

# Teck

## Third Quarter 2016 Results

October 27, 2016



# 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.

The forward-looking statements in these slides and the oral presentation include estimates, forecasts, and statements as to management’s expectations with respect to, among other matters, our production and cost guidance including our cost, sales and production forecasts at our business units and individual operations and expectation that we will meet our production, sales and production guidance and forecasts, our continued drive for efficiencies and cost reductions across our business, plans and expectations for our development projects, our expectation that we will have a year-end cash balance of approximately C\$1.0 billion, interest rates and demand and market outlook for commodities. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

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, 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, assumptions regarding the impact of our cost reduction program on our operations, 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. Our expectation that we will end the year with a cash balance of approximately C\$1.0 billion is based on current prices and exchange rates and assumes no unusual transactions or events occur and that we meet our full year guidance for production, costs and capital expenditures. Acquisition of 49% interest in the Teena/Reward zinc project is based on the assumption that all conditions to closing are satisfied.

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. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners. . The amount and timing of actual capital expenditures is dependent upon numerous factors, including our ability to secure permits, equipment, labour and supplies and to do so at the cost level expected. And we may change our capital spending plans depending on commodity markets, results of feasibility studies or various other factors. Closing of the Teena/Rox interest may be affected by unanticipated difficulties with respect to satisfaction of closing conditions or other challenges.

Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies. Statements regarding anticipated coal sales volumes and average coal prices for the quarter depend on timely arrival of vessels and performance of our coal-loading facilities, as well as the level of spot pricing sales.

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.



- Reduced debt by >US\$1B over 12 months
- Expect year-end cash balance of ~C\$1B
- Excellent operating execution
- Increasing steelmaking coal production guidance
- Continuing to deliver on cost management
- Investing for growth





## Q3 2016 Results

Revenues	\$2.3 Billion
Gross profit (before depreciation & amortization)*	\$817 Million
Adjusted EBITDA*	\$830 Million
Profit (attributable to shareholders)	\$234 Million
Adjusted profit (attributable to shareholders)*	\$152 Million \$0.26/share

Adjusted profit attributable to shareholders was reduced by \$0.07/share due to changes in market prices<sup>1</sup>

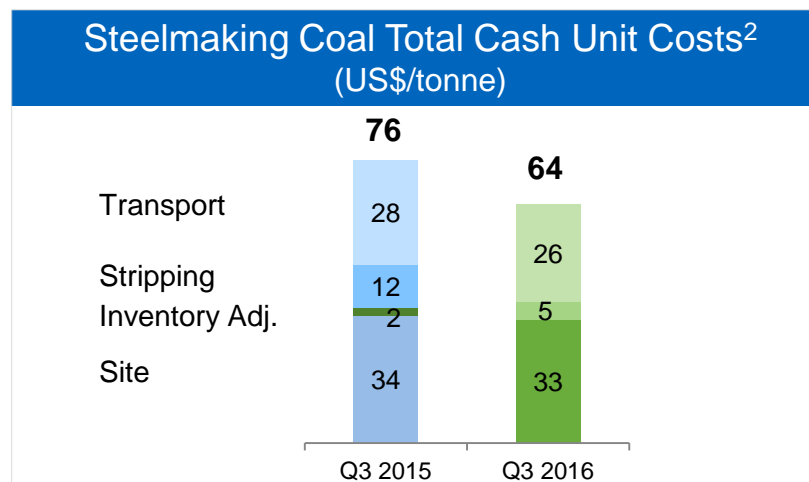
<sup>1</sup> \* Non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.  
1. Our profit includes various gains and losses due to changes in market prices and rates in respect of pricing adjustments, commodity derivatives, share based compensation and the discounted value of decommissioning and restoration costs of closed mines, which together totalled \$41 million after-tax (\$52 million before tax), or \$0.07 per share. We do not adjust our reported profit for these items as they occur on a regular basis.

# Q3 2016 Operational Highlights

Production	Q3 2016	Change From Q3 2015
Steelmaking coal (Mt)	7.0	▲ 1.5
Copper (kt)	79	▼ 9
Zinc in concentrate <sup>1</sup> (kt)	169	▲ 14
Zinc – refined (kt)	83	▲ 5

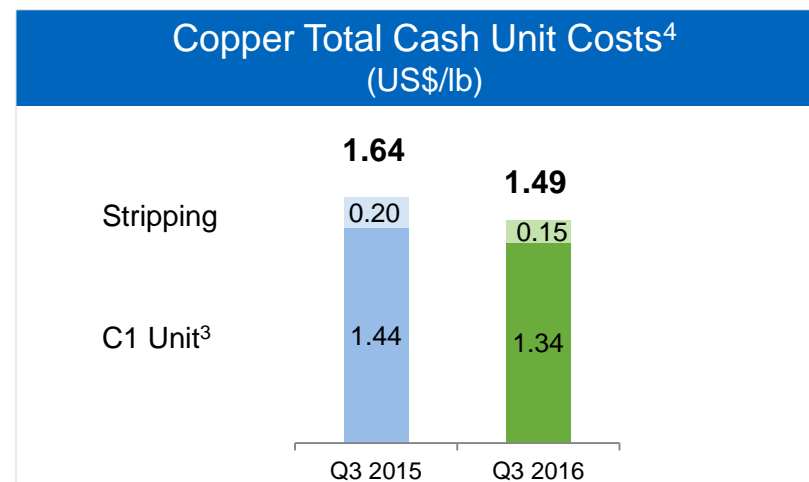
## Steelmaking Coal Costs<sup>2,3</sup>

Unit Cost of Sales **down US\$5/t**  
 Total Cash Unit Costs **down US\$12/t**



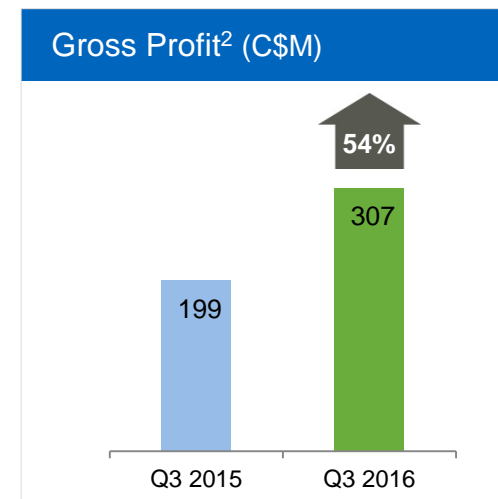
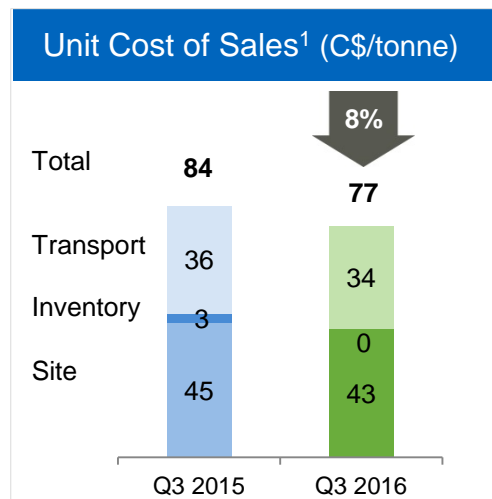
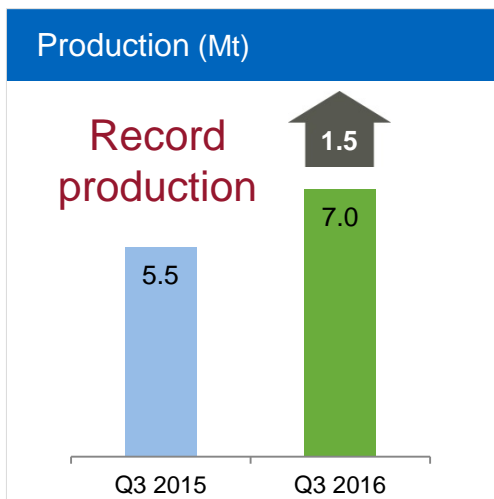
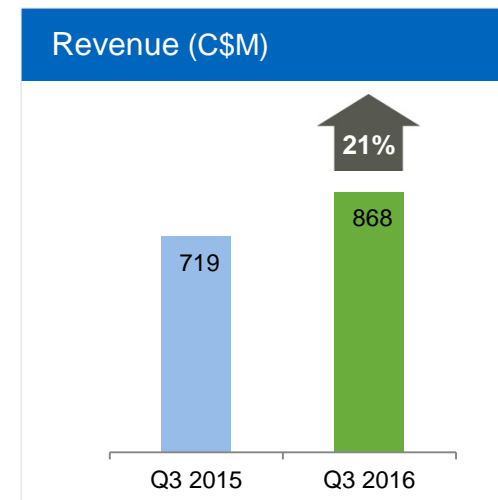
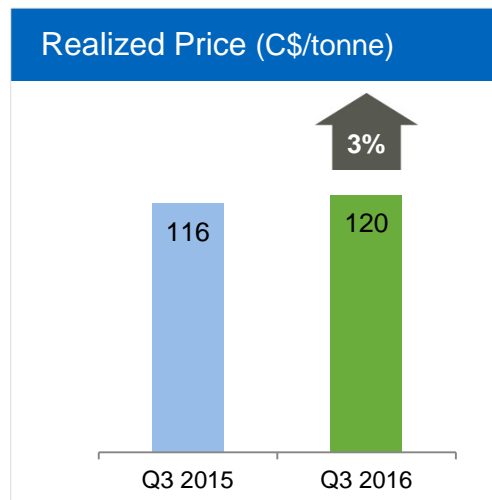
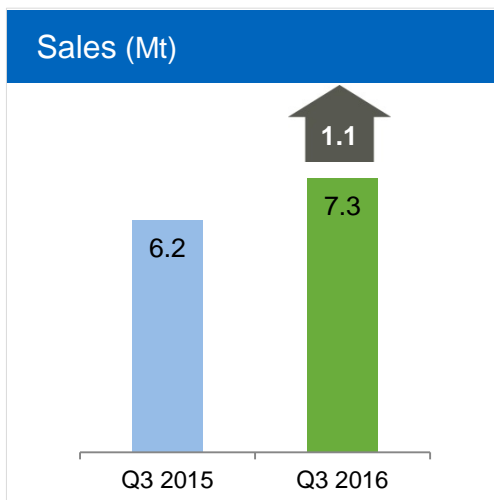
## Copper Costs<sup>3,4</sup>

C1 Unit Costs **down US\$0.10/lb**  
 Total Cash Unit Costs **down US\$0.15/lb**



1. Includes co-product zinc production in our copper business unit.
2. Steelmaking coal unit cost of sales include site costs, inventory adjustments and transport costs. Total cash unit costs are unit cost of sales plus capitalized stripping. Unit costs for capitalized stripping are calculated based on production. Non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.
3. As compared with Q3 2015.
4. Copper C1 unit costs are net of by-product margins. Total cash unit costs are C1 unit costs plus capitalized stripping. Non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.

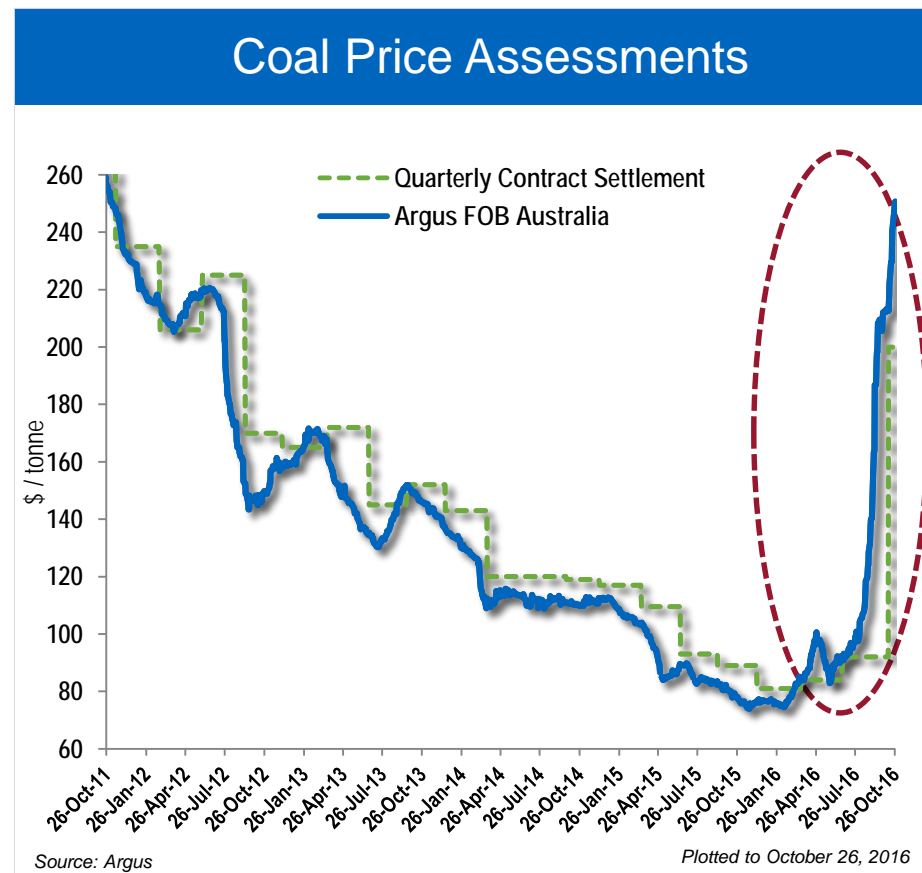
# Steelmaking Coal Quarterly Results



**Increased 2016 production guidance to 27.0 to 27.5 Mt**

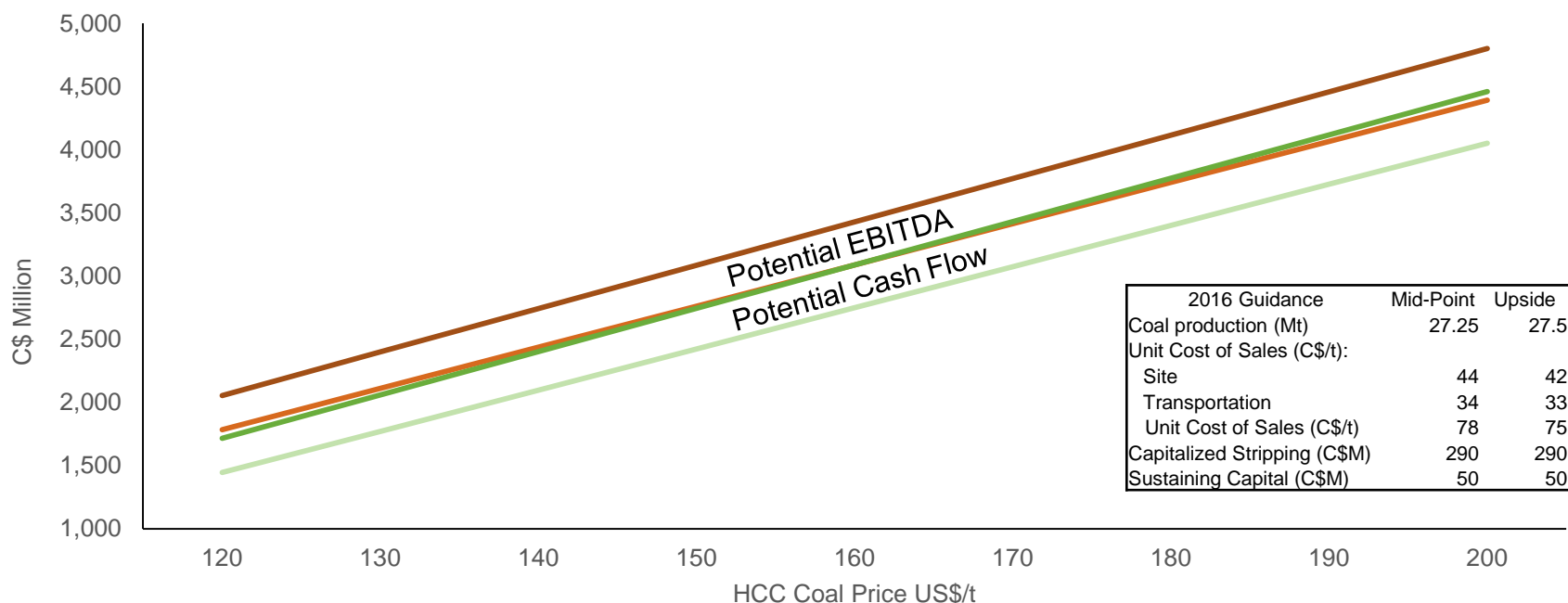
1. *Steelmaking coal unit cost of sales include site costs, inventory adjustments and transport costs.*  
 2. *Before depreciation and amortization. Non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.*

- Market tightness due to:
  - Global curtailments
  - Operating day restrictions in China
  - Weather & transportation issues
  - Production interruptions
  - Increased global demand
- Industry response is constrained



# Expanding Coal Earnings Potential

## Coal EBITDA & Cash Flow Potential\*

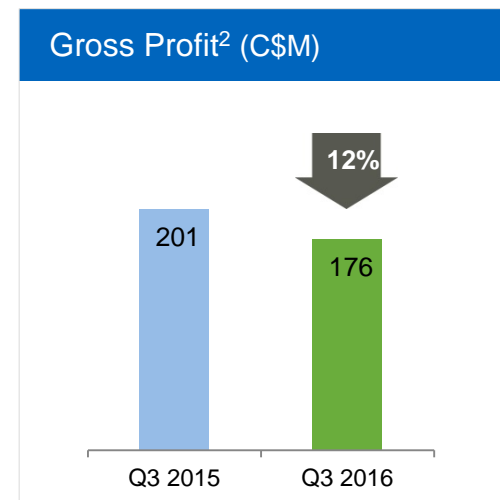
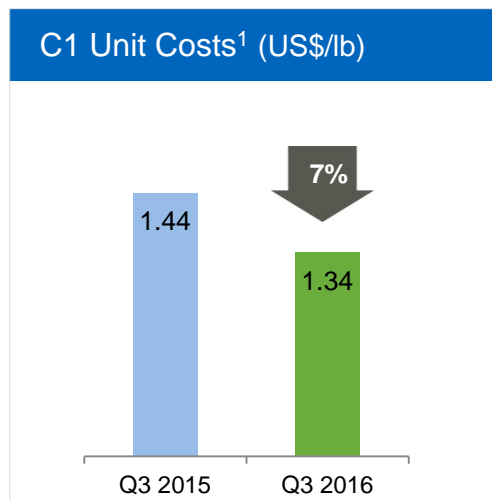
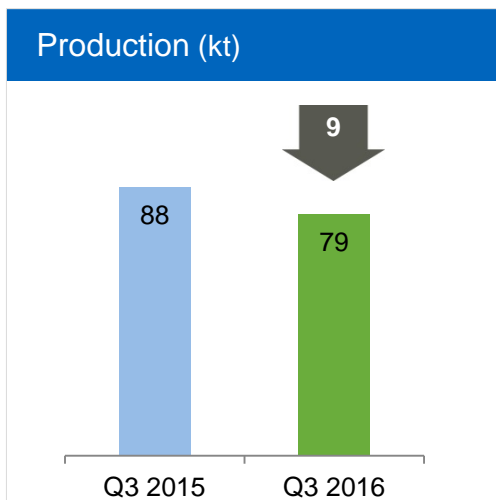
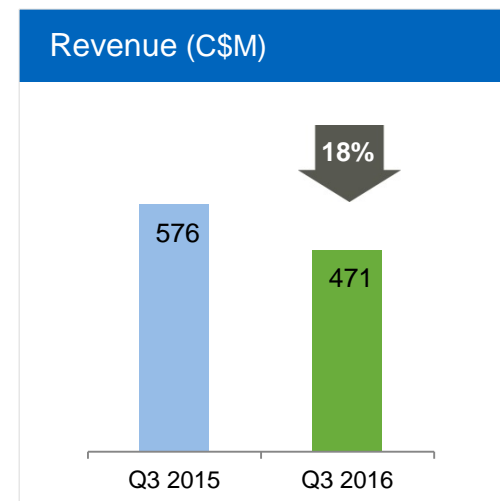
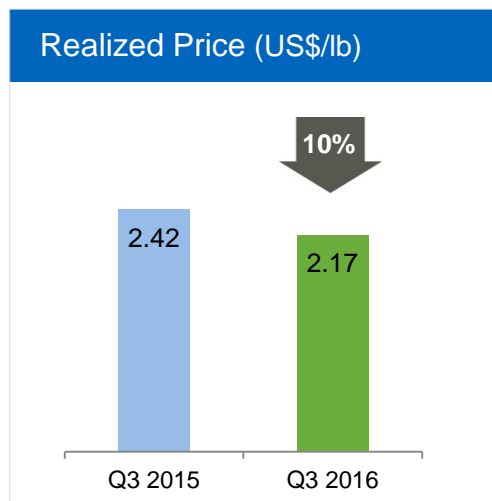
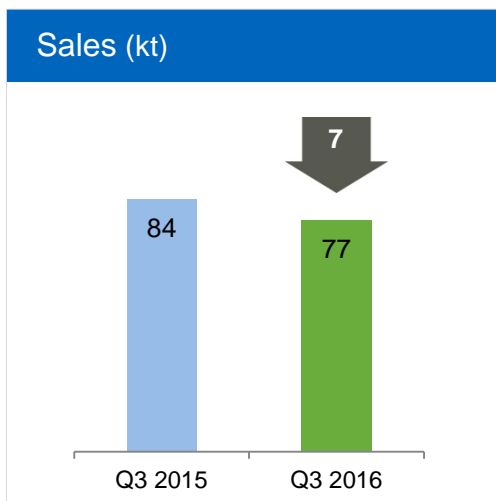


Cost reductions and price increases contribute to expanding earnings potential

\* Non-GAAP financial measures. See 'Use of Non-GAAP Financial Measures' in our quarterly results news releases for additional information. Annualized EBITDA and free cash flow generating capacity of the coal business unit in two scenarios. The "mid-point" scenario assumes the mid-points of 2016 production and cost guidance, and realized coal prices equal to 92% of benchmark. The "Upside" scenario assumes production at the high end of our 2016 guidance range, operating costs at the low end of the range, and realized coal prices equal to 96% of the benchmark. "Cash flow" refers to free cash flow after capitalized stripping and sustaining capital. Outputs are based on an assumed Canadian dollar to US dollar exchange rate of 1.30, 2016 plan fuel costs, and numerous other assumptions. These assumptions are subject to various risks and uncertainties that may cause results to vary materially from those depicted above. Please see the Cautionary Note on Forward-Looking Information for more information.



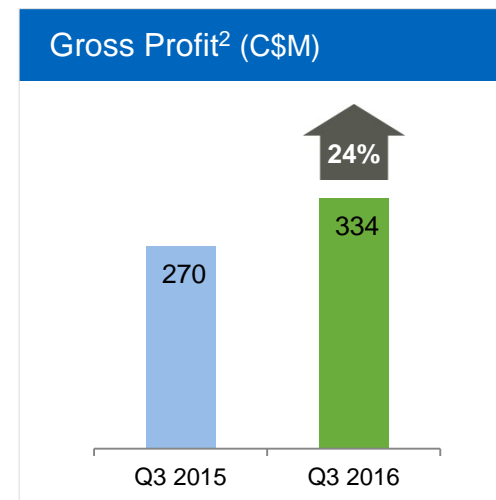
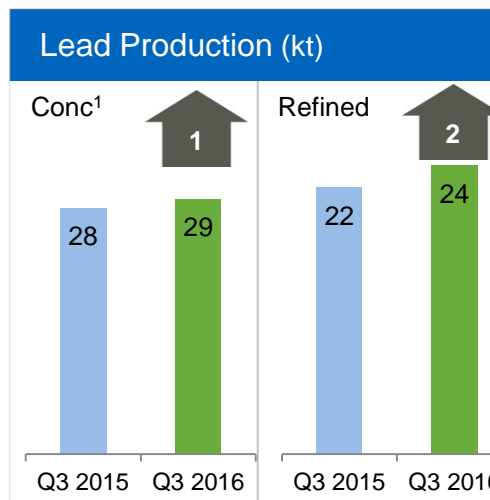
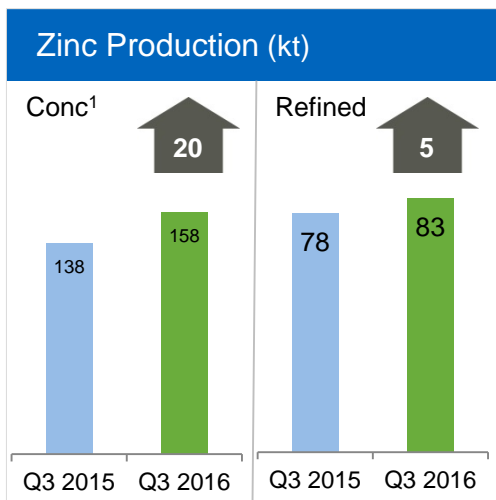
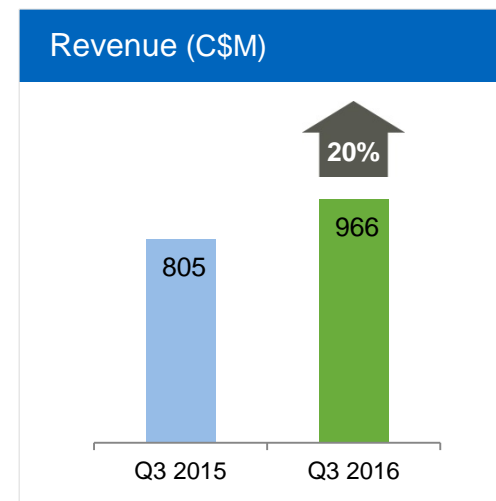
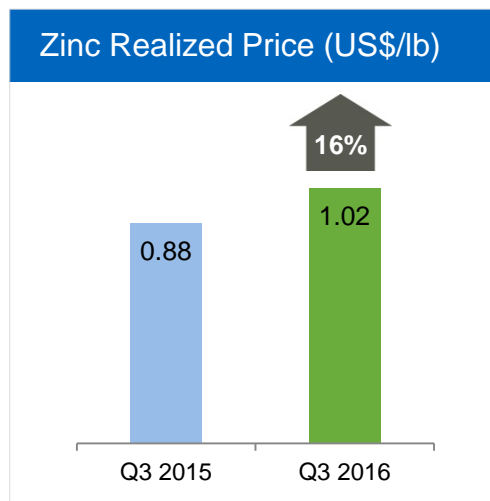
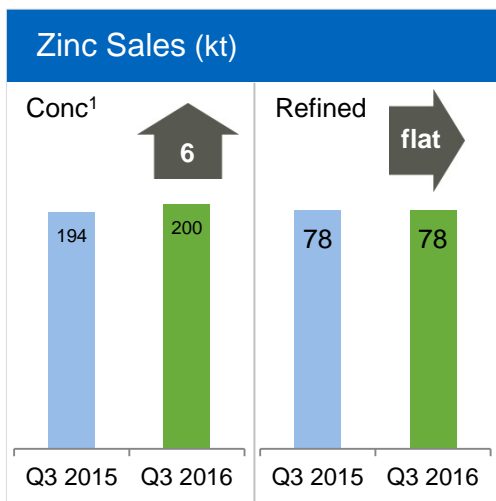
# Copper Quarterly Results



**Expect top end of production guidance range (310 kt-320 kt) and bottom end of cost guidance range (US\$1.40-US\$1.50/lb)<sup>1</sup> for 2016**

1. C1 unit costs are net of by-product margins. Total cash unit costs are C1 unit costs plus capitalized stripping. Cost guidance range is for C1 unit costs.  
 2. Before depreciation and amortization. Non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.

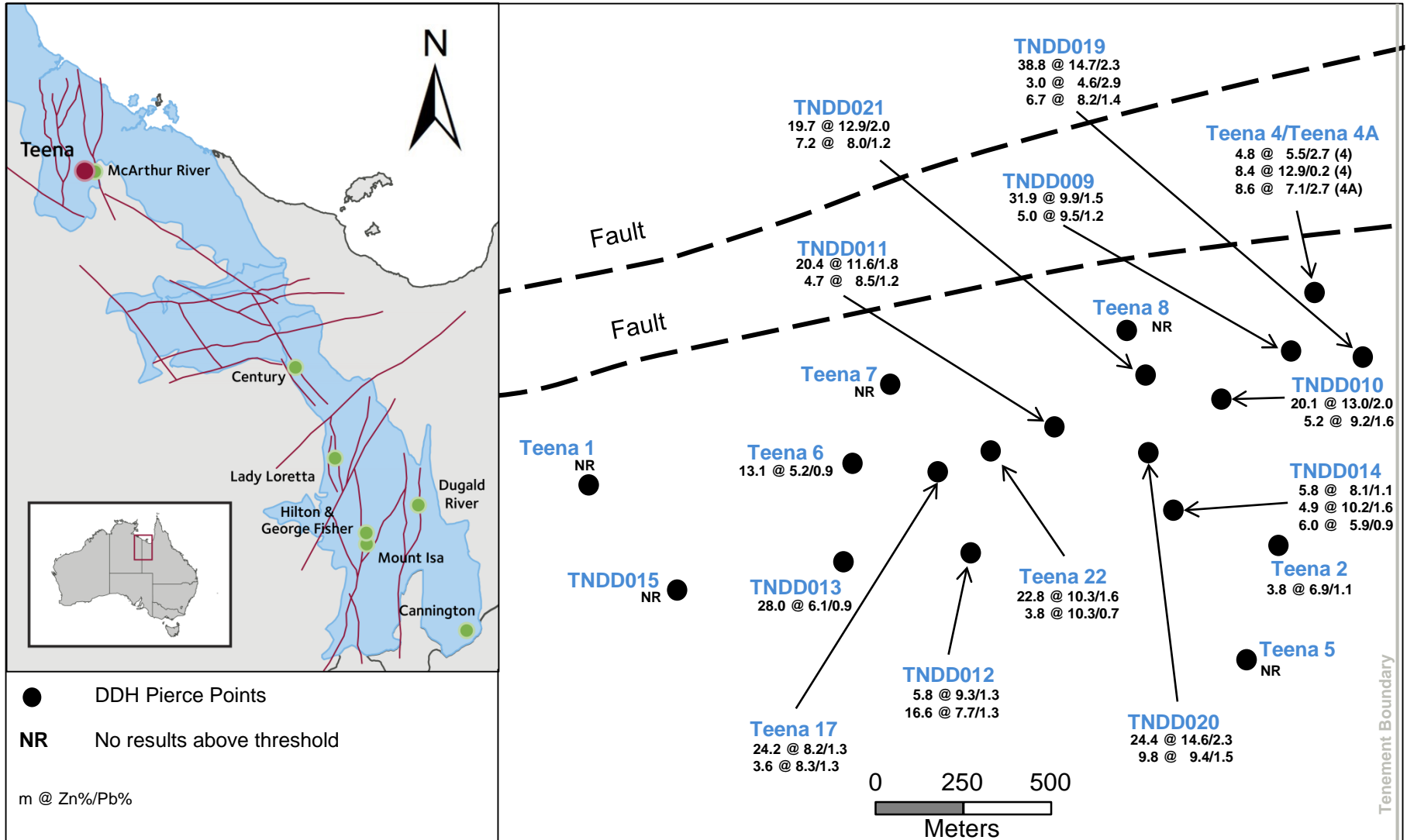
# Zinc Quarterly Results



**Expect 180 kt of zinc sales at Red Dog in Q4**

1. Represents production and sales from Red Dog and Pend Oreille, and excludes co-product zinc production from our copper business unit.  
 2. Before depreciation and amortization. Non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section of the quarterly news release for further information.

# Teena/Reward Zinc Project



Drill composites were calculated using a 6% Zn+Pb threshold. Drill intersections are reported as drilled thicknesses. True width of the mineralized interval is interpreted to be 70-90% of the reported length. The scientific and technical information disclosed on this slide has been reviewed and approved by Rodrigo Marinho, P.Geo., Technical Director, Reserve Evaluation, Teck who is a qualified person under NI 43-101.

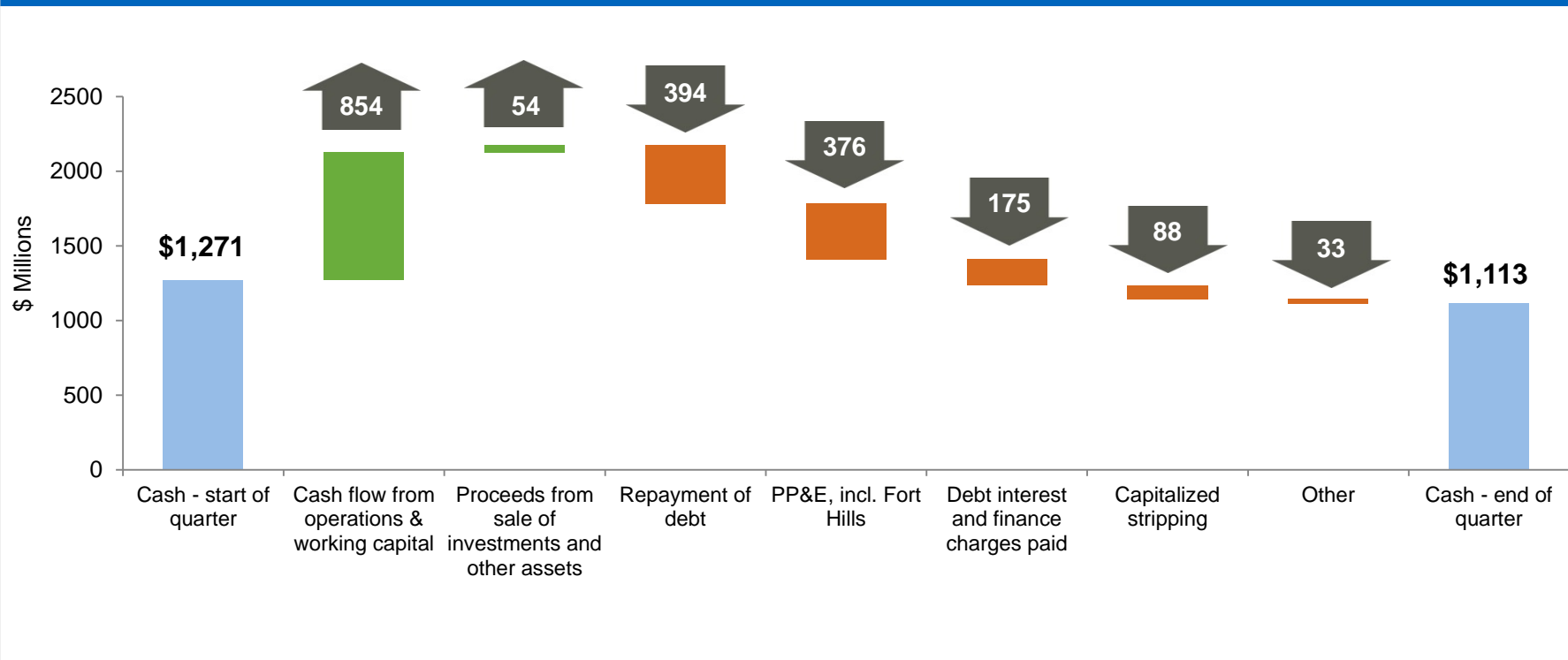


# Fort Hills Project Status & Progress

- Construction has surpassed 70%
- Off-site fabrication and modularization program completed
- Several areas in early commissioning activities
- Capex & schedule update expected around year end



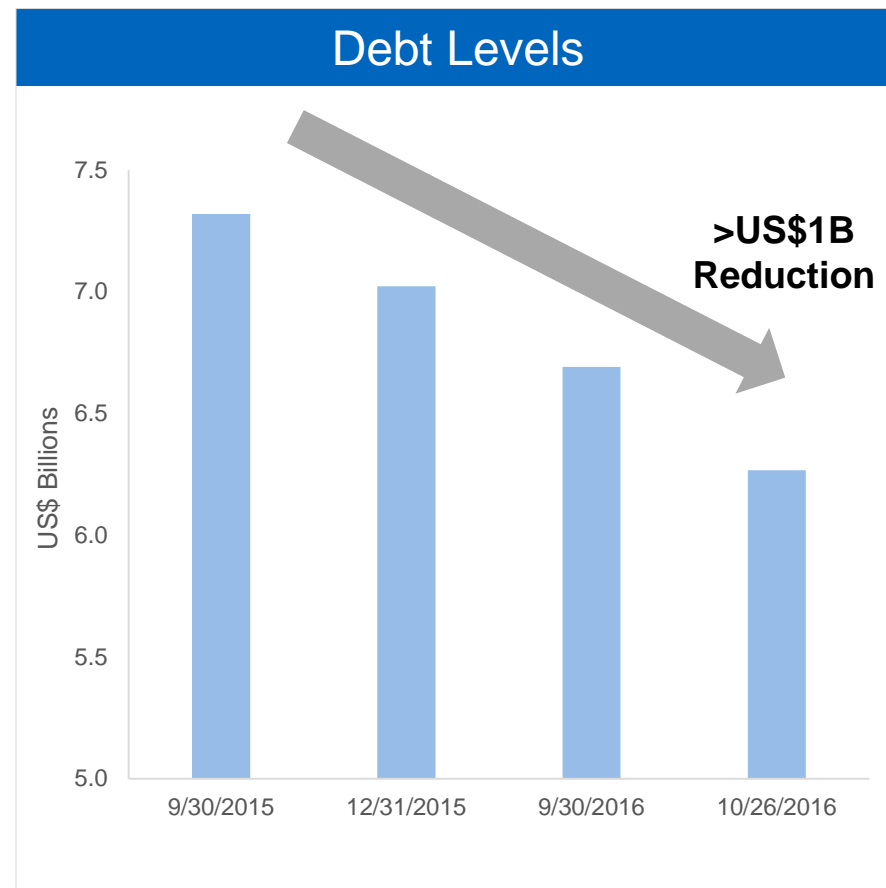
## Cash Changes in Q3 2016



Expect year-end cash balance of ~C\$1B

- Repurchased public notes in September and October
  - Face value: US\$759M
  - Total cost: US\$693M
  - Total pre-tax gain: C\$76M
  - Tranches: 2023, 2035, 2040, 2041, 2042, 2043
- Annual interest savings: US\$43M

Current Debt Profile	
Public notes outstanding	US\$6.1B
Average coupon	5.7%
Weighted average term to maturity	~13 years
Debt to debt-plus-equity ratio	33%

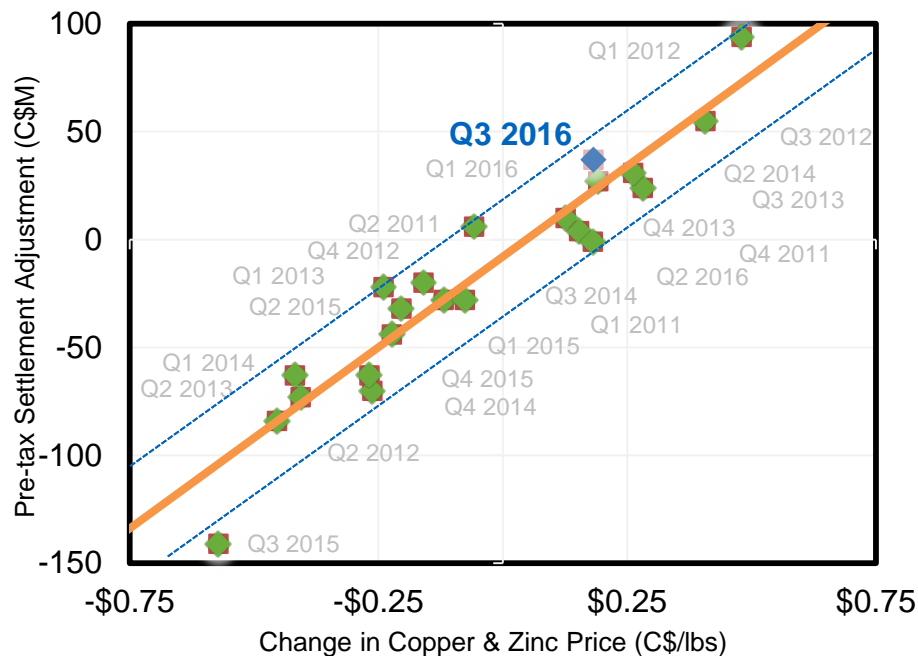


Reduced debt by ~C\$1.4B in the past 12 months



# Quarterly Pricing Adjustments

## Simplified Pricing Adjustment Model



	Outstanding at Jun. 30, 2016		Outstanding at Sep. 30, 2016		Quarterly Price Change	Pricing Adjustments
	Mlbs	US\$/lb	Mlbs	US\$/lb	US\$/lb	C\$M
Copper	193	2.19	156	2.20	0.01	\$5
Zinc	91	0.95	246	1.08	0.13	\$20
Other						\$12
<b>TOTAL</b>						<b>\$37</b>

Driven by quarterly change in key commodity prices

- Production growth from Fort Hills
- No operating assets sold
- No equity dilution
- Maintaining strong liquidity
- Reducing debt, managing maturities

A photograph of a Teck worker wearing a white hard hat with the Teck logo, an orange safety vest, and grey work clothes. The worker is standing on a grassy ridge, looking down at a red notebook they are holding and writing in. The background features a vast landscape of green coniferous trees, a river valley, and distant mountains under a blue sky with scattered white clouds.

Result is higher production per share



# Teck

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