exchange rates
- QB2 construction activities temporarily suspended

Looking Forward

- Highland Valley crews are back up to 75% of normal levels, from 50%; opportunities to increase production are being evaluated
- Temporary suspension of operations at Antamina on April 13th; situation being monitored for a safe and timely restart
- Carmen de Andacollo and Quebrada Blanca continue to operate at normal production levels, with reduced workforce levels on site

Cash Unit Costs[1] (US$/lb)



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Zinc Business Unit

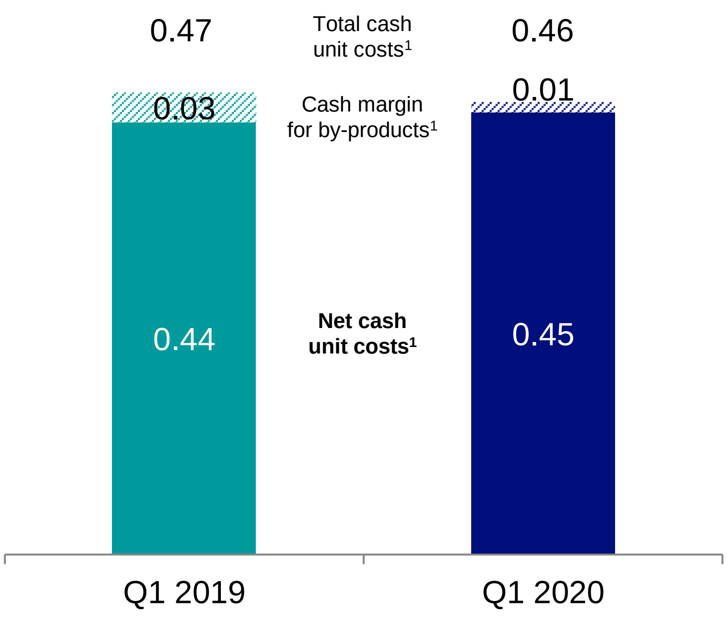
Q1 2020

- Red Dog zinc in concentrate sales consistent with quarterly guidance at 134 thousand tonnes
- Higher zinc in concentrate production at Red Dog
- Lower total cash unit costs[1] before by-products
- Higher refined zinc production at Trail Operations
- Inventory write-down of $19 million related to Trail Operations

Looking Forward

- Red Dog maintaining normal production levels with significant travel restrictions and modified schedules
- Q2 2020 sales of Red Dog zinc concentrate could be down significantly from Q2 2019 due to COVID-19
- Maintained normal production levels at Trail Operations, while reducing the workforce on site; sales of refined zinc at Trail could decrease significantly from Q1 2020 due to COVID-19

Cash Unit Costs[1] (US$/lb)



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Energy Business Unit

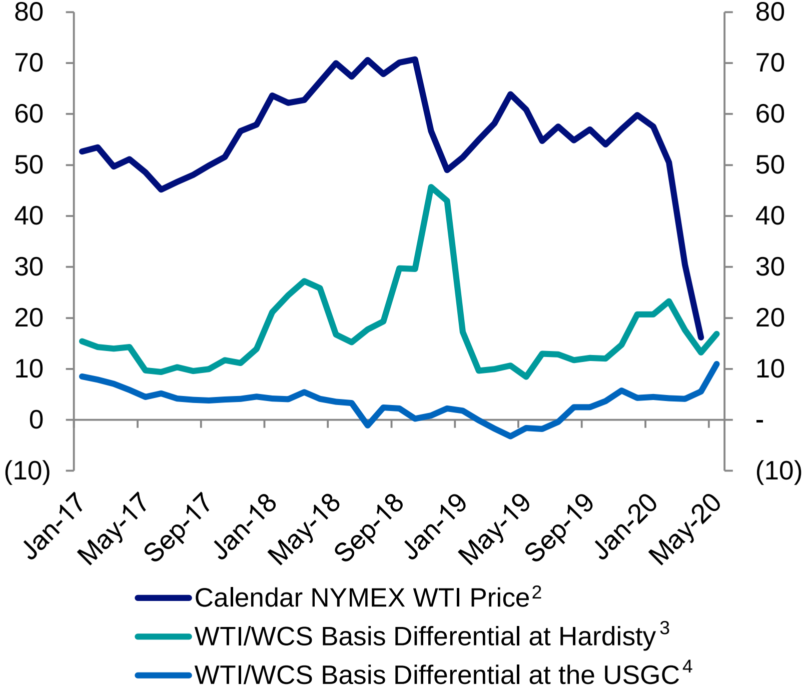
Q1 2020

- Realized prices and operating results significantly affected by a material decline in global benchmark crude prices
- Non-cash, pre-tax impairment charge of $647 million related to Fort Hills ($474 million after tax)
- Inventory write-down of $23 million

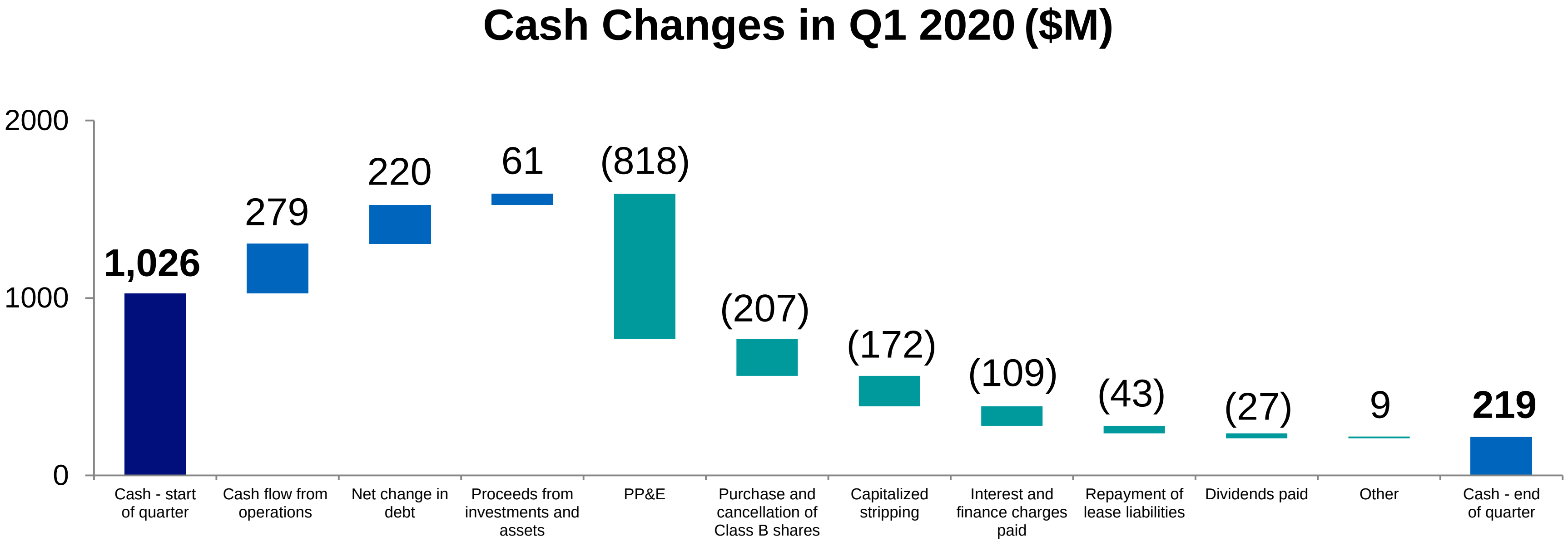
Looking Forward

- Fort Hills is temporarily operating as a single-train facility to reduce negative cash flows
- Expect our share of production will be ~8-9 million barrels of bitumen and adjusted operating costs[1] will be C$37-C$40/bbl in 2020
- The partners may further adjust the operating plan
- Reduced our planned 2020 capital spending in our energy business unit to $85 million, from $175 million

Energy Benchmark Pricing (US$/bbl)



Cash Flow



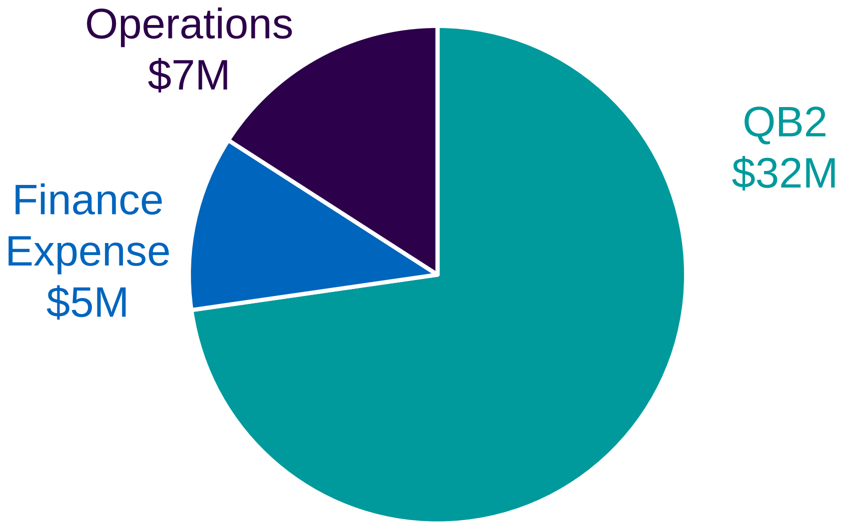
Cash Changes in Q1 2020 ($M)
2000
1000
0
1,026
279
220
61
(818)
(207)
(172)
(109)
(43)
(27)
9
219
Cash - start of quarter
Cash flow from operations
Net change in debt
Proceeds from investments and assets
PP&E
Purchase and cancellation of Class B shares
Capitalized stripping
Interest and finance charges paid
Repayment of lease liabilities
Dividends paid
Other
Cash - end of quarter

COVID-19 Expenditures

Accounting Treatment

- **Related to capital projects:** expensed as incurred in “Other Operating Expense”
- **Related to production:** expensed as incurred in “Cost of Sales”; Will not be included in inventory value
- **All other expenditures not related to production:** expensed as incurred in “Other Operating Expense”

Q1 2020 COVID-19 Expenditures: $44 million before tax



COVID-19 expenditures could be higher in Q2 2020, depending on the trajectory of the pandemic

Cost Reduction Program

- In Q4 2019:
  - Achieved ~$210 million of capital and operating reductions, exceeding our target of $170 million
  - Increased our total targeted reductions to ~$610 million of previously planned spending through the end of 2020, vs. the previous target of $500 million
- On April 1, 2020:
  - Further increased our total targeted reductions to ~$1 billion of previously planned spending through the end of 2020

Achieved ~$375 million of cost reductions to March 31, 2020

Strong Financial Position

Solid Liquidity

- ~C$5.8 billion[1] of liquidity as of April 20, 2020
- US$4.0 billion revolving credit facility is committed to Q4 2024
  - No cash-flow based financial covenant, credit rating trigger, or general material adverse effect borrowing condition

Investment Grade Credit Rating

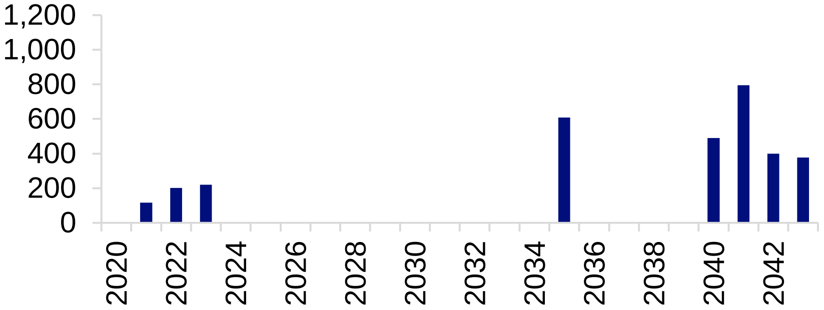
Prudent QB2 Funding and Financing Plan

- US$2.5 billion QB2 project finance facility is being utilized
- QB2 partnership and financing plan dramatically reduces Teck's capital requirements, with no contributions to project capital expected until Q1 2021

No Significant Note Maturities until 2035

- Notes outstanding reduced from US$7.2 billion in September 2015 to US$3.2 billion[2]
- ~US$500 million of notes maturing in the next four years

Note Maturity Profile[2] (C$M)



Looking Forward

- Focused on managing the risks around COVID-19
- Continuing to advance our key priorities to generate long term value for shareholders:
    1. QB2 Project
    2. RACE21™
    3. Neptune Facility Upgrade
    4. Cost Reduction Program
- Strong financial position

Appendix

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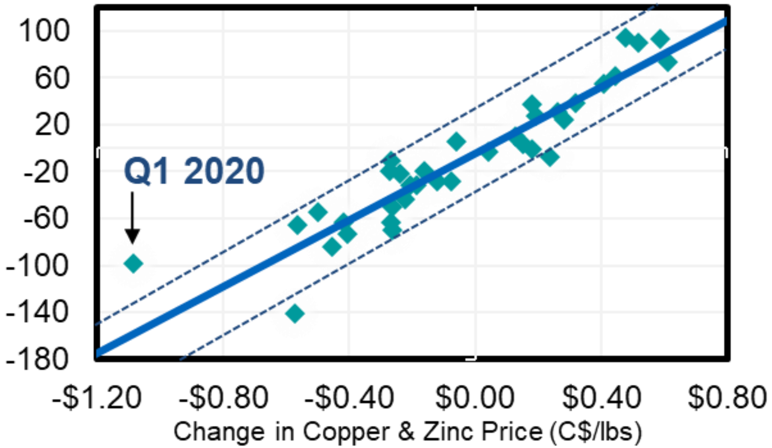
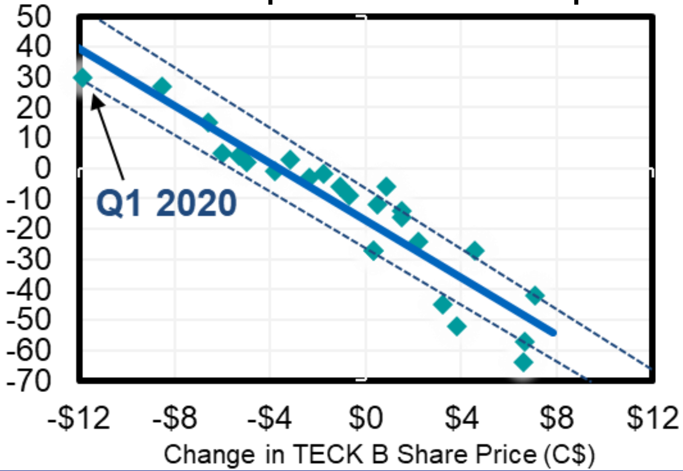
Other Operating Income (Expense)

Simplified Settlement Pricing Adjustment Model
(Pre-tax settlement pricing adjustment in C$M)



	Outstanding at December 31, 2019		Outstanding at March 31, 2020		Quarterly Pricing Adjustments
	Mlbs	US$/lb	Mlbs	US$/lb	C$M
Copper	65	2.80	101	2.18	(64)
Zinc	239	1.04	248	0.85	(43)
Other					9
Total					**(98)**

Simplified Compensation Expense Model
(Pre-tax share based compensation income / expense in C$M)



	December 31, 2019	March 31, 2020	Quarterly Price Change	Quarterly Compensation Income (Expense)
	C$/share	C$/share	C$/share	C$M
Teck B	22.52	10.67	(11.85)	**30**

Notes

Slide 3: First Quarter 2020 Highlights

1. Based on an initial investment of $135 million and the cost savings and higher average pricing for Elkview coal and assuming US$150 per tonne benchmark coal pricing and a Canadian to US dollar exchange rate of $1.38. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.

Slide 4: First Quarter 2020 Earnings

1. Gross profit before depreciation and amortization, EBITDA, adjusted EBITDA, adjusted profit attributable to shareholders, adjusted basic earnings per share and adjusted diluted earnings per share are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.

Slide 5: First Quarter 2020 Earnings and Adjusted Earnings

1. Adjusted profit attributable to shareholders, adjusted basic earnings per shares, and adjusted diluted earnings per share are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.

Slide 7: Steelmaking Coal Business Unit

1. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.
2. Source: Argus, Teck. Plotted to April 20, 2020.

Slide 8: Copper Business Unit

1. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper net cash costs include adjusted cash cost of sales and smelter processing charges, less cash margins for by-products including co-products. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.

Slide 9: Zinc Business Unit

1. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc net cash costs are mine costs including adjusted cash cost of sales and smelter processing charges, less cash margins for by-products. By-products include both by-products and co-products. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q1 2020 news release for further information.

Slide 10: Energy Business Unit

1. Bitumen unit costs are reported in Canadian dollars per barrel. Adjusted operating costs represent costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q4 2019 news release for further information.
2. The WTI CMA is an average of the daily settle quoted price for WTI prices for future deliveries for the trading days during a calendar month. Source: CME Group. As at April 20, 2020.
3. WCS at Hardisty: an index value determined during the trading period, which is typically the first 9 to 11 business days of the month prior to the month of delivery and does not include trades done after this trading period or during the month of delivery. Sources: Net Energy and CalRock. As at April 20, 2020.
4. Source: Link. A simple average of Link brokerage assessments for the month of delivery during the trading period, which is typically the 25th of two months prior to the month of delivery to the 25th of the month prior to the month of delivery. As at April 20, 2020.

Slide 14: Strong Financial Position

1. Includes the undrawn portion of a US$4 billion committed revolving credit facility and $525 million in cash on hand as at April 20, 2020.
2. As at March 31, 2020.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This presentation refers to a number of Non-GAAP Financial Measures which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States. The Non-GAAP Measures included in this presentation do not have standardized meanings under IFRS, may differ from those used by other 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.

We have changed our calculations of adjusted profit attributable to shareholders and adjusted EBITDA to include additional items that we have not previously included in our adjustments. These changes were made from January 1, 2020 onwards and comparative figures have been restated to conform to the current period presentation. In addition to items previously adjusted, our adjusted profit attributable to shareholders and adjusted EBITDA now include adjustments for environmental costs, including changes relating to the remeasurement of decommissioning and restoration costs for our closed operations due to changes in discount rates, share-based compensation costs, inventory write-downs and reversals and commodity derivatives. We believe that by including these items, which reflect measurement changes on our balance sheet, in our adjustments, our adjusted profit attributable to shareholders and adjusted EBITDA will reflect the recurring results of our core operating activities. This revised presentation will help us and readers to analyze the rest of our results more clearly and to understand the ongoing cash generating potential of our business.

Adjusted profit attributable to shareholders – For adjusted profit, we adjust profit attributable to shareholders as reported to remove the after-tax effect of certain types of transactions that reflect measurement changes on our balance sheet or are not indicative of our normal operating activities. We believe adjusted profit helps us and readers better understand the results of our core operating activities and the ongoing cash generating potential of our business.

Adjusted basic earnings per share – Adjusted basic earnings per share is adjusted profit divided by average number of shares outstanding in the period.

Adjusted diluted earnings per share – Adjusted diluted earnings per share is adjusted profit divided by average number of fully diluted shares in a period.

EBITDA – EBITDA is profit before net finance expense, provision for income taxes, and depreciation and amortization.

Adjusted EBITDA – Adjusted EBITDA is EBITDA before the pre-tax effect of the adjustments that we make to adjusted profit attributable to shareholders as described above.

Adjusted site cash cost of sales – Adjusted site cash cost of sales for our steelmaking coal operations is defined as the cost of the product as it leaves the mine excluding depreciation and amortization charges, out-bound transportation costs and any one-time collective agreement charges and inventory write-down provisions.

Cash margins for by-products – Cash margins for by-products is revenue from by- and co-products, less any associated cost of sales of the by and co-product. In addition, for our copper operations, by-product cost of sales also includes cost recoveries associated with our streaming transactions.

Gross profit before depreciation and amortization – Gross profit before depreciation and amortization is gross profit with the depreciation and amortization expense added back. We believe this measure assists us and readers to assess our ability to generate cash flow from our business units or operations.

Total cash unit costs – Total cash unit costs for our copper and zinc operations includes adjusted cash costs of sales, as described above, plus the smelter and refining charges added back in determining adjusted revenue. This presentation allows a comparison of total cash unit costs, including smelter charges, to the underlying price of copper or zinc in order to assess the margin for the mine on a per unit basis.

Net cash unit costs – Net cash unit costs of principal product, after deducting co-product and by-product margins, are also a common industry measure. By deducting the co- and by-product margin per unit of the principal product, the margin for the mine on a per unit basis may be presented in a single metric for comparison to other operations. Readers should be aware that this metric, by excluding certain items and reclassifying cost and revenue items, distorts our actual production costs as determined under IFRS.

For a definition of other non-GAAP measures used in this presentation and a discussion of why management presents them, please see our fourth quarter results news release dated April 20, 2020.These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

Non-GAAP Financial Measures

Reconciliation of Profit (Loss) and Adjusted Profit

(C$ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Profit (loss) attributable to shareholders	**$ (312)**	**$ 630**
Add (deduct):		
Asset impairment	474	-
COVID-19 costs	22	-
Environmental costs	(87)	29
Inventory write-downs (reversals)	27	(8)
Share-based compensation	(22)	12
Commodity derivatives	15	(14)
Debt prepayment option gain	-	(51)
Other	(23)	(11)
Adjusted profit attributable to shareholders	**$ 94**	**$ 587**
Adjusted basic earnings per share	**$ 0.17**	**$ 1.03**
Adjusted diluted earnings per share	**$ 0.17**	**$ 1.02**

Non-GAAP Financial Measures

Reconciliation of Basic Earnings (Loss) Per Share to Adjusted Basic Earnings (Loss) Per Share

(Per share amounts)	Three months ended March 31, 2020	Three months ended March 31, 2019
Basic earnings (loss) per share	**$ (0.57)**	**$ 1.11**
Add (deduct):		
Asset impairment	0.87	-
COVID-19 costs	0.04	-
Environmental costs	(0.16)	0.05
Inventory write-downs (reversals)	0.05	(0.01)
Share-based compensation	(0.04)	0.02
Commodity derivatives	0.03	(0.02)
Debt prepayment option gain	-	(0.09)
Other	(0.05)	(0.03)
Adjusted basic earnings (loss) per share	**$ 0.17**	**$ 1.03**

Non-GAAP Financial Measures

Reconciliation of Diluted Earnings (Loss) Per Share to Adjusted Diluted Earnings Per Share

(Per share amounts)	Three months ended March 31, 2020	Three months ended March 31, 2019
Basic earnings (loss) per share	**$ (0.57)**	**$ 1.10**
Add (deduct):		
Asset impairment	0.87	-
COVID-19 costs	0.04	-
Environmental costs	(0.16)	0.05
Inventory write-downs (reversals)	0.05	(0.01)
Share-based compensation	(0.04)	0.02
Commodity derivatives	0.03	(0.02)
Debt prepayment option gain	-	(0.09)
Other	(0.05)	(0.03)
Adjusted basic earnings (loss) per share	**$ 0.17**	**$ 1.02**

Non-GAAP Financial Measures

Reconciliation of EBITDA (loss) and Adjusted EBITDA

(C$ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Profit (loss) attributable to shareholders	$ (311)	$ 644
Finance expense net of finance income	47	54
Provision for (recovery of) income taxes	(69)	339
Depreciation and amortization	378	373
EBITDA	**$ 45**	**$ 1,410**
Add (deduct):		
Asset impairment	647	-
COVID-19 costs	44	-
Environmental costs	(121)	41
Inventory write-downs (reversals)	36	(11)
Share-based compensation	(30)	16
Commodity derivatives	21	(19)
Debt prepayment option gain	-	(70)
Other	(34)	(7)
Adjusted EBITDA	**$ 608**	**$ 1,360**

Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation and Amortization

(C$ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Gross profit	$ 398	$ 1,042
Depreciation and amortization	378	373
Gross profit before depreciation and amortization	**$ 776**	**$ 1,415**
Reported as:		
Steelmaking coal	$ 421	$ 909
Copper		
Highland Valley Copper	77	68
Antamina	123	157
Carmen de Andacollo	60	37
Quebrada Blanca	3	22
Other	(1)	(1)
	262	283
Zinc		
Trail Operations	11	9
Red Dog	158	178
Pend Oreille	-	3
Other	14	11
	183	201
Energy	(90)	22
Gross profit before depreciation and amortization	**$ 776**	**$ 1,415**

Non-GAAP Financial Measures

Steelmaking Coal Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Cost of sales as reported	**$ 777**	**$ 826**
Less:		
Transportation costs	(242)	(240)
Depreciation and amortization	(175)	(183)
Inventory write-down reversal	5	-
COVID-19 costs	(4)	-
Adjusted site cash cost of sales	$ 361	$ 403
Tonnes sold (millions)	5.7	6.2
Per unit amounts (C$/t)		
Adjusted site cash cost of sales	$ 63	$ 65
Transportation costs	43	39
Inventory write-down reversal	(1)	-
COVID-19 costs	1	-
Unit costs (C$/t)	$ 106	$ 104
US$ AMOUNTS[1]		
Average exchange rate (C$/US$)	$ 1.34	$ 1.33
Per unit amounts (US$/t)		
Adjusted site cash cost of sales	$ 47	$ 49
Transportation costs	32	29
Inventory write-down reversal	(1)	-
COVID-19 costs	1	-
Unit costs (US$/t)	$ 79	$ 78

1. Average period exchange rates are used to convert to US$ per tonne equivalent.
We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Copper Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue as reported	$ 570	$ 630
By-product revenue (A)	(77)	(74)
Smelter processing charges (B)	37	43
Adjusted revenue	$ 530	$ 599
Cost of sales as reported	$ 414	$ 460
Less:		
Depreciation and amortization	(106)	(113)
Inventory (write-down) provision reversal	-	11
COVID-19 costs	(2)	-
By-product cost of sales (C)	(20)	(11)
Adjusted cash cost of sales (D)	$ 286	$ 347
Payable pounds sold (millions) (E)	155.8	158.4
Per unit amounts (C$/lb)		
Adjusted cash cost of sales (D/E)	$ 1.84	$ 2.19
Smelter processing charges (B/E)	0.24	0.27
Total cash unit costs (C$/lb)	$ 2.08	$ 2.46
Cash margin for by-products (C$/lb) ((A-C)/E)	(0.37)	(0.40)
Net cash unit costs (C$/lb)	$ 1.71	$ 2.06
US$ AMOUNTS[1]		
Average exchange rate (C$/US$)	$ 1.34	$ 1.33
Per unit amounts (US$/lb)		
Adjusted cash cost of sales	$ 1.37	$ 1.65
Smelter processing charges	0.18	0.20
Total cash unit costs (US$/lb)	$ 1.55	$ 1.85
Cash margin for by-products (US$/lb)	(0.28)	(0.30)
Net cash unit costs (US$/lb)	$ 1.27	$ 1.55

1. Average period exchange rates are used to convert to US$ per pound equivalent.
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Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1]

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue as reported	$ 608	$ 712
Less:		
Trail Operations revenues as reported	(452)	(471)
Other revenues as reported	(2)	(2)
Add back: Intra-segment revenues as reported	96	132
	$ 250	$ 371
By-product revenue (A)	(2)	(10)
Smelter processing charges (B)	77	57
Adjusted revenue	$ 325	$ 418
Cost of sales as reported	$ 489	$ 561
Less:		
Trail Operations cost of sales as reported	(463)	(482)
Other costs of sales as reported	12	9
Add back: Intra-segment as reported	96	132
	$ 134	$ 220
Less:		
Depreciation and amortization	(42)	(30)
Royalty costs	(13)	(84)
COVID-19 costs	(1)	-
By-product cost of sales (C)	-	-
Adjusted cash cost of sales (D)	$ 78	$ 106

1. Red Dog and Pend Oreille (closed in July 2019).
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Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1] - Continued

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Payable pounds sold (millions) (E)	251.3	259.9
Per unit amounts (C$/lb)		
Adjusted cash cost of sales (D/E)	$ 0.31	$ 0.41
Smelter processing charges (B/E)	0.31	0.22
Total cash unit costs (C$/lb)	$ 0.62	$ 0.63
Cash margin for by-products (C$/lb) ((A-C)/B)	(0.01)	(0.04)
Net cash unit costs (C$/lb)	$ 0.61	$ 0.59
US$ AMOUNTS[2]		
Average exchange rate (C$/US$)	$ 1.34	$ 1.33
Per unit amounts (US$/lb)		
Adjusted cash cost of sales	$ 0.23	$ 0.31
Smelter processing charges	0.23	0.16
Total cash unit costs (US$/lb)	$ 0.46	$ 0.47
Cash margin for by-products (US$/lb)	(0.01)	(0.03)
Net cash unit costs (US$/lb)	$ 0.45	$ 0.44

1. Red Dog and Pend Oreille (closed in July 2019).

2. Average period exchange rates are used to convert to US$ per pound equivalent.

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Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue as reported	**$ 176**	**$ 212**
Less:		
Cost of diluent for blending	(97)	(73)
Non-proprietary product revenue	(7)	(8)
Add back: Crown royalties (D)	3	5
Adjusted revenue (A)	$ 75	$ 136
Cost of sales as reported	$ 298	$ 217
Less:		
Depreciation and amortization	(33)	(27)
Inventory write-downs	(23)	-
Cash cost of sales	$ 242	$ 190
Less:		
Cost of diluent for blending	(97)	(73)
Cost of non-proprietary product purchased	(3)	(9)
Transportation costs for non-proprietary product purchased[1]	(1)	3
Transportation costs for FRB (C)	(29)	(29)
Adjusted operating costs (E)	$ 112	$ 82
Blended bitumen barrels sold (000’s)	4,419	3,725
Less: diluent barrels included in blended bitumen (000’s)	(1,177)	(925)
Bitumen barrels sold (000’s) (B)	3,242	2,800

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1. *Reflects adjustments for costs not directly attributed to the production of Fort Hills bitumen, including transportation for non-proprietary product purchased.*

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations - Continued

(C$ in millions, except where noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Per barrel amounts (C$)		
Bitumen price realized[1] (A/B)	$ 23.12	$ 48.42
Crown royalties (D/B)	(0.92)	(1.75)
Transportation costs for FRB (C/B)	(8.81)	(10.30)
Adjusted operating costs (E/B)	(34.88)	(29.42)
Operating netback (C$/barrel)	**$ (21.49)**	**$ 6.95**
Revenue as reported	**$ 176**	**$ 212**
Less: Non-proprietary product revenue	(7)	(8)
Add back: Crown royalties	3	5
Blended bitumen revenue (A)	$ 172	$ 209
Blended bitumen barrels sold (000s) (B)	4,419	3,725
Blended bitumen price realized[1] (C$) (A/B)=D	$ 38.87	$ 55.99
Average exchange rate (C$ per US$1) (C)	1.34	1.33
Blended bitumen price realized (US$/barrel) (D/C)	$ 28.92	$ 42.12

1. Bitumen price realized represents the realized petroleum revenue (blended bitumen sales revenue) net of diluent expense, expressed on a per barrel basis. Blended bitumen sales revenue represents revenue from our share of the heavy crude oil blend known as Fort Hills Reduced Carbon Life Cycle Dilbit Blend (FRB), sold at the Hardisty and U.S. Gulf Coast market hubs. FRB is comprised of bitumen produced from Fort Hills blended with purchased diluent. The cost of blending is affected by the amount of diluent required and the cost of purchasing, transporting and blending the diluent. A portion of diluent expense is effectively recovered in the sales price of the blended product. Diluent expense is also affected by Canadian and U.S. benchmark pricing and changes in the value of the Canadian dollar relative to the U.S. dollar.

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First Quarter 2020 Results

April 21, 2020

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