



# 3rd Quarter 2009

Investor Conference Call and Webcast

October 29, 2009

# Forward Looking Information



Both these slides and the accompanying oral presentation contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario). Forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variation of such words and phrases or state that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include estimates, forecasts, and statements as to management’s expectations with respect to, among other things, our future earnings and cash flow, our plans to repay our outstanding indebtedness and our leverage ratio, our planned sales of assets, our intentions regarding securing an investment grade credit rating, expected progress and costs of our Andacollo concentrate project and other growth projects, the sensitivity of our earnings to changes in commodity prices and exchange rates, the potential impact of transportation and other potential production disruptions, the impact of currency exchange rates, future trends for the company, progress in development of mineral properties, future production and sales volumes, capital expenditures and mine production costs, demand and market outlook for commodities, future commodity prices and treatment and refining charges, the settlement of coal contracts with customers, and the outcome of mine permitting currently underway.

# Forward Looking Information



These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially. These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, the supply and demand for, inventories of, and the level and volatility of prices of zinc, copper, coal and gold and other primary metals and minerals produced by Teck as well as oil, natural gas and petroleum products, the timing of receipt of regulatory and governmental approvals for Teck's development projects and other operations, the availability of financing for Teck's development projects on reasonable terms, Teck's costs of production and production and productivity levels, as well as those of its competitors, power prices, market competition, the accuracy of Teck's reserve estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, tax benefits, the resolution of environmental and other proceedings, our ongoing relations with our employees and partners and joint venturers, performance by customers and counterparties of their contractual obligations, and the future operational and financial performance of the company generally.

The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially. Factors that may cause actual results to vary include, but are not limited to: adverse developments in business and economic conditions in the principal markets for Teck's products, in credit markets, or in the supply, demand, and prices for metals and other commodities to be produced, changes in interest and currency exchange rates, failure of customers or counterparties to perform their contractual obligations, inaccurate geological or metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), changes in taxation regimes, legal disputes or unanticipated outcomes of legal proceedings, 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 permits or government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), political risk, social unrest, lack of available financing for Teck or its partners or co-venturers, and changes in general economic conditions or conditions in the financial markets.

Certain of these risks are described in more detail in the annual information form of the company available at [www.sedar.com](http://www.sedar.com) and in public filings with the SEC. The company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

# Q3 Investor Conference Call



- *Speakers*

**Don Lindsay**

**President & CEO**

Ron Millos

SVP Finance & CFO

# 3rd Quarter 2009 Highlights



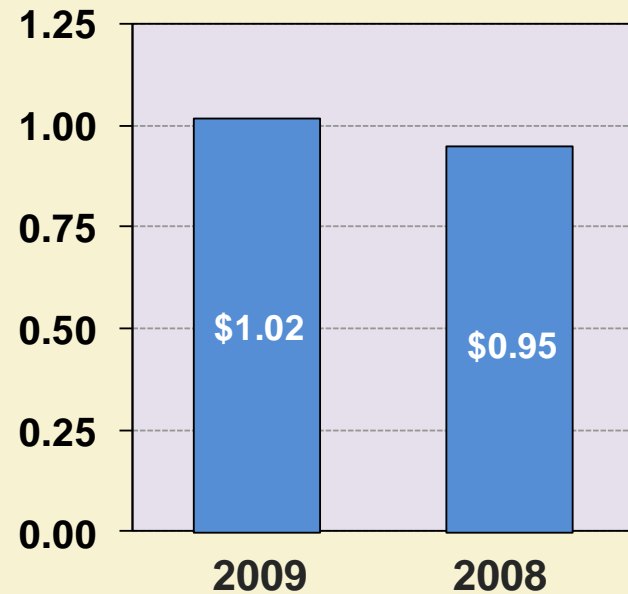
- Revenues \$2,131 million
  - Record Quarter
- Operating Profit before D&A \$969 million
  - Highest since Q3 2007 record results
- Net Earnings \$609 million
  - 3<sup>rd</sup> Highest Ever
- Acquisition Debt reduced to US\$2.7 billion
  - Original amount US\$9.8 billion

# 3rd Quarter 2009 Earnings\*



	<u>Q3</u> <u>2009</u>	<u>Q3</u> <u>2008</u>	<u>Q2</u> <u>2009</u>
<b>Net Earnings*</b> (\$millions)	\$583	\$427	\$523
<b>EPS</b>	\$1.02	\$0.95	\$1.07

Q3 Earnings per Share (C\$)



\*Net Earnings from Continuing Operations

\*\*Restated to account for Pogo and Hemlo as discontinued operations

# Comparative Earnings



(\$ millions, net of taxes)

## Earnings as Reported

(Earnings) loss from discontinued Ops

Derivative (gains) losses

Asset Sales & Other

F/X Gains

Debt Refinancing & Impairment Charges

Tax Items & Other

## Adjusted Net Earnings

EPS Fully Diluted

Pricing Adjustments

Comparative Net Earnings

	<u>Q3 '09</u>	<u>Q3 '08</u>	<u>Q2 '09</u>
	<b>\$609</b>	<b>\$424</b>	<b>\$570</b>
	(26)	3	(49)
	(16)	(15)	31
	(3)	(9)	(13)
	(311)	-	(413)
	84	-	87
	-	-	-
	<b>337</b>	<b>403</b>	<b>213</b>
	<b>\$0.59</b>	<b>\$0.90</b>	<b>\$0.44</b>
	(67)	126	(36)
	<b>\$270</b>	<b>\$529</b>	<b>\$177</b>

# Quarterly Average Prices

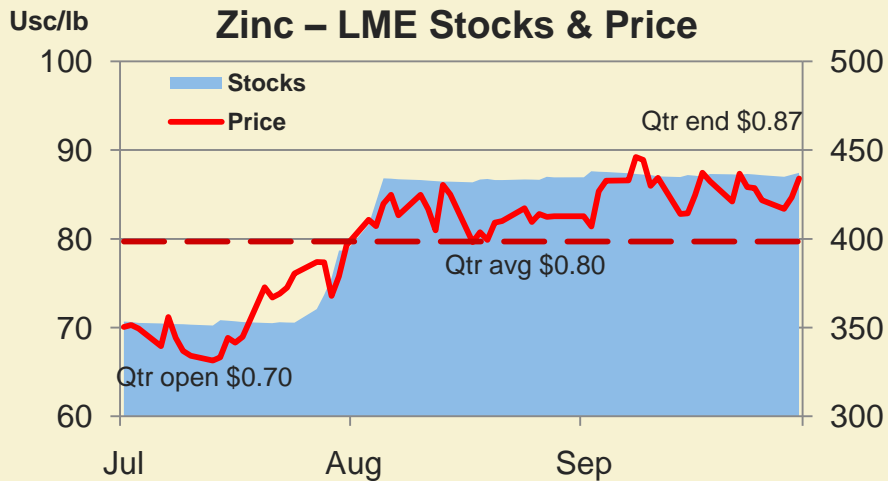
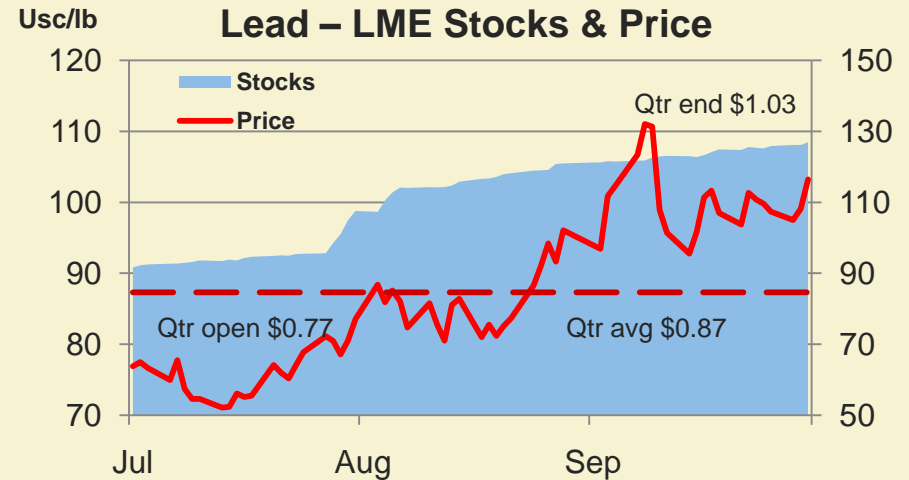
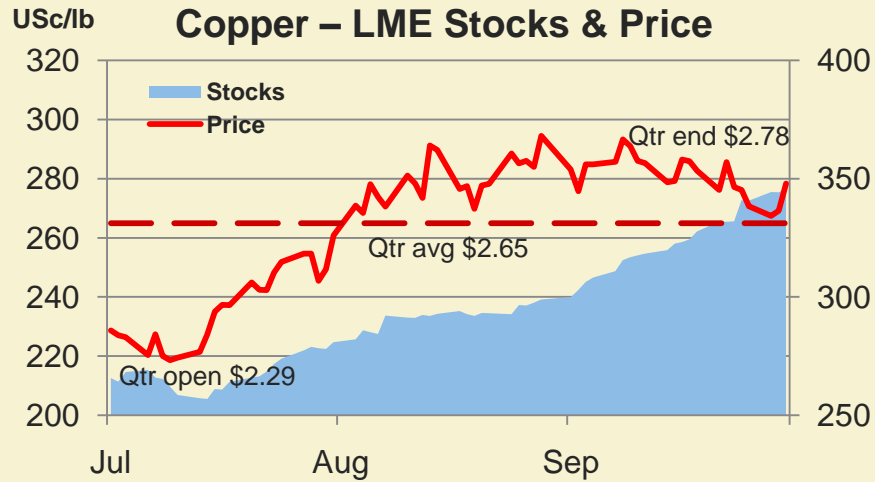


	US\$		CDN\$		
	Q3 '09	Q3 '08	Q3 '09	Q3 '08	
<b>Copper (\$/lb)</b>	<b>\$2.65</b>	\$3.48	<b>\$2.92</b>	\$3.62	- 19%
<b>Zinc (\$/lb)</b>	<b>\$0.80</b>	\$0.80	<b>\$0.88</b>	\$0.83	+ 6%
<b>Lead (\$/lb)</b>	<b>\$0.87</b>	\$0.87	<b>\$0.96</b>	\$0.90	+ 7%
<b>Coal (\$/t)</b>	<b>\$ 137</b>	\$ 245	<b>\$ 152</b>	\$ 252	- 40%
<b>CAD / USD</b>	<b>\$1.10</b>	\$1.04			

Zinc, Copper & Lead are LME market prices  
 Coal is average realized price  
 Exchange rate is average for the quarter



# Quarterly Metal Prices



Source: LME

# Coal



	<b>Q3</b>	<b>Q3</b>	<b>Q2</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Coal – Mt *			
Production	5.3	2.8	4.3
Sales	5.7	3.1	5.0
Average Price (US\$/tonne)	137	245	165
(C\$/tonne)	152	252	191
Financial Results	C\$ millions		
Revenue	869	600	954
Operating Profit (Before Depreciation)	389	362	515

\* Direct and indirect shares. Prior to October 30<sup>th</sup> 2008 reflects less than 100% direct ownership

# Copper



	<b>Q3</b>	<b>Q3</b>	<b>Q2</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Copper in Concentrate (kt)			
Production	50	53	52
Sales	58	52	40
Copper Cathode (kt)			
Production	26	26	26
Sales	28	27	18
Moly in Concentrate (M lbs)			
Production	1.9	1.7	1.8
Sales	2.1	1.6	1.8
Financial Results	C\$ millions		
Revenue	642	522	408
Operating Profit	308	452	187
(Before Depreciation & Pricing Adjustments)			

# Andacollo Concentrate Project



Coarse Ore Conveyor

Pebble Crusher

SAG Mill

Ball Mill

Cyclones

Main Sub Station

Lime Plant

Regrind

Flotation

Concentrate

Thickener

# Zinc



	<b>Q3</b>	<b>Q3</b>	<b>Q2</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Zinc in concentrate – kt			
Production	182	168	173
Sales	191	224	118
Refined Zinc – kt			
Production	56	70	60
Sales	59	64	63
Lead in Concentrate – kt			
Production	32	31	31
Sales	72	81	0
Refined Lead – kt			
Production	19	18	19
Sales	19	20	20
Financial Results	C\$ millions		
Revenue	620	618	345
Operating Profit	165	192	81
(Before Depreciation & Pricing Adjustments)			

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# Debt Position

at September 30, 2009



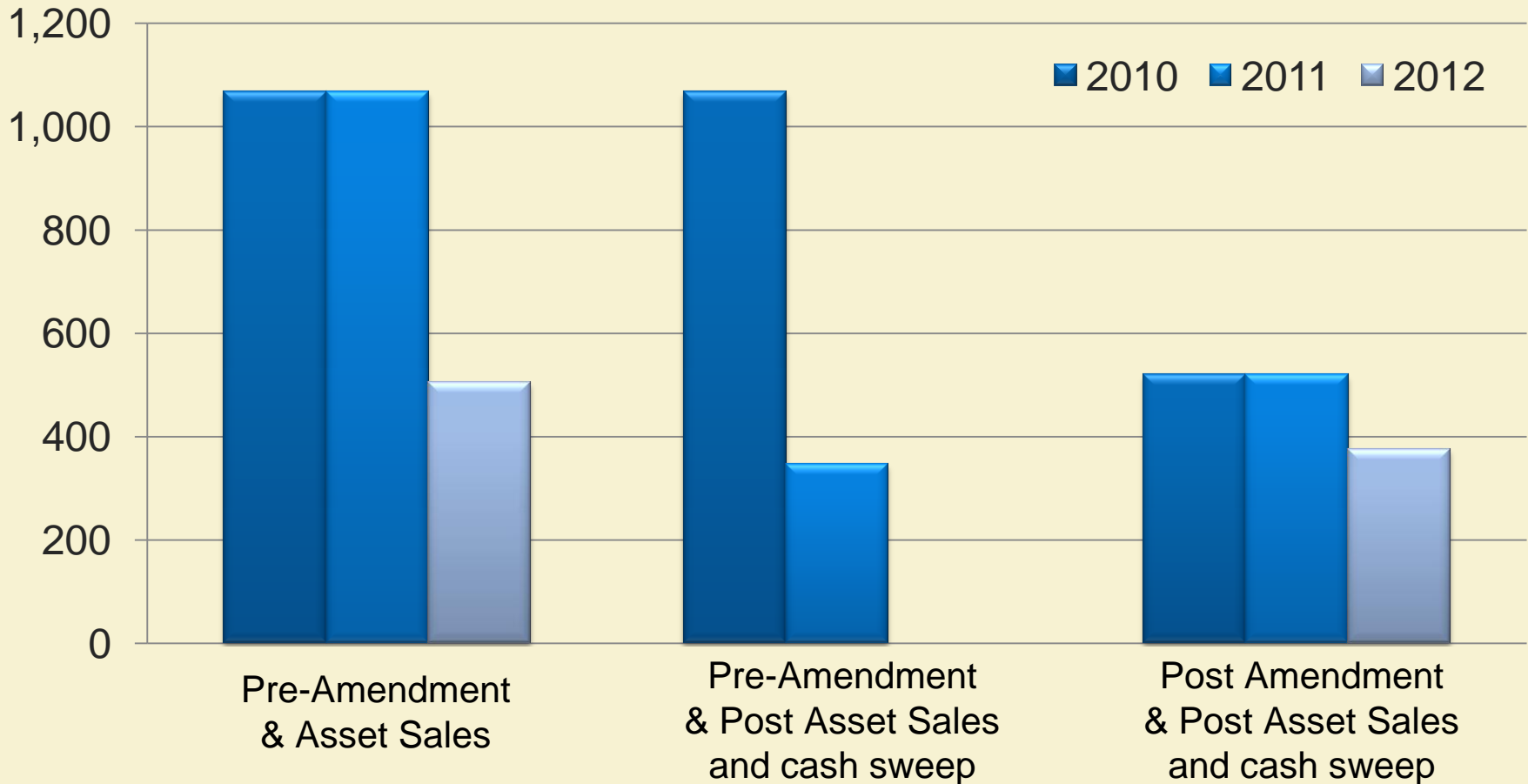
	<u>US\$ Millions</u>
Bridge Debt	0
Term Debt	2,692
2009 Notes	4,225
Pre-2009 Notes	1,200
Antamina credit facility	93
Other	114
Unamortized discount and issue costs	<u>(391)</u>
Total Debt	7,933
Net Debt to Net Debt Plus Equity ~ 34%	

# Debt Amendment



## Term Debt Repayment Schedule

US\$Millions





# 3rd Quarter 2009

## - Cash Changes



	<u>\$Millions</u>
Cash Flow from Operations	584
Working Capital Changes	188
Capital Expenditures	(126)
Investments	(52)
Restricted Cash Increase	(165)
Repayment of Debt	(1,964)
Equity Issue	1,660
Exchange, Discontinued Ops & Other	<u>207</u>
Cash & STI Decrease	332

# Final Pricing Revenues



## Outstanding from Q2 & Settled in Q3

	Valued		Settled		Revenue Adj. (C\$ M)	
	<u>M lbs</u>	<u>US\$/lb</u>	<u>M lbs</u>	<u>US\$/lb</u>	<u>Before Tax*</u>	<u>After Tax*</u>
Copper	88	\$2.31	82	\$2.62	24	
Zinc	118	\$0.71	118	\$0.76	4	
Lead	0	n/a	0	n/a	0	
Other					<u>0</u>	
<b>Total</b>					<b>\$28</b>	<b>\$17</b>
<b>Adjustments on Sales within Q3</b>					<b>\$79</b>	<b>\$50</b>
<b>Total Final Pricing Adjustments Q3</b>					<b>\$107</b>	<b>\$67</b>

## Outstanding Q3

\*Net of treatment and refining charges, tax, royalties & minority interests

	M lbs	Valued US\$/lb
Copper	113	\$2.78
Zinc	173	\$0.87
Lead	65	\$1.03

# Hedges



## Copper

- None – all matured in July 2009

## Currency

- US\$548 million @ C\$1.13 / \$US thru Q1 2010

# Currency Sensitivity



Annualized Equivalents – Hedge Matures Q1 2010  
Change in Net Earnings (\$M) per 1c increase in CAD/USD

	W/O Debt Fx Gain (Loss) in Earnings	With Debt Fx Gain (Loss) in Earnings
W/O Currency Hedge	(26)	(4)
With Currency Hedge	(19) Cash Impact	3 Earnings Impact

# Tax Rate



- Tax provision of \$180 M ~ 21.38% effective rate
- Capital gains treatment of F/X gain significantly impacts effective rate
- “Regular” tax rate without F/X gain would be ~33%
  - Lower than normal due to higher earnings in lower tax rate jurisdictions
- Historically, tax provision has been 28% to 34%
  - Will vary depending of nature of earnings and jurisdictions earned

**Fording acquisition tax pool does not impact the tax provision**

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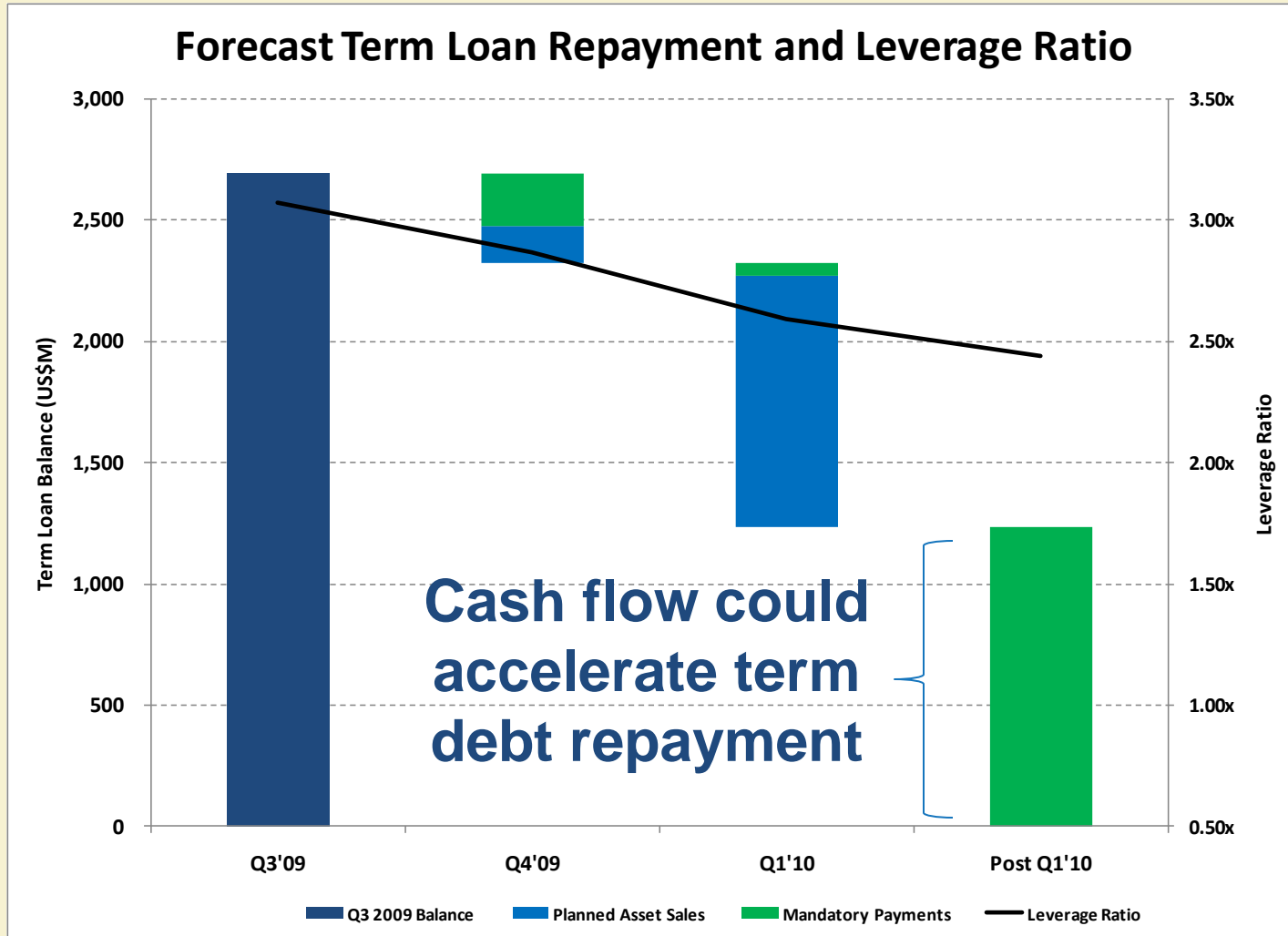
# Non-core Asset Sale Status



- Gold Portfolio
  - **Lobo-Marte** sold for US\$141m Closed
  - **Hemlo** sold for US\$65m Closed
  - **Pogo** sold for US\$245m Closed
  - **Andacollo** gold stream proposed sale for US\$218M cash and 1.2m Royal Gold shares  
Awaiting resolution of water rights permitting issues
  - **Morelos** proposed sale for US\$150 million in cash plus 4.9% of Gleichen  
Subject to financing condition in favour of Gleichen and legal/financial due diligence
  - **Exploration Properties in Turkey (60% interest)**  
Proposed sale of 100% interest for ~US\$40 million plus 4 million Alamos shares
- Waneta hydroelectric facility surplus power
  - Proposed sale of 1/3 interest for C\$825 million  
Subject to the completion of due diligence, certain third party consents and necessary regulatory approvals. Expect transaction to close by early 2010

**Non-core asset sale program expected to generate net proceeds in excess of US\$1.6 billion, all proceeds to debt reduction**

# Term Loan Outlook





# Financial Priorities



- Our top priorities remain:

**Pay down the acquisition debt as quickly as possible**

**Restore investment grade credit rating**

- Target debt to capitalization ratio of 25% to 30%
- Target debt to EBITDA ratio of 2.5x
- Improved credit metrics will accelerate meeting agency guidelines for Investment Grade credit rating
- Amended term debt includes various restrictive covenants and security over assets
- Security will fall away when investment grade ratings restored

# Summary



- Strong asset base and cash flow generation
- Asset sale processes complete
- Debt re-scheduled, significantly reduced and/or refinanced
- Balance sheet strength being restored
- Focused on continuing debt reduction
- Targeting Investment Grade
- Advancing organic growth projects



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