FINAL TRANSCRIPT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Teck's third quarter 2010 results conference call. At this time, all participants are in a listen only mode. Later we will conduct a question-and-answer session. This conference call is being recorded on Wednesday, October 27, 2010. I would now like to turn the call over to Greg Waller, Vice President of Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller - *Teck Resources Limited - VP Investor Relations and Strategic Analysis*

Thank you very much operator, good morning, everyone and thanks for joining us this morning for our third quarter 2010 earnings conference call. Before we start I'd 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 results to vary. Teck does not assume the obligation to update any forward-looking information in the statements.

At this point like to turn the call over to Don

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

Thanks very much Greg, and good morning to all. Thanks for joining us. I will start today with a review of the results for the quarter, and then turn the presentation over to Ron Millos, our Senior Vice President Finance and CFO, for more in-depth financial topics. And I do have a number of other members of the management team here on the call this morning and available to answer your questions.

Turning to slide five, there are a number of highlights in the quarter. First, this quarter was a record revenues, at over $2.5 billion. Our operating profit before depreciation and amortization was $1.23 billion, and that's up almost 25% over the previous quarter of this year. Earnings were $331 million. Earnings were impacted by a $340 million after-tax charge resulting from our previously announced debt refinancing. So with adjustments for these items, earnings were $457 million, and EBITDA for the quarter was $912 million.

Turning to slide six, and continue with the highlights for the quarter. Our business fundamentals are very strong, with higher copper production going forward from here since we have achieved commercial production at Andacollo and we have very strong copper and coal pricing. During this quarter we took advantage of the historical low interest rates to refinance a portion of our long-term deb. These transactions replaced debt that had an average maturity of six years with debt with an average maturity of 18 years. We've also reduced our future interest expense by approximately $85 million per year.

We show our view of comparative earnings for the quarter on slide eight. We had a number of unusual items this quarter to adjust for. Asset sales generated gains in the quarter. We had some modest exchange in derivative losses. The most significant item, however, is the afore-mentioned charge related to the debt refinancing, which was $[304] million on an after-tax basis . Adjusting for these items earnings were $467 million for the quarter, or $0.79 per share.

I should note that we had unusually higher stock and corporate expenses this quarter that impacted earnings by about $0.03 per share, as a result of the increase in our share price. And if we adjust for this, adjusted earnings would be $0.82 per share, which is much closer to the consensus estimate for the quarter.

On the next slide, we've summarized that guidance we gave last quarter, and the performance relative to that guidance. Our guidance was largely met this quarter except for coal sales. Coal sales were hampered by Westshore's (inaudible) issues that we announced previously. However, Westshore has made changes in operating practices and are catching up on delayed shipments. We do not expect any impediment in core capacity in achieving our 2011 planned sales.

Coal costs came in above the calendar 2010 target, due to higher strip ratios, higher diesel fuel prices and the reduced sales volume. Having said that, we still expect total costs to be in the range of $90 per ton for the calendar 2010, which is consistent with our previous guidance.

Turning to our operating results for the quarter, in our coal business production was almost 4% higher in a year-over-year basis. But sales were down, reflecting the congestion at Westshore. Our sales of 5.5 million tonnes for the quarter were at the high end of our revised guidance range.

The average realized price of $200 per ton is at the top of our guidance range of $195 to $200. Although the benchmark price was $225 per ton for the quarter, we continue to deliver some coal that's carried over from the 2009 and 2008 coal years, and that impacted the realized price as well as the minor amounts of lower quality coal that we produce.

Unit site costs were $62 per ton. We expect site costs to be in the range of $56 to $58 per ton for the calendar year 2010. Unit transportation costs at $33 per tonne were higher than last year. For calendar 2010 we expect it to end up in the range of $31 to $34 per ton.

We reached agreement with [Payne Pacific] this quarter on a very important long-term real contract, and we are very pleased with this agreement. This collaborative ten year deal gives us the certainty we need to realize our growth strategy in coal, and to deliver our increased production on a timely basis to our key markets. This agreement ensures transparency in both Teck's and Payne Pacific's growth plans and our strategic in objectives. Confidential agreement is effective April 1, 2011, and it effects Teck's five mines located in Southeast DC.

Although the terms are confidential, we don't expect much change our overall distribution costs next year as a result of this new (inaudible).

On slide 11 in our copper business unit, overall production of 67,000 tons is approximately 12% lower than Q3 last year. And there are a number of reasons for this. First, the quarterly production does not include production of copper in concentrate at Andacollo, which has reached commercial production as of October 1.

Copper production was down about 10% due to expected reductions in Antamina, as we processed lower grade copper ore in the quarter. And at Highland Valley, as higher grade ore availability was reduced, and we continued to strip the next resource area. And also due to Andacollo, as the capital copper production continued to decline during the transition to concentrate production. Costs in our copper business accordingly were higher as a result of these above issues.

Slide 12. As of October 1, 2010, Carmen de Andacollo completed its transition to commercial production. The ramp-up process was completed in just under seven months. So, we're are very pleased with that. Currently, the plant is averaging through put of 53,000 tons of ore per day, or about 97% of the 55,000 tons per day design capacity. The plant has also operated for a number of consecutive days at higher volumes than the targeted 55,000 ton per day. Final project cost was approximately US $440 million. Mine life is estimated to be approximately 20 years, with anticipated a production of 80,000 tons of copper over the first 10 years of production.

In our zinc business, zinc concentrate production for the quarter was almost 11% lower than last year. At Red Dog mill tonnage increased by 8% percent, but lower ore grades resulted in decreased zinc and lead production. Antamina zinc production was 20% lower as a result of lower ore grades as well. As in previous quarters, I should note that even though we show Antamina's share of zinc production in these figures, the financial results of Antamina are reported in our copper business.

Production of refined zinc at Trail for the quarter was 23% higher than last year, and that was due to curtailments which had begun in late 2008 and lasted through August 2009.

Our zinc business contributed $204 million in cash operating profit this quarter. That's up almost 30% year-over-year. The key drivers behind the increase is the higher zinc lead and silver prices.

I'd like to briefly update you now on Red Dog. On October 22, just a few days ago, marked the end of Red Dog's 2010 shipping season. Total concentrate shipments for zinc and lead were (135,000 tons) for zinc and 235,000 tons for lead. Zinc ore grades were lower, as mining has been taking place at the edges of the main pit. And this has made ore and waste separation difficult at this point. We expect zinc ore grade to be about 20% in 2011.

Ore from Aqqaluk will account for approximately 65% of the total through put in 2011.

We announced in May that we have commenced development of Aqqaluk deposit. The picture on slide 14 shows some of the progress that has taken place. First ore was delivered to the mill in August and it will be the sole source of ore to the mill by 2012.

We continue it in discussions with obligatory agencies concerning a renewal Red Dog's main water discharge unit, and we are generally pleased with the progress on that front.

I'll now turn the call over to Ron Millos to address some of the financial

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

Thanks Don. And I'm moving on to slide 16, where we've summarized our changes in cash for the quarter. Our cash flow from operations was $818 million in the quarter, which is up about 21% from last quarter. Our working capital change was negative this quarter due to higher receivables associated with a higher sales volume. Our capital expenditures and investments were $227 million for the quarter, and our debt balance was up slightly, as with the second stage of our debt refinancing we didn't have as much debt tender to offer as we had expected relative to the new issue of the debt.

After allowing for the minority interest share and the effect of the exchange rate changes on cash, our net change in cash for the quarter was an increase of $419 million. We ended the quarter with $1.18 billion in cash, but I should remind you that about $325 million of that was used to finalize the tender offer in early October.

Moving on to the next slide, which shows final pricing revenues for the third quarter. As we highlight each quarter, pricing adjustments on sales of our various products can have a significant impact on 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 or negative price adjustments, depending on the movements in prices. Final pricing adjustments for this quarter were positive. On settlements within the quarter, the largest impact was in copper, where we had 85 million pounds of receivables settled in the quarter at $0.37 per pound higher than the price at which they were provisionally booked in the second quarter of this year.

We also incurred positive adjustments in zinc. The total positive adjustments to revenue of $34 million on sales from the previous quarter.

We also record pricing adjustments on sales booked during the quarter, as these are market-to-market at quarter end. As metal prices improved during the quarter this increased revenue in the quarter by a further $62 million on a pre-tax basis. And remember, when analyzing the impact of price changes on our final pricing revenues, refining and treatment charges and the Canadian-US dollar exchange rate must be included in your calculations. And if you're looking at earnings, do not forget to consider the impact of taxes and royalties.

Moving on to the next slide. This slide helps illustrate the changes in our debt maturity profile . The chart at the top illustrate our debt maturity profile before the refinancing actions that we took, while the bottom chart represents our current maturity profile. And you can see clearly how we reduced our debt in total and extended the maturities. The tender offer reduced obligations coming due in 2014, 2016 and 2019, while the new note offerings redistribute and smooth the maturity profile all while reducing our debt servicing costs.

By replacing debt with an average life of six years for debt with an average life of 18 years, we've extended our overall average life of our debt by about four years from eight years to twelve years. And our annual interest expense will be reduced by $85 million per year that Don mentioned earlier.

Moving forward to our guidance for the fourth quarter -- Again, you should be aware the seasonality in our zinc sales due to the shipping season at Red Dog and the impact of unit cost to varying lead sales. We do expect our coal sales to finish the year in the range of 23,000,000 to 28,000,000 tons. And I would like to point out that this is consistent with the guidance that we did provide about a month ago, so were not revising those figures if people think this is another revision. Pricing for the quarter is expected to be between 'US' $200 and $205 per ton. This includes the impact of all types of coal sold, expected carry over from 2009 and 2008, and expected spot sales.

Coal costs for the year are expected to be in the range of $56 to $58 per ton for site cost, and $31 to $34 per ton for transportation costs. Copper production will continue to be lower at Highland Valley as we work through the geo technical issues, but will be higher at Carmen de Andacollo as concentrate production has now reached commercial levels. And starting October 1 those results will be factored into our consolidated earnings and statistics.

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-US dollar exchange rate. And also remind you that we do have another $68 million charge for debt refinancing for the portion of the tender offer that settled in early October. And that's a result of how the accounting rules work.

And with that, I'll turn the call back to Don

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

Thanks Ron. Before we close, I would like to update you on the status on many development projects that we have underway. On Slide 23 -- at Cramado Blanco, we are proceeding into a full feasibility study. So we're pleased with that. At Relincho, the pre-feasibility is underway and it is expected to be complete by mid-year 2011. And also in copper, the Galore Creek pre-feasibility is expected in the second quarter of 2011.

In our energy division we are working on a pre-feasibility study for the Frontier Oil Sams mine project, and the possibility of Equinox and Satellite mine. This study is expected to be complete as well in the second quarter of 2011, which will also be marked by filing of a regulatory application.

And in coal the feasibility study for the restart of the Quintette operation is proceeding and it's expected in late 2011.

So that's four pre-feasibility's in 2011 that are expected to be completed. So our engineers are pretty busy.

We do have lots of exciting growth opportunities coming, and I look forward to reporting on results and stats on the projects in the coming quarters.

Slide 22 in summary, and before I turn it over to questions -- We have further strengthened the balance sheet. We are now focused on the strive and increasing cash flow from our businesses. Our coal business is very exciting, with robust fundamentals and market prices and increasing production for a very efficient amount of capital. Our copper production will grow to over 400.000 tons annualized rate over the next fifteen months. We are moving forward with several development projects to further enhance shareholder value. And with that, I'd like to turn it over to questions.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now take questions from the telephone line

(Operator Instructions)

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

Meredith Bandy - *BMO Capital Markets - Analyst*

Hi. Thank you for taking my question. So, I guess my first question is -- Don, when you were closing up you mentioned you have a strong balance sheet now and also very good cash flows. Is this the balance sheet you want? Is this where -- you're at target?

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

I'd say it's in the range of what we want. We've been concentrating on extending the term of the debt and the transactions that we did in the quarter took the average debt maturity that we refinance from six years to 18 years. So that's real strengthening and it reduced the interest costs.

The target balance sheet is in the 25% to 30% of debt to debt plus equity. We've stated that publicly before. We're going to be below that for quite a while on a net debt to debt plus equity basis as the cash builds up. So, while that's not optimal we do have major capital expenditures further out. Starting mid-2012, with the projects of [Quebrada Blanca], (inaudible) project, [Relincho], (inaudible) and so on. So this is a phase when we will probably be building of quite a bit of cash and the balance sheet may look less than optimal, but it's appropriate to prepare for the CapEx that comes from 2012 to 2015.

Meredith Bandy - *BMO Capital Markets - Analyst*

Okay thanks. And as you mentioned you don't have any very serious Capex until fairly late, with these large copper projects. Would you be willing to consider acquisitions prior to those projects coming on line? And if so, what are your preferred commodities?

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

Well, we always are looking at potential acquisition targets out there. As I said before, I don't feel that we need any acquisitions because the growth profile is quite substantial with what we've got. We kind of went through a phase where we needed to increase the resource base. We did that. So, we have a lot to work with now.

But it's a fairly active market out there right now. We get shown lots of opportunities. We review them, but nothing's caught our interested just yet. We have the financial capability to do so. But we always compare the quality of what's available with what we have, and so far nothing's met the test.

Meredith Bandy - *BMO Capital Markets - Analyst*

And are there any commodities you are particularly keen on, or not keen on?

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

Well, as I said before, we think iron ore would be a very good fit with our portfolio because it clearly matches well with our steel making coal business and has the same customers and that would just make us a more strategic supplier to those customers. But we've also said that we didn't really want to get into iron ore through a development project, because we have quite a number of development projects already. I kind of just looked at how much work are engineers are doing on four or five of them. (inaudible) is pretty busy. So, were trying to get into it through an operating asset, but it's pretty difficult because anybody who owns operating ore mines these days are enjoying the best times of their careers and wouldn't really want to sell for a price that we would consider reasonable. So we don't think much will happen there. But that would certainly be one that would fit with the portfolio.

Meredith Bandy - *BMO Capital Markets - Analyst*

Okay thank you.

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

The other point I would make, actually, to your first question is -- While we've been refinancing some of the debt and pushing the term out, in the next four years we have very minimal obligation. In fact, there's only one CAD200 million bond that comes due in 2012. And as you can calculate our free cash flow is more than that in some months. So we have a four year stretch where we really do build up a strong cash balance in anticipation of the projects that we are going to build.

Meredith Bandy - *BMO Capital Markets - Analyst*

Thanks.

Operator

Thank you. The following question is from Orest Wowkodaw from Canaccord Genuity. Please go ahead.

Orest Wowkodaw - *Canaccord Genuity - Analyst*

Hi good morning. In the release today you gave projection guidance for 2011 for Highland Valley and Antamina I'm wondering if we could give some guidance for Andacollo? And specifically, whether you expect that (inaudible) production to continue past the end of this year ? And if you have any estimate of where cash cost might come in for the (inaudible) project, on a per-pound

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

Turn that over to Roger Higgins.

Roger Higgins - *Teck Resources Limited - Senior VP*

On the production side of it we are reaching and achieving throughput and recoveries in the (inaudible). I would expect 2011 to be the sort of year that the plant is designed to produce, which is around 90,000 tonnes of metal contained in concentrate. On the Capex side, that is diminishing very quickly as we run out of the (inaudible) which was sitting on top of that concentrate. There will be some small quantities into 2011 and perhaps even in 2012. Recognizing that the leeching process there, we have about a 400-day leeching cycle. So, after we start irrigating those heaps, it does take some time to get the last of the material out of it. But there it will be very small quantities relative to -- relative to production of the concentrate.

Orest Wowkodaw - *Canaccord Genuity - Analyst*

And any idea on where you see cash cost on the hypogene per pound issue?

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

We haven't given any outlook on that at this point, Orest.

Roger Higgins - *Teck Resources Limited - Senior VP*

(inaudible) -- as we develop the plant and get it running consistently for some quarters before we estimate that too tightly. It will be -- we would expected to be a costs probably the second quarter of the cash curve.

Orest Wowkodaw - *Canaccord Genuity - Analyst*

Okay great. Thanks very much.

Operator

Thank you. The following question is from Sal Tharani from Goldman Sachs. Please go ahead.

Sal Tharani - *Goldman Sachs - Analyst*

Good morning. Wanted to understand the cash cost of the coal mines. How far do you have the visibility? Because you are now saying that the costs will be within your annual guidance. The first quarter will be relatively lower. But when we were going to third quarter conference call -- second-quarter conference call -- Do you have visibility to see where the separations are going to be and how things are going to be?

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

Turning over to Bob Bell

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

It's Bob here. We certainly understand our costs going forward. And as Don mentioned in the third quarter our costs were higher partly because our production levels were lower. And those production levels are going up in the final quarter. You can calculate the numbers just off our annual guidance. So that's why we know that our costs will be going down. Obviously we have a pretty good visibility on our costs. And that forms the basis of our guidance as we give our guidance.

Sal Tharani - *Goldman Sachs - Analyst*

The separation was actually a smaller component of this cost increase. But mostly the lower volume. Is that correct to say?

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

There were a number of factors and I think we gave them all. We didn't say whether any one factor was a primary factor. They all contributed.

Sal Tharani - *Goldman Sachs - Analyst*

Okay great. Thank you very much.

Operator

Thank you the following question is from Duncan McKeen from Macquarie. Please go ahead.

Duncan McKeen - *Macquarie Securities - Analyst*

Thanks very much. You indicated at Antamina that you were going to be processing more copper only ore, unless copper zinc ore -- and actually gave us guidance for 2011. Just wondering how we could think about that balance, or that mix, going on further beyond 2011?

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

The trend continues for (inaudible).

Duncan McKeen - *Macquarie Securities - Analyst*

I'm sorry I didn't catch that.

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

2012 is quite similar to 2011. The trend continues with (inaudible) zink ore. Until we have significant pushback that reaches the transition ore area again, which is not until 2012 or 2013.

Duncan McKeen - *Macquarie Securities - Analyst*

Okay. And just also wanted to ask, switching over to the coal side -- on your decision to switch the focus essentially from cost reduction over to increasing production, What does that actually mean? What's physically changed in that operation as a part of that shift in focus?

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

We have not taken away our focused on cost . And, as we said, for the entire year we will be within the guidance we've given before. We are very much focused on achieving our growth objectives, but that's being done through capital investment

Duncan McKeen - *Macquarie Securities - Analyst*

Okay. Okay. And then, just want to check on the coal you've given guidance for Q4 of CAD200 to CAD205 per tonne. Is that accounting for some of the higher nicer coal that's coming through from the explosion at Greenhills?

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

And of course that project is drawn away to recover the operation of that plant. But everything is factored into that. All of the parts we've already achieved, plus our understanding of where the markets are. Plus whatever the coals we have available fourth quarter.

Duncan McKeen - *Macquarie Securities - Analyst*

Okay, perfect. Thank you very much.

Operator

Thank you. The following question is from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes - *TD Securities - Analyst*

Yes, thank you. Don, you highlighted iron ore is something you wanted to get into on an operating basis. There are a number of operating iron mines in (inaudible). Is that something that would interest you?

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

Well, as you may know, I spent the early part of my career there and obviously have followed it over the years. There are a range of operations, a range of qualities there. And our approach has always been that if we were going to do that, that we want to make sure we are at the higher end of the quality or lower end of the cost curve. Because it is still on delivery distance to the Asian markets and that sort of thing. So, I think that's about all I could say.

The owners of these assets generally aren't predisposed to selling them. So this is why I say I don't think much is going to happen

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Greg Barnes - *TD Securities - Analyst*

Okay next question -- Galore Creek has popped up a couple of times in the discussion toda. Is that increasing its profile?

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

That's an interesting question. We love Galore Creek and one of the real advantages that it has is there so much gold there. It makes a big difference to the ore body overall. I'm going to turn it over to the Tim Watson in a second -- we've gone through our process of re-engineering design, and we're still in that process. I think there have been a lot of really creative ideas that have put that project in a different light and pretty optimistic for the future. But the timetable is still a ways out. So Tim, do you want to give some more color on that?

Tim Watson - *Teck Resources Limited - Senior VP Project Development*

Sur. From an overall plant configuration perspective, when Galore Creek was initially being constructed everything was basically contained within the valley. And over the last couple years we've gone through a considerable number of optimization studies. And looking at effectively derisking the project making the project more constructible. And in doing so we have relocated the process plant and the facilities outside of the Valley, closer to Highway 37. Our overall time frame for completing the pre-feasibility study is second quarter of next year. So at this point in time we have not started the costing process, which is -- Really the fundamental basis for the work going forward is to produce a new bottoms-up cost estimate and execution plan for Galore Creek. So as we move from the first quarter into the second quarter of next year we should have a little bit clearer picture on the updated cost estimate for Galore Creek.

Greg Barnes - *TD Securities - Analyst*

Would you say this is later this decade project like 2017, 2018, 2019 somewhere around there?

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

We want to put a real date on it like that. But what I would say is this is all about having a very high degree of confidence in the execution of the project and the do-ability. And that's what Tim and the team are working on.

Greg Barnes - *TD Securities - Analyst*

Thank you

Operator

Thank you. The following question is from David Charles from GMP Securities. Please go ahead.

David Charles - *GMP Securities - Analyst*

Good morning. I was just wondering if we should expect that capex in 2011 will be similar or lower than 2010?

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

It's probably premature to conclude on that. We're in the middle of our budgeting process right now. And we did note in the news release that our guidance for this year is a little bit lower than we'd originally given. So some of that will flow into next year as well. I would be hesitant to give you a number. But would expect it would be at similar levels, but that's very preliminary at this stage

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David Charles - *GMP Securities - Analyst*

Okay. Maybe Don, can you answer the question then that given that you basically completed as much as you can on the debt refinancing and you did highlight that you're building cash nicely, maybe even at very strong levels. I'm wondering if you would find any interest in sharing that with your investments by increasing your dividend?

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

We will look at that question. It's a decision of the board, as you know. And when we originally set the dividend, we set it at a yield that was comparable to the other companies that people compare us to. And we will have to assess this at year-end, as to whether we think it should be increased or not. There's different approaches people take in this. Sometimes people set it at a level that they want to maintain for years going forward. Other times people do it top-up at the end of the year, depending on how the year has gone. So the board will have that discussion later on.

I might just add a little bit of color on the CapEx, to say one way that I think of it is because we said it would be a bit lower this year than we thought, but that's really related to some of the things that we thought we'd get done. Equipment that we thought would arrive, or bills we thought we would pay. And that's happening next year. So, on a two-year basis the totals will be pretty close to what we had originally thought. It's just some of it falls into next year. Less year this year than we thought, and more next year than we thought.

David Charles - *GMP Securities - Analyst*

Okay. Thank you very much

Operator

Thank you. The following question is from Adam Gillespie from Goldman Sachs. Please go ahead.

Adam Gillespie - *Goldman Sachs - Analyst*

Thanks very much. Can you comment a little bit more on the strong steelmaker demand for metallurgical coal in the quarter and looking forward? That's at odds with some of the comments coming out of some North American and global producers over the last few days. Thanks.

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

Okay I'm going to turn it over to Bob Bell, but with the comment that -- a lot of these things -- I know what you're referring to. You have to look at the details and the differences between the qualities of the blends because of the higher end market it's much tighter than others

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

Sure. One of the key markets, of courses, is the Chinese market. And we just saw the numbers for September imports and those imports are running annualized almost 50,000,000 tonnes of imports. So we're still seems very strong import demand from that market, and that's in spite of the efforts by the Chinese government to contain their economic growth of the certain levels.

That's really being driven by a few major factors, one being the ongoing urbanization in China that's not going to stop . Some very interesting studies have come out showing how that urbanization will continue for the next 20 years. But also they are shifting their production -- they are consolidating their industry and shifting their production to larger blast furnaces. When you get to those larger blast furnaces you need a much better quality coke to operating the blast furnace, and to do that you need better quality coking coal. And that's precisely the kind of coals we produce.

We produce almost all our production is very high strength coking coal. It's very good for the larger more productive blast furnaces. So we benefit from that.

And you can't really focused overly on the US market. For us that that's 10% of our sales in any given year, it's up or down. But, when you look at our overall market based, we've seen recovery over the last year in our traditional European and Atlantic bases. And we've seen and benefited from the strong demand in the Chinese market and in North Asia in general. So, we're well positioned with the qualities of our coals in areas where they're seeing the recovery and

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Adam Gillespie - *Goldman Sachs - Analyst*

Thanks

Operator

Thank you. The following question is from Rajbir Gill Cormark Securities. Please go ahead.

Rajbir Gill - *Cormark Securities - Analyst*

Hi. I was just wondering if you guys have included any carryover times from Q3 to Q4 in that CAD200 to CAD205 range. I think you may have partially addressed that before .

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

Yes, those numbers are included in the CAD200 to CAD205. It includes everything that will affect the price for coal that is sold within the final quarter.

Rajbir Gill - *Cormark Securities - Analyst*

Okay, thank you.

Operator

Thank you the next question is from David Donovan from RPC Capital Markets. Please go ahead.

David Donovan - *RPC Capital Markets - Analyst*

Thanks. That Elk Valley in Q3, the strip ratios were higher than usual. Should we assume that that has something to do with the bottleneck at Westshore? Did you do some extra stripping because of that? So we could therefore see that ratio drop back to normal going forward?

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

No. We continued our operations during -- during that quarter we did have the destruction at the Coal Mountain operation. But we continued operation at our other mines without shutting down because of Westshore. What happened was we built up inventories and we started using other locations to export our product . We would have sold more in the quarter, but we still managed to sell roughly what we had produced. So that didn't affect our strip

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David Donovan - *RPC Capital Markets - Analyst*

So should we expect to see that strip ratio remain high? Or will it drop down again in Q4?

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

Well I think the important thing is to focus on the cost guidance. Because the strip ratio ends up being second to costs. And that's why we worked into the cost guidance

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David Donovan - *RPC Capital Markets - Analyst*

Okay thanks

Operator

Thank you. We have no further questions at this time. I would now like to turn the meeting back over to Mr. Lindsay. Please go ahead.

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

Okay. I might just add a little bit more color on the last question, because I think Bob is really quite right that we should focus on the costs. We did a full re-engineering of all six coal mines about 2.5 years ago. And the strip ratio is can vary -- in one phase of operation be much higher, and then drop down again for two or three years, and then go back, depending on which seams you're accessing. So, in any one quarter a number like that won't necessarily be predictive of what's going to occur in the long-term. And so really we put a lot of time into coming up with the guidance on cost and that reflects all of the factors. So that's just sort of additional thoughts.

And if there are no other questions or comments, we want to thank you for your attention today. We are looking forward to a very strong quarter this coming quarter with Andacollo being included for the first time in commercial production. And were looking for to speaking to you in February. Thanks very much.

Operator

Thank you. The conference has now ended. Please disconnect your lines and we thank you for your participation.
