FINAL TRANSCRIPT

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PRESENTATION

Operator

Welcome to Teck's second quarter 2010 results conference call. At this time all participants are in a listen-only mode. Later we'll conduct a question and answer session. This conference call is being recorded on Wednesday, July 28, 2010. I would like to turn the conference over to Greg Waller, Vice President Investor Relations and Strategic Analysis, please, go ahead.

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

Good morning, everybody and thank you for joining us this morning for Teck's second quarter 2010 earnings conference call. Before we start, I would like to draw your attention to the forward looking information slides on pages two and three of our presentation package. This presentation contains forward looking information regarding our business. Various risks and uncertainties may cause actual risks to vary. Teck does not assume the obligation to update any forward-looking statements. At this point, I'd like to turn the call over to Don Lindsay.

Don Lindsay - *Teck Resources Limited - President and CEO*

Thank you very much, Greg and good morning. Thank you all for joining us. I will start with the review this morning of the results for the quarter and then turn the presentation over to Ron Millos, our Senior Vice President of Finance and CFO, to address some more in-depth financial topics. And I should say, a number of other members of the management team are either on the call or in the room and available to answer your questions. Turning to slide five, there are a number of highlights in the quarter. This quarter was, in fact, a record for second quarter revenues at CAD2.1 billion. Operating profit, before depreciation and amortization, was CAD985 million, and that was up 17% over the previous quarter.

Earnings were CAD260 million and EBITDA for the quarter was CAD844 million. Earnings were impacted by an unusually high tax rate provision for this quarter. But this is largely the result of nonrecurring items. Continuing with slide six, we have established a very strong balance sheet. On our first quarter conference call, we reported that we expected to retire, very shortly, the outstanding balance of the original bank debt taken on for the acquisition of the coal assets. And during the second quarter, we accomplished this, and have now refinanced and repaid $9.8 billion of acquisition debt in just under 18 months. Since we acquired the coal assets from Fording, we have reduced our total debt by CAD7.7 billion. And seems some days it's difficult to recall that this is only a couple of months ago, that this was put behind us. We now have investment grade credit ratings from each of the major rating agencies. And we have produced our net debt, such that net debt to net-debt-plus-equity ratio is better than our targeted range.

In reflecting the strength of the balance sheet, the Board has reinstated a semi-annual dividend, which was declared last quarter and first paid in the beginning of this quarter. And our business fundamentals have improved, with increasing copper and coal production and relatively strong copper and coal prices. We have contracted for the current quarter for a premium blend of coal at $225 a tonne and copper seems to have balanced off its recent lows, to be back over $3.

Turning to slide seven, where it shows our earnings in comparison to last year. We had earnings of CAD260 million, which represents CAD0.44 per share, which compares to a CAD1.17 last year for the same quarter. But, I should note that we had a very large non-cash gain on debt revaluation, due to exchange rate fluctuations in that quarter last year. And some other unusual items, and if excluded, the earnings would be the same, actually, at CAD0.44 per share.

On slide eight, we show our view of the comparative earnings for the quarter, and this has been a relatively clean quarter. We had some small exchange in derivative losses in the quarter, primarily due to the slightly weaker Canadian Dollar. And adjusting for these items, earnings were CAD0.55 per share, for the quarter. We realize that analysts' expectations were slightly higher in earnings for the quarter. But I would like to remind you of the guidance that we provided in our last quarterly report, on issues that need to be considered for that. And you can see on slide nine, we have summarized that guidance that we gave last quarter and the performance relative to the list. We met or exceeded our guidance for every item on the list. We don't give guidance on base metal prices and exchange rates, of course, and the declines in copper and zinc and the Canadian Dollar all had negative implications for our earnings this quarter.

Turning to slide ten, you'll see our operating results for the quarter in our coal business. Production was 40% higher on a year-over-year basis. And sales were almost 30% higher, reflecting the substantial recovery that we have seen in the steel industry. Our production was at an annualized rate of 24 million tonnes. Which is 1 million tonnes higher on an annualized basis from last quarter, as we continue to ramp up production. And we see this continuing for some time to come.

Our Our sales were 6.4 million tonnes for the quarter, which was at the high-end of our guidance. The average realized price of $182 per tonne was consistent with our guidance, in the range of $180 to $185 per tonne. Although the benchmark price was $200 per tonne for the quarter, we continue to deliver some coal, carried over from the 2009 and 2008 coal years, that impacted the overall realized price, as well as the minor amounts of lower quality coal that we do sell. Unit site costs were CAD56 per tonne. Our cost guidance for the year is now in the range of CAD57 per tonne. Unit transportation costs at CAD31 per tonne, were lower than last year and similar to the previous quarter. And that's due to the impact of the reduced rail and port costs.

I do want to take a moment to comment on the selenium issue, because we did put some disclosure in our Q2 release, which I want to make sure is not over-interpreted. Over the past several years, we have conducted investigative work and developed and implemented selenium management plans for all of our coal sites. And most recently, we commissioned an independent panel of world-class experts to review the selenium management and coal operations. This is not a new issue. Teck has been working for years on selenium management. We appointed the panel to advise us on how to raise the bar to best-practice on how to deal with the issue.

We do not expect the selenium hazard plans to impact our target of 28 million tonnes of coal production. And that's a question that we have been asked over the last 24 hours. We expect to implement a range of control measures, as recommended in the report, which have varying costs associated with them. And while we don't have specific cost estimates, these will be developed as part of the detailed implementation plans for each operation. And it's important to note, that the panel's report promotes a sustainability approach to the management of selenium, whereby the environment is protected, communities are healthy and the economy is robust. And as we know more, we will certainly be sharing that with the market.

Turning to the copper business unit on slide 11, overall production of 77,000 tonnes was similar to Q2 last year. The quarterly production does include 7,000 tonnes of production of copper and concentrate from Andacollo, which has not yet reached commercial production. Without this, included copper production was down about 10%, due to expected reductions at Antamina, as we processed lower grade copper ore in the quarter. At Highland Valley, its higher grade ore availability is reduced. And as we continue to strip the next resource area, and Andacollo as a transition from cathode production to concentrate production is underway. Sales Sales volume was up by 30%, compared to Q2 '09, when sales were unusually low then, due to timing of shipping. And the weighted overall cash cost for the quarter were consistent with the previous quarter at about CAD1.10 per pound.

In our zinc business, zinc concentrate production for the quarter was 3% lower than last year. Red Dog's production was lower, due to lower grades in the main pit, as we deplete that resource and prepare for our Aqqaluk core. Antamina's production was slightly higher due to better recovery, as they focus on mine-to-mill optimization. I should note, that even though we show Antamina's share of zinc production in these figures, the financial results of the Antamina are reported in our copper business. Production of refined zinc at Trail for the quarter, was higher than last year, as we had curtailed mill production in 2009. Our Our zinc business contributed CAD90 million in cash operating profit this quarter. One of the key differences versus last year, is that we don't have the benefit of the surplus power sales now, having sold the one-third interest in the Waneta Dam.

I would like to briefly update you on slide 13, on our permitting process at Red Dog. We announced in May that we have commenced the development of the Aqqaluk Deposit, which is key to extending the life of Red Dog dog mine for the next 20 years. The picture on slide 13 shows the first blast, as we commenced the pre-stripping work. Our schedule is for the first order to be delivered to the mill from the Aqqaluk Deposit in Q4 of this year. And it will be the sole source of ore to the mill by 2012. Development of Aqqaluk is proceeding very well. I was up there a couple of weeks ago and it seems to be well underway.

The EPA is continuing with the appeal process for the new water discharge permit. And while the appeal process is underway, we continue to operate and discharge water from the tailings pond under our old water permit. I should emphasize that the quality of the water we discharge is fully protective of the environment. And the EPA is seeking to establish the discharge limits for the new permit at the same levels that we have been discharging at for the past 12 years or so.

I would now like to turn the call over to Ron Millos, to address some of the financial issues.

Ron Millos - *Teck Resources Limited - SVP of Finance and CFO*

Thank you, Don. I'm moving on to slide 15, where we've summarized our changes in cash for the quarter. Our cash flow from operations was CAD675 million in the quarter, which is up about 65% from last quarter. Our working capital change was negative this quarter. Which is not unusual at this time of the year, due to the shipping season at Red Dog. But was a bit larger than normal, due to the semi-annual interest payments that fell within the quarter.

Capital expenditures and investments were CAD169 million for the quarter. And our debt balance was down CAD413 million. After allowing for payments to our partners, and the effect of the exchange rate changes on cash. Our net cash change in the quarter was a decrease of CAD16 million and we ended the quarter with CAD758 million in cash.

Slide 16 show ours final pricing revenues for the second quarter. As we highlight each quarter, pricing adjustments on sales of our various products, can have a significant impact on our revenues. Outstanding provisionally priced receivables at the end of any quarter, are finally priced, based on contractual quotational periods for subsequent periods. Resulting in positive and negative price adjustments. Final pricing adjustments for the second quarter were negative.

On settlements within the quarter, the largest impact was in copper. Where we had 94 million pounds of receivables settled in the quarter at about $0.31 per pound lower than the price at which they were provisionally booked. We also incurred negative adjustments in zinc. For total negative adjustments to revenue of CAD36 million on sales from the previous quarter. We also record pricing adjustments on sales booked during the quarter. And these are marked to market at quarter end. As metal prices declined during the quarter, this reduced revenue by a further CAD47 million on a pre-tax basis. And you should remember when analyzing the impact of price changes on our final pricing, refining and treatment charges and the Canadian to US Dollar exchange rate must be included in your calculations. And in addition, when trying to analyze the impact on our net earnings, you need to consider taxes and royalties.

Turning to slide 17, our debt position at the end of the quarter had been reduced to CAD5.3 billion. During the quarter we paid the outstanding balance of our term loan, as Don mentioned earlier. And since we've completed the acquisition of Fording's coal assets, we have eliminated the CAD9.8 billion of bank debt, two years ahead of its due date. And reduced our total debt by CAD7.7 billion in just over a year and a half. Our Debt to Debt plus Equity ratio is 27%. Factoring in our cash position, our Net Debt to Net Debt plus Equity ratio is 24%.

Moving on to slide 18, the result of our debt reduction program, is that we have re-established our investment grade credit ratings with all of the major rating agencies. During the quarter, S&P revised our rating from BB+ up two notches to BBBstable. Moody's revised our rating in late April, to investment grade, with a positive outlook. And with S&P's and Moody's ratings at investment grade, with stable or better outlook, our debt is now unsecured. And some of the previous restrictive covenants, related to uses of excess cash, coverage ratios, et cetera, have been eliminated.

Turning to slide 19, I'd like to highlight the guidance we have given in our Q2 release for the quarter. Again, you should be aware that seasonality and zinc sales, due to the shipping season at Red Dog and the impact of unit costs due to varying lead sales. We expect coal sales in the range of 5.8 million to 6.2 million tonnes in the quarter. At average realized pricing between $195 and $200 per tonne. This includes the impact of all types of coal sold, expected carryover from the 2009-2008 coal years and expected spot sales. Coal costs for the year are now expected to be in the range of CAD56 per tonne for site cost and CAD33 per tonne for transportation cost. The site cost guidance is about CAD2 per tonne higher now for the year, due to the impact of costs associated with the plant disruption at Greenhills. Copper production will continue to be lower at Highland Valley as we work through the geotechnical issues and at Andacollo as the transition to concentrate production progresses. You should be aware that settlement adjustments are dependent on the direction of prices and need to factor in the effects of treatment and refining charges in the Canadian-U.S. dollar exchange rate. Those are some of the key items to consider as you develop your earnings estimates for the third quarter. With With that I will turn the call back to Don.

Don Lindsay - *Teck Resources Limited - President and CEO*

Thank you, Ron. On slide 21, I would like to give you an update on our Greenhills mine, which suffered an explosion in late June. This picture shows the preparation plant, including the drier building and the exhaust on the right. Raw coal comes in from the conveyor on the left and is washed and dried and exits to the right to a load-out silo that you can't see in this picture. You can see some damage in the middle of the building in the vicinity of the drier. We have used this larger scale photo to show some of the idea of the side of the building and you can see a helicopter in the picture for perspective. This picture was taken on the afternoon of the incident and the helicopter has been mobilized to drop water on brush fire that had been ignited by debris from the explosion. Reconstruction of the building and the damaged equipment is underway and a full rebuild plan is being developed. The length of time get the entire plant fully operational is still a bit uncertain, but it is likely to be a number of months. In the meantime we have done a number of things to mitigate the impact on production. First we started hauling raw coal to the Fording river operation where we had some excess plant capacity. Greenhills and Fording are linked by a haul-road that is only about 10km from the Greenhills mine to the Fording plant. Second, we have activated a bypass system within the Greenhills plant to send washed wet coal directly to the load-out silos. This wet coal is shipped and blended with dry coal from other mines to achieve the moisture specifications needed for shipping. Third, we advanced a planned maintenance shut down we were planning to take this summer anyway. So the time that would have been lost then is being captured in this work and I think that is a pretty important factor. The net effect to this is that we expect to be able to limit the impact on production this year to under 0.5 million tonnes. We will get a more accurate picture of this over the next few months when we complete the development of the full rebuild plans, the schedule and cost estimates. The cost of the rebuild will largely be covered by insurance. On On slide 23, and before we close, I would like to update you on the status of the many development projects that we have underway. At Quebrada Blanca,we expect to complete our advanced engineering studies this quarter and we will likely immediately proceed into a full feasibility study. At [Relincho] the pre-feasibility is underway and it's expected to be complete in mid-2011. Also in copper, the Galore Creek pre-feasibility is expected in Q2 of 2011. In our energy division, we're working on a pre-feasibility study for the Frontier Oil Sands Mine with the possibility of Equinox as a satellite mine to Frontier, and this study is expected to be complete in Q2 of 2011, which will also be marked by filing of a regulatory application. In coal, the feasibility study for the restart of the Quintec coal mine is proceeding and it's expected to be complete in late 2011. So we're going to have a lot of news in 2011 related to those projects. Lots of exciting growth opportunities coming. I look forward to reporting on the developments status of these projects in future quarters. Finally, before I turn it over to questions, we close close the chapter on the required strengthening of the balance sheet and 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 our increasing production for just a nominal amount of capital per tonne of increased production. Our copper production will grow about 40% over the next two years as well. So we're moving forward with several development projects to further enhance shareholder value and generally we have a pretty positive outlook on the next couple of years. With that, I would like to turn it over to questions.

QUESTIONS AND ANSWERS

Operator

Thank you, Mr. Lindsay. (Operator Instructions) Thank you for your patience. And the first question is from Orest Wowkodaw, from Canaccord Genuity. Please go ahead.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Hello, good morning. A couple of questions, you're guiding for a pretty hefty-discount on your coal-price realization in Q3, bigger than normal. I'm wondering, is that a function of carry-over tonnage or just higher percentage of lower quality coal in the mix, and do you expect that to carry-forward that kind of discount into Q4 and into next year?

Ron Millos - *Teck Resources Limited - SVP of Finance and CFO*

I'll turn that over to Bob Bell.

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Good morning, Orest. As Ron mentioned, it's actually a function of several factors. It is a fact that we're shipping more of the lower-quality coals in the Q3 than we did in Q2. It's also a function of some of the remaining pricing from prior years, and also the spot-market pricing that we're anticipating. So, all of that is factored in. Into the fourth quarter, it's probably too early to speculate, but I don't think we'd see any more of the lower-quality coals than we have in Q3, and we'll just have to wait to see how production goes.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Do you still expect carry-over tonnage to impact Q4, or have we seen the last of that?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

It'll be minimal in Q4.

Orest Wowkodaw - *Canaccord Adams - Analyst*

At Andacollo, when you expect commercial-production there, and I think, late last year you were looking for production of 60,000 tonnes of copper. Based on the ramp-up, it looks like it's going to be below that number. I'm just wondering where you see that number coming in?

(audio difficulties)

Operator

Thank you, the next question is from Haytham Hodaly, Salman Partners. Please go ahead.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

Thank you, operator. Moving to a question just for Ron Millos. Ron your total debt levels at the end of the second quarter we about CAD 5.33 billion, what are you looking at that being roughly by the end of this year?

Ron Millos - *Teck Resources Limited - SVP of Finance and CFO*

There is no substantive repayments left with the debt this year. The next payment is 2012, when the notes come due. So, other than small repayments related to some of the capital lease-obligations and changes due to foreign exchange fluctuations, there will be no substantive changes to the debt level.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

So, that is what I thought, that's a reasonable number. Secondly, just a follow-up on the coal side of the last question. Could you give us an idea, and I know you did this in the first quarter, of how much carry-over tonnage is left from the 2008 coal year and 2009 coal year? Are you still getting the same pricing? Is there any push-back on the pricing?

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

Haytham, this is Greg Waller. What we've decided to do, given there was a lot of confusion in the past, regarding people trying to do the math on the amount of carry-over tonnage from the various years with the new quarterly contract pricing, and that sort of thing. We've gone away from given guidance on the amount of carry-over and we're just giving specific guidance on expected realized price for the quarter, rather than forcing people to have to do the math, and in many cases they were getting it wrong. So, we're just giving you guidance on pricing going forward now.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

So, that pricing guidance that you give for the third quarter/full-year, that's a fairly accurate number and fairly sure will you fall into that range?

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

We gave guidance for Q2, between CAD180 CAD185 a tonne, and came in CAD182.50, right smack in the middle of that guidance. We're now giving guidance for Q3 between CAD195 and CAD200, and that's the best estimate for that number for Q3, at this point.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

Okay, fair enough. Thank you.

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

Operator, we would like to go back to that previous question from Orest Wowkodaw. Don Lindsay, who was calling-in for this call this morning, must have got cut-off. And it appear as thought we didn't get a chance to respond to that question. We'd like to respond to that. So, Orest, your question on production at Andacollo. We are expecting commercial production by the end of the year still. The plant is still in ramp-up. We have had some very good results recently, in terms of achieving daily through-put. The target there is 55,000 tonnes a day. We've had some days where we have been over 40,000 tonnes just recently, and it's progressing -- there's always issues of some sort, as you are ramping-up a new plant. It's going, pretty much, according to our schedule and we expect to be able to declare commercial production likely sometime in Q3.

Don Lindsay - *Teck Resources Limited - President and CEO*

Thank you, Greg. And just a little bit more color. One of the key de-bottling issues is installing these large electromagnets, and that is basically happening as we speak, so we think that will make a big differentiation in the coming weeks; and the past week was with one of the best weeks yet.

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

Nathan, did you have a question there?

Operator

Thank you. The next question is from Dave Katz from JPMorgan. Please, go ahead.

Dave Katz - *JPMorgan - Analyst*

I wanted to congratulate you guys, on the tremendous amount of balance sheet improvement you have done, but I did have a question about that. Would it be possible to take the proceeds that you've received from some of the equity-issuances that you've done, and use those to do a claw-back on the bonds, and would that be something that you'd consider?

Don Lindsay - *Teck Resources Limited - President and CEO*

We are well aware of that option, and it's the kind of thing we couldn't really comment on. We are in receipt of several different proposals related to the bonds outstanding and different ways to modify our maturity schedule, and that sort of thing. We continue to review it and we can't give much more feedback than that.

Dave Katz - *JPMorgan - Analyst*

Okay. Thank you.

Operator

Thank you. The next question is from Greg Barnes, from TD Newcrest. Please, go ahead.

Greg Barnes - *TD Newcrest - Analyst*

Bob Bell, I was wondering if you could give us some kind of view on where the current-coal market sits right now? There seems to be a lot of noise.

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

I'll give Don Lindsay a chance to offer his comments, but if he sends it back, I will offer mine as well.

Don Lindsay - *Teck Resources Limited - President and CEO*

I guess there is short-term and long-term answer to the question. Short-term, there is no question that the market is softer and spot prices have declined from as high as CAD240 to as low as CAD188, and back up CAD5 or CAD6. The spot prices are always kind of a funny indicator, because you don't really know what the quality of the shipment that they are using is and how to compare that to the coal that we actually sell. Generally, they are of a lower-quality blend than the bulk of our product. It's kind of an indication of where the market is. Although, more recently there has been so little spot business, almost none, that it's, again, hard to get indication. So, short-term, the key customers have slowed down their purchasing on the spot market, but they haven't changed anything related to the contracts that we have, and not a single ship has been rescheduled or not arrived, according to the schedule. So, I keep watching that very closely, it's sort of our best-indicator. There has been no change to any shipping schedule from any of our customers.

Although, rumors that others may have been affected that way. We haven't seen any, and we watch it closely. It doesn't mean it won't come in the future, but we haven't seen that so far. I do is think that the bulk of the tightening, if you like, in China and sort of a weakness in the markets we have seen since the middle of the April, is probably behind us. And with the growth figures on the big swing market, which is China, for GDP at over 10% and industrial production at over 14%, are still very, very substantial and remembering the law of large numbers, that their economies are that much bigger each year. So, it's having a big impact. I've also noted that the coke and coal imports into China remain at high-levels, 3.6 million tonnes for June. So, the first half of that year is well over 20 million tonnes. There are people calling for it, to decline in the second half of the year. They have been calling for it to decline for some time, and one of the reasons it might is because the sales from some of the major producers, like ourselves, are being devoted more to the long-term customers. For example, our mix, which was about 70% Asian 2009, that was unusual. It will be less this year as we sell is more to European customers, and elsewhere. And, so, that means there is less available for the spot market. So, you have to kind of look at the coal imports and the China number from that basis, too, to see where did all the coal go.

In general, over two to three-year period we see the market quite tight. We are increasing production, and we can do quite a bit of it this year, and hopefully, another 2 million tonnes each of the next two years. But in the grand scheme of things, that is not that much and the new projects that are coming on still are a fair ways away in terms of ramping-up to major tonnage. So, we still see the outlook as being pretty positive for the next two or three years, and frankly, we think that the fourth quarter price will be very solid, too. Bob, that is my overview. How about any other comment from yourself?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

The only tiny comment I can add to your very thorough response Don, is just in the last few days we're starting to see the price of steel products in China turn around; and this period last year we also saw it got fairly quiet in the spot markets, as you noted, we have seen this year. So, right now, it's kind of early to say this is going to be anything other than a fairly short-term phenomenon.

Greg Barnes - *TD Newcrest - Analyst*

Thank you very much.

Operator

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

John Hughes - *Desjardins Securities - Analyst*

Thank you, operator. Just a couple of questions that number related. Ron, I worked a tax rate of around 44% for the quarter. 43%-44%. What should we be using going forward? Has that been impacted by the revaluation on the debt side? What is happening?

Don Lindsay - *Teck Resources Limited - President and CEO*

Probably on a go-forward basis, assuming there is no unusual items, the tax rate would be about 35%. That is sort of a weighted average, blended. Of the course it varies, depending on which jurisdiction provides the contributions to earnings. The unusual rate in this quarter, was the revaluation of the debt and some of the derivatives, imbedded derivatives, that we have, which were negative and those are not tax deductible. So, that pulls the rate up. Sort of all in a normal environment, relatively-normal distribution of profits among the various jurisdictions, 35% is order of magnitude. Of course, we'll never get there, because there are always unusual items.

John Hughes - *Desjardins Securities - Analyst*

I hear you. That is good. I had a question, as well, just on the zinc concentrate side at Red Dog on inventory. Can you give us a sort of tonnage -- indicated inventory on tonnage of the zinc [inaudible] today?

Don Lindsay - *Teck Resources Limited - President and CEO*

John, you asked what is the inventory at Red Dog or the shipment?

John Hughes - *Desjardins Securities - Analyst*

Yes, the inventory level.

Don Lindsay - *Teck Resources Limited - President and CEO*

We just commenced shipments a few weeks ago, our eighth vessel is leaving today, so we're at 27% of forecast shipments as of today. So, we're well on our way on shipping program, and our expectations are to ship just over 1 million tonnes of zinc concentrate, and just over 200,000 tonnes of lead concentrates.

John Hughes - *Desjardins Securities - Analyst*

So, are you full now, I mean, at the port?

Don Lindsay - *Teck Resources Limited - President and CEO*

Well, the shipping season started. So, we're drawing-down those inventories at the port site, as we speak. So, vessels are moving, going to the market right now. So, the inventories at the mine are being pulled down.

John Hughes - *Desjardins Securities - Analyst*

And did you have a zinc inventory today, or is changing on a ship by ship basis?

Don Lindsay - *Teck Resources Limited - President and CEO*

It changes -- The production is going from the mine to the port site and vessels are coming on daily, weather permitting.

John Hughes - *Desjardins Securities - Analyst*

Yes, that's great. Bob, a quick one on the coal side. Is there a targeted sales number into China, for this year?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

It's more that we're wanting to make sure that we sell cargos to the strategic buyers that we have been focused on over the last year and a half, or so, and it's really a matter of making sure when they are ready to take a trial-cargo or they are ready to start to take the cargoes on a regular basis, we're ready to supply it, and we'll probably do 10% to 12% of our sales into China this year. As you say, it's focused on making sure that we take advantage of those strategic opportunities to build our book in China.

John Hughes - *Desjardins Securities - Analyst*

Great, thank you very much. One last quick question on Aqqaluk, I note in the quarter that the mining began in May or June, formally, I'm just wondering on timing of ore-release, I would assume there is a lot of pre-strip. Is the ore released in the fourth quarter at some point?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Yes. Short answer is yes. As we have said in the presentation, the first order from Aqqaluk into the mill will be in the fourth quarter, and that will transition to it being the sole source of feed by 2012.

John Hughes - *Desjardins Securities - Analyst*

Thank you very much. That is it for me.

Operator

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

Kerry Smith - *Hayward Securities Inc. - Analyst*

Thank you, operator. Greg, how long will it take to repair the plant at Greenhills - the dryer at Greenhills -- once you actually know what you have to do? Just roughly.

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

I'm going to turn this over to Don, if you want to provide some preliminary comments. We did say in our presentation, it will be a number of months. We haven't got the schedule fully detailed yet, but Bill Flemming is available to respond to this as well.

Don Lindsay - *Teck Resources Limited - President and CEO*

I think it's best that Bill Flemming and Tim Watson give their guidance. The short answer is, that we don't know in detail yet, so we're being very cautious about what we say, until the studies are finished. Bill and Tim, to you want to add something on that?

Bill Flemming - *Teck Resources Limited*

It's Bill Fleming here, Kerry. The issue is, that we know what we need to do. We want to look for quotes on the various components that need to be rebuilt or fabricated, and we expect to have that information back in the next week to two week and until we get that, we won't have a good sense of when the timing comes. We are at this point, feeling somewhat comfortable that we'll be up early in the fourth quarter. Although, we really have to wait a couple of weeks to be sure.

Kerry Smith - *Hayward Securities Inc. - Analyst*

Okay. That is helpful. And secondly, Don, could you take me through, in general terms, how the dynamics works for the negotiation and now that you have for your quarterly coal contracts? Is it a two-week negotiation that starts in the middle of the quarter, preceding the quarter you are negotiating on? How does that dynamic work? And what sort of targeted level of contract sales are you thinking about on a go-forward basis as a percent of total sales.

Don Lindsay - *Teck Resources Limited - President and CEO*

In general, with our core-customers, we kind of have a letter of understanding on what the volume for the year will be and the prices being reset quarterly does happen quite quickly, but I would like to turn it over to Bob Bell for more detail.

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Yes, it's the last couple of quarters, we tend to be well into the discussions by about 30 days prior to the end of the previous quarter. There is no set pattern, but that is what we targeted to do. In terms of contract versus development customers, we're really focused at something 10% to 15%, where we're reserving tonnes for strategic development business. But, that will change as we assess our book going forward. That is more or less where we're focused as we began the coal year.

Kerry Smith - *Hayward Securities Inc. - Analyst*

So, you are suggesting a 80% committed on these quarterly contracts, and then call it 10% to 20% for spot?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

At the moment, though, we would be more like 90% for this year, but -- we had about 85% is what we expect it to have under sort of traditional contracts with letters of intent, as Don mentioned. And then 15%, as available for opportunities.

Kerry Smith - *Hayward Securities Inc. - Analyst*

Right. Okay. And then as Don sort of commented, the negotiations on a quarterly basis tend to happen pretty quickly, because it's really on price. You don't have to worry about volume or anything else?

Don Lindsay - *Teck Resources Limited - President and CEO*

That is right. And as I mentioned, about a month beforehand, we make sure that we're out visiting our customers, and this last quarter it happened very quickly.

Kerry Smith - *Hayward Securities Inc. - Analyst*

Okay. That is helpful. Thanks a lot.

Operator

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

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

Hi, good morning everyone. Questions with regards to the coal business. In terms of your guidance, can you give us an idea what the percentage of hard-coking coal you have in that? And then, I believe you alluded to the fact that you expect that mix to improve to hard-coking coal in the future?

Don Lindsay - *Teck Resources Limited - President and CEO*

Of course, we have different grades of hard-coking coal, but about 90% is typically hard-coking coal, and in Q3 it's going to be a little less than that. We actually have a higher proportion of thermal product in Q3. When we get back into Q4, I wouldn't see it going less than what we had in Q3. I wouldn't see any more higher proportion than Q4, but more likely we'll be back towards the 90% as hard-coking coal. But, even in the hard-coking coal there are different -- there's a mix of qualities, we have right from the top quality in Q3 generally got the CAD225 price, but we also have some slightly lesser qualities that are hard-coking coal from a tactical point of view.

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

If you were to just exclude those higher volatility would that number be pushed down to 80% or 85%?

Don Lindsay - *Teck Resources Limited - President and CEO*

It would be more like 80%.

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

80 %. Okay, that helps. Thanks, and my second question on the selenium management, in your press release, you say that the cause of the selenium management could be material. I was wondering if you could give us an idea what that would do to your cost of operations? I believe, Don, you mentioned that there won't be any affect on the 28 million tonnes, but I was also wondering if the expansion in Quintette, would the CapEx be affected? In past you guys have been talking about expansion capital in Quintette CAD150 a tonne, and I was wondering if you could give us an idea what that selenium management would could to CapEx?

Don Lindsay - *Teck Resources Limited - President and CEO*

We're right in the mill of that, now, so it's difficult to answer with any specific numbers, but let me turn it over to Bill Fleming to give any additional color you can.

Bill Flemming - *Teck Resources Limited*

I guess on Quintette, we would not expect any change in the capital cost. That is my estimate at this point. And as far as materiality, it's a difficult thing to say what is material. We expect we're going to have to do some things with our management, perhaps the way we build our waste-wells and, at the extreme, perhaps build water treatment plants. So, depending on where the studies come out, we'll have a better sense of the costs of the it's difficult to say, if material or how material when we bet to that point.

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

In terms of the current operations, would you define "materiality" as 5% of revenue in the operations? Like accountants do?

Bill Flemming - *Teck Resources Limited*

It really roughly, but we expect this issue to be something we have to deal with on an ongoing basis over decades, and if we talked -- And I'm just throwing out a number -- CAD0.50 a tonne, then CAD10 million a year would add up to perhaps CAD300 million over 30 years. So, I don't expect it to be 5% of revenue.

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

Okay.

Don Lindsay - *Teck Resources Limited - President and CEO*

To put it in contest, obviously, swings in exchange rates are far, far more material than what Bill just described.

Oscar Cabrera - *BofA Merrill Lynch - Analyst*

Okay. That is helpful. Thank you very much.

Operator

Thank you. The next question is from Meredith Bandy from BMO Capital Markets. Please, go ahead. Miss Bandy, your line is now open.

Meredith Bandy - *BMO Capital Markets - Analyst*

Sorry, gentleman. So, my first question is on the zinc market. It appears, in some respects, to be in surplus. I was wondering if you could comment on your near-term outlook for zinc?

Bill Flemming - *Teck Resources Limited*

Andrew?

Andrew Stonkus - *Teck Resources Limited - VP, Base Metals Marketing*

Yes, Meredith. It's Andrew Stonkus. The zinc market, as you point out, is in a surplus situation today, but we're seeing inventories, basically, stop increasing. We had increases in inventories earlier this year that seem to be stabilizing. What we're seeing in the North American marketplace is a little bit of seasonal softness from our major customers, but we see that as a seasonal issue. We're expecting the We are expecting the growth of the profile to continue to pickup in the months ahead, as we get to the summer months, but the Chinese continue to import both concentrates and metals. So, there will be a surplus of metal and next year we, also, may expect a surplus of metal production. But, the concentrate deficit overall will eventually work its way through the system and metal production will be impacted by lack of concentrates.

Meredith Bandy - *BMO Capital Markets - Analyst*

Okay. Thanks. And then a second point, you mentioned about the pre-feasibility and when you are expecting some of those projects to come up. The Relincho and Galore Creek, the pre-feasibility studies seem to come at a similar time. Would you rank one over the other or would you go for both, or how would you think about that?

Don Lindsay - *Teck Resources Limited - President and CEO*

Good question. To this point, we have always ranked the project ahead of -- There are a number of reasons for that. Just the timing of when the current operation would be depleted. The first five years of operation in the QB Hypogene project are very exciting. There is a dome of mineralization that will be exposed. There is a zero-strip ratio, that is significantly higher grade than what we mine, for example, in Highland Valley and high moly grade and it looks like it would be a very exciting start to a long-life operation. Relincho is the lower-grade operation, but it has the advantage of being an easier project to execute, to build. It's lower elevation, closer to the port, easier terrain. A bunch of advantages.

So, we actually have a bit of an internal debate between our project people, as to which one should go first. In the Company overall I think QB is probably the most logical, but given the strong cash-flows that we have, and relatively low CapEx for the next couple of years, or declining Ca Ex, we may build up a decent cash-balance; and that could give us the financial flexibility to consider doing both. It becomes a people challenge. You want to have the right skills totally focused on the project, to ensure clean execution. But, we will be look alt these. There's clearly not a clear answer to your question, but it raises kind of an exciting issue for us. That's probably all I can say now.

Meredith Bandy - *BMO Capital Markets - Analyst*

Okay, thank you.

Operator

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

Orest Wowkodaw - *Canaccord Adams - Analyst*

Hello, thanks for taking my call. Just a couple of financial questions, for Ron. So, just at Andacollo, when do we expect that to flow-through the statements? Is that a Q3, or is that a 2011 event?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

It would be when we achieve commercial production, and our guidance as we expect to be there in the fourth quarter, of this year.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Okay. On the administrative costs, they were way down this quarter at CAD15 million, and you have been averaging something close though CAD50 million, for the last year or two. Is this a sustainable run rate, or is there something that is a credit in this current quarter?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Our stock-based compensation is in there. So, the options and the DSUs and RSUs with the decline in the share price during the quarter, that is a recovery.

Orest Wowkodaw - *Canaccord Adams - Analyst*

What do you see as a good run rate per quarter, without any movement in your share price?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

That would be in the order of roughly CAD20 million or so.

Orest Wowkodaw - *Canaccord Adams - Analyst*

So, still considerably below where it has been the last year?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

No, not really, I think it would be similar to prior years.

Don Lindsay - *Teck Resources Limited - President and CEO*

If you looked in the last year, you would have the positive effect of share pricing increases on stock-based compensation so that's what would take it in some quarters much higher.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Then, finally, on your tax shield from the Fording acquisition. I would have expect a sort of higher feature income tax asset to show up on the cash-flow statement each quarter, just based on the amount of money you are making from the coal assets. Can you just walk us through how you are recognizing that shield?

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

The shield is on the books when we did the acquisition of Fording. So it doesn't affect your tax rate on the net income state.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Right.

Greg Waller - *Teck Resources Limited - VP of IR and Strategic Analysis*

It does affect the cash taxes that we pay. So, what you don't see, had we not had that shield, the taxes we would be paying would be much higher.

Orest Wowkodaw - *Canaccord Adams - Analyst*

For instance, in the current quarter, you know, you are booking CAD200 million on the income statement, but you're only shielding CAD40 million on the cash-flow.

John Gingell - *Teck Resources Limited - Controller*

This is John Gingell, the controller. The other factor is that we pay minimal taxes in Canada, which are cash taxes. A lot of our taxes are in foreign jurisdictions, where we're not shielded.

Orest Wowkodaw - *Canaccord Adams - Analyst*

Okay. Still seems like a pretty big difference to me. Thank you very much.

John Gingell - *Teck Resources Limited - Controller*

There are a lot of factors that go into that and some positives and negatives in each quarter.

Operator

Thank you, once again please press star 1 at this time if you have a question. And next question is from Sal Tharani from Goldman Sachs. Please go ahead.

Sal Tharani - *Goldman Sachs*

Thank you. Can you give us an idea about the bypass system you have for the coal. When do you think you will be running into the problem of weather where you may not be able to ship it? And, would you be able to increase your dry-ore shipment at that time to compensate for that.

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Bill Fleming.

Bill Flemming - *Teck Resources Limited*

Hi there. The bypass system works very well in the warm weather here at [inaudible]. We expect we'll be good through most of September, and then it's really the function of the onset of cold weather/cold snap. So, it's really a wait-and-see and when we get the drier back up. So, far we have been very pleased with the way the bypass system has worked.

Sal Tharani - *Goldman Sachs*

And if it goes beyond it, do you have in place -- Are you putting in place a system to ship more dry ore to Fording?

Bill Flemming - *Teck Resources Limited*

There is only -- We're trying to take advantage of the capacity that Fording river has. So, we're supplementing their feed to their own plant and dryer. So, we didn't go higher than that, but we would take advantage of whatever we could.

Sal Tharani - *Goldman Sachs*

Okay. Don, I have a question. You have, in the past, some slides where you show all the Chinese steel mills, new mills, which are being developed on the coastal region of China. And expectations are, that they will depend on the coking market, which makes sense. Some of these one which may have already come up. Have you seen any change in their purchasing habit for the coking? How are you doing with these furnaces which are starting to come up? Least one or two have already come up in the last year.

Don Lindsay - *Teck Resources Limited - President and CEO*

I don't think anything has changed from the story that we put in different slides in the presentation a year or more ago. They are all at different stages. I've visited one that was already up and running for phase one. They to have three phases, so you have to look at each of these projects, and see what phase they are at. Alt different times they slow down or get delayed, and next thing you know, they have accelerated again. And I probably asked Bob Bell to comment on what blend they are purchasing. But clearly, they're all being deliberately built on the coast so that they can access both sea-born coking coal and iron-ore, just because the logistics makes sense not to have to trans-ship and so-on. I don't know whether they take some percentage from domestic coal. Bob, do you have any comment?

Bob Bell - *Teck Resources Limited - Chief Commercial Officer*

Sure. They are taking a mix of domestic and seaborne, and right now because of the pricing differentiable between the two, the emphasis is on the domestic. We have actually made sales to the new blast furnaces, and we certainly see their buying apparent will definitely include seaborne imports of coking coal. So, it's really as we had expected and we're seeing our sales to these very Mills.

Sal Tharani - *Goldman Sachs*

Great. Thank you very much.

Operator

Thank you. The next question is from Haytham Hodaly from Salman Partners. Please go ahead.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

Thank you operator. Just a follow-up question. Again for Ron on the depth, is there any plans to re-pay any of the Antamina facilities than is currently allocated.

Ron Millos - *Teck Resources Limited - SVP of Finance and CFO*

Not at this stage, no.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

So, there is effectively no additional debt repayments you could make throughout the remainder of this year?

Ron Millos - *Teck Resources Limited - SVP of Finance and CFO*

No, nothing that is mandatory, no.

Haytham Hodaly - *Salman Partners, Inc. - Analyst*

Perfect. Thank you.

Operator

Thank you, the next question is from Brett Levy, Jeffries & Company. Please, go ahead. Mr. Levy, your line is open. I'm sorry, we'll go to the next question. The next quick is from David Newhouser from Livermore Partners.

David Newhouser - *Livermore Partners*

Good morning, gentlemen. My question is more back on China with the growth-profile, where we have seen a sharp decrease in the price of iron ore in last several months. Just trying to get a flavor as far as where you see sort of a normalized price for iron ore at this point, if the belief is that we'll see further weakness or we'll start to see moment back up to the highs that we saw earlier in the year.

Don Lindsay - *Teck Resources Limited - President and CEO*

Well David, as you know, we're not in the iron ore business, so we hesitate to comment on pricing for iron ore. What I would say is, that relative to the steel business, we have seen a turn, just in the last week, of the pricing for HRC up 6% or something on quick-turn. And, that tends to eventual flow through to both coking coal and iron ore. One week doesn't drive things. You need to see a more sustainable trends. There are a number of reports out there saying that the correction, if you like or the worst of the correction, is behind us and that the thing has found a base and started to turn up, but we'll have to wait and see.

David Newhouser - *Livermore Partners*

Yes, I guess my question is really do you think we're going to see some normalization from this price point, regarding coking coal and ore and steel? Is the idea that we'll kind of see further growth as further grows -- Meaning is there a tightness still in supply?

Don Lindsay - *Teck Resources Limited - President and CEO*

We think in coking coal, it's still relatively tight. The volumes that we're talking about, when things increase, it doesn't take much of an increase for this to be nothing available. And China is still growing at 10% plus per year and even if they managed to cool thing down to 8%. 8% on the larger basis is still a big number. They have told us directly that they are accelerating urbanization in the tier-three and tier-four cities, and they tend to always exceed their plans.

So, we remain pretty optimistic over the next two to three years that the market in coking coal, our expertise is going to stay pretty tight. There is always going to be ups and downs and slower periods, and that sort of thing, and I think we have just been going through one since late middle of April. If you go back to root cause, the fact that China's GPD was growing at 11.9%, caused the government to tighten, and tighten fairly quickly. In the long-run, we think that's a good thing, that they are managing their economy quite well and that will allow them to avoid some of the overheating that causes so much trouble. So, that is our view.

David Newhouser - *Livermore Partners*

And follow-up just in terms of the balance sheet. Obviously, your balance sheet is much stronger. You are back to investment grade. You have your net debt-to-cap much lower at this point. What is the idea as far as moving forward? Are you looking to build cash and further strengthen the balance sheet? Focusing still more on the conservative nature of organic growth? Or is there potential, and again, depending on valuation, is there potential for another dynamic accusation at some point?

Don Lindsay - *Teck Resources Limited - President and CEO*

We have such material internal grow right now in our copper and coal business, that there would have to be something pretty compelling, for us to sort of go elsewhere for additional growth. At some stage you have to ask yourself the question, how much growth do you need? And we have 40% in copper in the next two years and 50% in coal over a three or four-year period that. That's pretty good relative to our competitors. Then longer term, down the road, additional growth in all sense projects. That doesn't mean that we don't look. We look at a lot of things and people are showing us a lot of opportunities, but at this point, nothing has been compelling. So, we haven't made any moves. So, that would suggested that we're going to build up quite a bit of cash in the next couple of years, unless something does come along.

David Newhouser - *Livermore Partners*

Sounds good. And, also, I wanted to see if you guys could give us an update on the Fort Hills project, where you're at there.

Don Lindsay - *Teck Resources Limited - President and CEO*

That is in SunCor's hands, they're 60% owner and operator, and, as they publicly announced, they're doing a study on how it best fits with their other projects, and we won't hear on that until the fourth quarter. We are just delighted to have Suncor as a partner and looks like going forward to Fort Hills as a partner as well. So the Fort Hills project is a very good project for the future.

David Newhouser - *Livermore Partners*

So, the Fort Hills project is a very good project for the future. My last question, we see the strength and growth, what are some of the major challenges that are keeping you up at night at this point?

Don Lindsay - *Teck Resources Limited - President and CEO*

There is a range of things, just operationally, that is quite interesting how difficult it is from the permitting point of view, or just to keep day-to-day production at maximum levels is pretty tough for the whole industry. And so I often think that people underestimate how difficult it will be for the industry to meet the demand that is going to come, if China and India and other emerging markets keep growing and improving their lifestyle, using commodities as much as they are. In a sense, it keeps me up, because it's a positive thing for us, but it's difficult to meet production targets. I think everyone has experienced shortfalls at some point for something, or other. Economically, there are a lot of different things you could worry about, and every now and then, the world moves into a phase it just wants to worry and it can pick anything from European contagion to housing in US, to China tightening, to resource taxes in Australia. There is a whole long list of thing if you want to worry, that you could choose to worry about. But, eventually the world always fixes itself and things move on. So, I think we have gone through kind of a corrective phase. It looks like it might bottom-out, but you never know. So, we'll see.

David Newhouser - *Livermore Partners*

All right. I appreciate the insight. I appreciate it, Don. Thank you.

Operator

Thank you. There are no further questions registered at this time of the I would like it turn the meeting back over to Mr. Lindsay.

Don Lindsay - *Teck Resources Limited - President and CEO*

Okay. With that, thank you very much, all, for attending. To summarize, we think it ways relatively clean quarter. We look forward to the next quarter with increased coal price, and copper seems to have come back over CAD3 and getting closer, and closer, and look forward to speaking to you all in October. Thank you very much.

Operator

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