Third Quarter 2020 Results

October 27, 2020

Teck

Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentation certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as forward-looking statements). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “should”, “believe” and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this presentation. These forward-looking statements include, but are not limited to, statements concerning: our focus and strategy; anticipated global and regional supply, demand and market outlook for our commodities; the potential impact of the COVID-19 on our business and operations, including our ability to continue operations at our sites; production expectations; our ability to manage challenges presented by COVID-19; Neptune upgrade cost and timing expectations; expected adjusted site cost of sales for our steelmaking coal unit; expectations regarding our QB2 ramp-up, including but not limited to workforce and progress targets, cost, timing and schedule targets and impacts of the COVID-19 on schedule targets, and timing of Teck’s next contributions; cost reduction program targets and timing of achieving those targets; all guidance including but not limited to production, sales, cost, unit cost, capital expenditure, cost reduction and other guidance included in these slides or the accompanying oral presentation; liquidity and availability of borrowings under our credit facilities and the QB2 project finance facility; our strong financial position; the statement that Teck is well-positioned to generate long-term shareholder value; and our expectations regarding our business and markets.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, commodity and power prices, acts of foreign or domestic governments and the outcome of legal proceedings, the supply and demand for, deliveries of, and the level and volatility of prices of copper, coal, zinc and blended bitumen and our other metals and minerals, as well as oil, natural gas and other petroleum products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, including mine extensions; positive results from the studies on our expansion and development projects; our ability to secure adequate transportation, including rail, pipeline and port service, for our products our costs of production and our production and productivity levels, as well as those of our competitors, continuing availability of water and power resources for our operations, our ability to secure adequate transportation, pipeline and port services for our products; changes in credit market conditions and conditions in financial markets generally; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors for our operations, including our new developments and our ability to attract and retain skilled employees; the satisfactory negotiation of collective agreements with unionized employees; the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results; engineering and construction timetables and capital costs for our development and expansion projects; the accuracy of our mineral reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based; tax benefits and tax rates; our ability to obtain, comply with and renew permits in a timely manner; and our ongoing relations with our employees and with our business and joint venture partners. Statements regarding our QB2 project and the Neptune upgrade include assumptions regarding the impacts of COVID-19 on the project and assume development progresses in line with current plans. Statements regarding the availability of our credit facilities and project financing facility are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the facilities are not otherwise terminated or accelerated due to an event of default. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, and changes or further deterioration in general economic conditions. Certain operations and projects are not controlled by us; schedules and costs may be adjusted by our partners, and timing of spending and operation of the operation or project is not in our control.

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

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2019, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile. In addition, see our “Cautionary Statement on Forward-Looking Statements” in our news release announcing our Q3 2020 results for further assumptions and risks regarding our guidance and other forward-looking statements in this presentation.

Third Quarter 2020 Highlights

- Strong recovery from Q2 2020, with significant improvement in results despite ongoing challenges with COVID-19
- Progressing execution of our major projects:
  - Neptune facility upgrade progressing in line with budget and schedule
  - QB2 construction ramping back up towards full construction levels
- Reducing costs through supply chain improvements, our cost reduction program and RACE21™
  - Adjusted site cash cost of sales[1] in steelmaking coal is expected to be <$60 per tonne in December 2020

Third Quarter 2020 Earnings

Strong recovery from Q2 2020 despite ongoing challenges with COVID-19

	Q3 2020	Q3 2019
Revenue	$ 2.3 billion	$ 3.0 billion
Gross profit before depreciation and amortization[1]	$ 703 million	$ 1.2 billion
Gross profit	$ 291 million	$ 787 billion
EBITDA[1]	$ 519 million	$ 1.0 billion
Adjusted EBITDA[1]	$ 638 million	$ 1.1 billion
Profit (loss) attributable to shareholders	$ 61 million	$ 369 million
Adjusted profit attributable to shareholders[1]	$ 130 million	$ 389 million
Adjusted basic earnings per share[1]	$ 0.24/share	$ 0.70/share
Adjusted diluted earnings per share[1]	$ 0.24/share	$ 0.69/share

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Key Updates: Steelmaking Coal Business

Restructuring our cost base

- Adjusted site cash cost of sales[1] declined to $67 per tonne in Q3 2020; expected to be <$60 per tonne in December due to:
  - A planned decline in strip ratios
  - Elkview plant expansion
  - Closure of our higher cost Cardinal River Operations
  - Cost Reduction Program
  - RACE21™ program
- Nearing the end of the major capital deployment phase for the Neptune facility upgrade and the water treatment facilities at Elkview and Fording River

Key Updates: Neptune Facility Upgrade

Secures a low-cost, reliable supply chain for our steelmaking coal business

- Continue to advance the facility upgrade project in line with the previously announced capital estimate and schedule
- The planned five-month shutdown of terminal operations concluded in September 2020, having delivered the expected benefits for safe and productive construction work
- All major equipment has been delivered to site
- Several systems already commissioned and operating
- Terminal capacity will increase as new equipment comes on line

Neptune Terminals' new shiploader crossing under Vancouver's Lions' Gate Bridge, October 8, 2020.

Completion of construction expected in Q1 2021

Key Updates: QB2

Executing on our copper growth strategy

In Q3 2020, the project continued its staged ramp up of the construction workforce towards pre-COVID-19 levels, as planned

- >7,000 people currently on site; targeting over 9,000 by the end of the year
- All major contractors remobilized and work is progressing well across the project, in line with our ramp-up plan
- Construction of the additional camp space is progressing well and will provide additional capacity as it begins to come on line in Q4 2020
- Aiming to achieve overall project progress of ~40% by the end of the year

First production is expected in H2 2022

- Reflects a schedule delay of ~5-6 months due to COVID-19

SAG #1 trunnion installation, August 2020

Key Updates: Safety and Sustainability Leadership

- COVID-19 protocols remain in place
  - Continued focus on preventative measures, controls and compliance, and integration into our “new normal”
- 31% lower year-to-date High Potential Incident Frequency than the same period in 2019, at 1.1 per million hours worked
- Entered into a long-term power purchase agreement to provide 100% renewable power for Carmen de Andacollo
  – Expected to eliminate ~200,000 tonnes of greenhouse gas emissions annually

SUSTAINALYTICS

- **Ranked in the 100th percentile**
- Top ranked diversified metals mining company

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

- **Top-ranked mining company** 2019 World & North American Indices
- In the index for 10 consecutive years

FTSE4Good

ISS QualityScore

MSCI

- **“A” rating since 2013**
- Outperforming all 10 of our largest industry peers

Steelmaking Coal Business Unit

Q3 2020

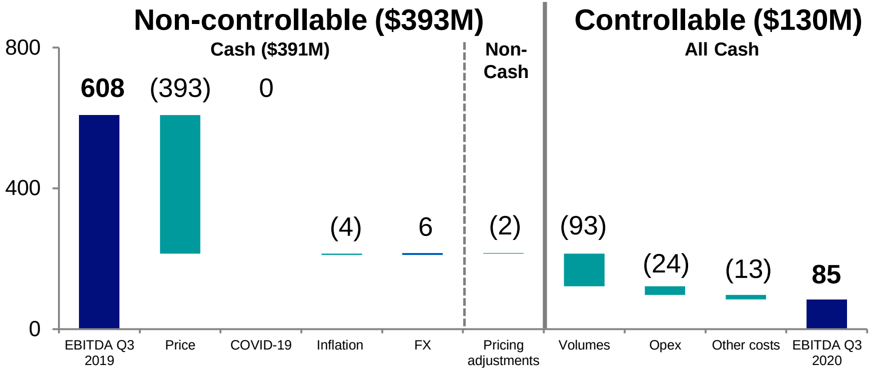
- Sales were 5.1 Mt, within our guidance range
- Adjusted site cash cost of sales[2] of $67 per tonne reflect lower production and sales volumes
- Higher transport costs due to reduced volumes through Neptune Terminal during the planned five-month shutdown from May to September 2020
- Signed an agreement in principle with Westshore Terminals for shipment of 32.25 Mt of steelmaking coal from April 1, 2021

Looking Forward

- Expect 5.8-6.2 Mt of sales in Q4 2020
- Adjusted site cash cost of sales[2] are expected to decrease over the remainder of the year and to be <$60 per tonne in December 2020

Steelmaking Coal EBITDA[1] ($M)

($523M) decrease in Q3 2020 vs. Q3 2019



Guidance	2019A	H1 2020A	H2 2020
Production (Mt)	25.7	10.0	11.0-12.0
Adjusted Site Cash Cost of Sales[2] ($/t)	$65	$66	$60-64
Transport Costs ($/t)	$39	$41	$39-42

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Copper Business Unit

Q3 2020

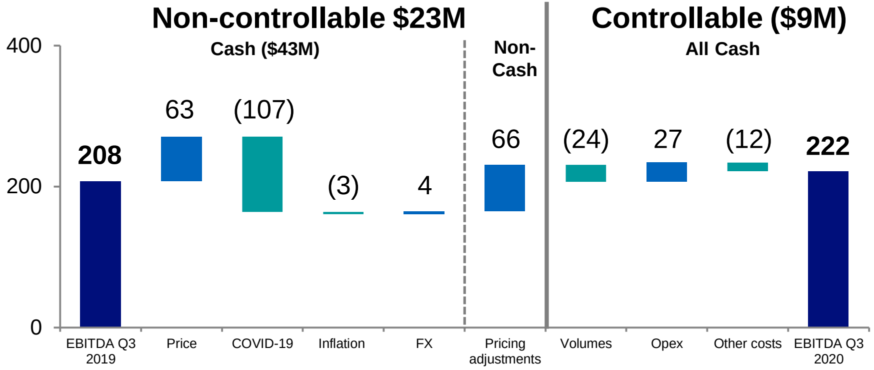
- Antamina performed well at full production rates, following a temporary shutdown due to COVID-19 in Q2 2020
- Lower mill throughput at Highland Valley due to harder than expected ores
- Lower ore grades at Andacollo, as anticipated by the mine plan
- Significantly lower total cash unit costs[3] supported by our cost reduction program and RACE21™

Looking Forward

- Lowered copper production guidance for H2 2020 to 140-155 kt, from 145-160 kt

Copper EBITDA[1] ($M)

$14M increase in Q3 2020 vs. Q3 2019



Guidance	2019A	H1 2020A	H2 2020
Production[2] (kt)	297	130	140-155
Net Cash Unit Costs[3] (US$/lb)	$1.39	$1.31	$1.20-1.30

Zinc Business Unit

Q3 2020

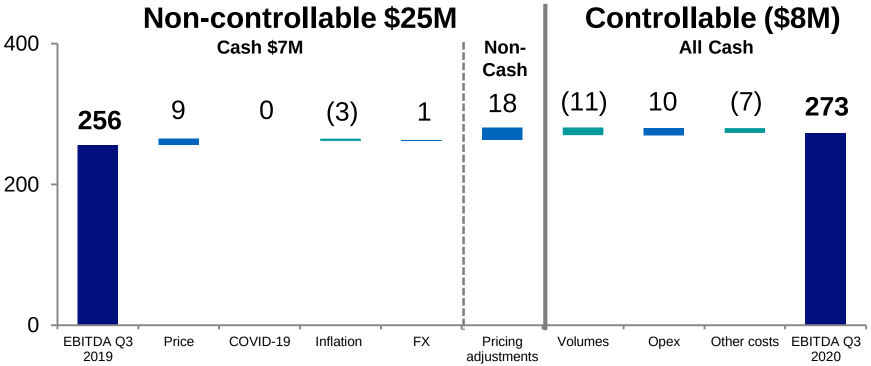
- Red Dog zinc sales of 175 kt, in line with guidance
- Red Dog production improved significantly from Q2 2020
  - Operating restrictions due to water resolved following completion of a raise of the tailings facility earlier than originally planned, and the installation of a new water treatment plant in Q3
- Higher zinc and lead production at Trail Operations

Looking Forward

- Expect to ship all Red Dog production during the shipping season
- Expect Red Dog zinc in concentrate sales of 145-155 kt in Q4 2020, reflecting usual seasonality
- Lowered guidance for net cash unit costs[3] in H2 2020 to US$0.30-0.40/lb, from US$0.40-0.50/lb

Zinc EBITDA[1] ($M)

$17M increase in Q3 2020 vs. Q3 2019



Guidance	2019A	H1 2020A	H2 2020
Production, Mined Zinc[2] (kt)	640	248	315-345
Production, Refined Zinc (kt)	287	149	155-165
Net Cash Unit Costs[3] (US$/lb)	$0.34	$0.44	$0.30-0.40

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Energy Business Unit

Q3 2020

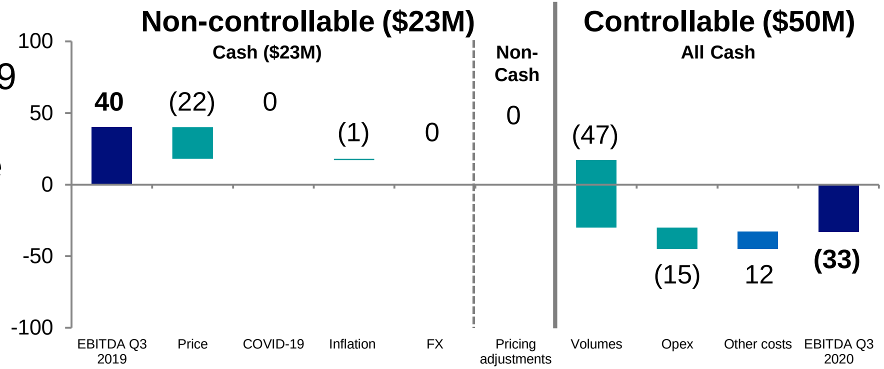
- Realized prices and operating results were significantly impacted by lower production and a material decline in benchmark oil prices vs. Q3 2019
- Fort Hills Partners reduced operations to a single train facility in Q2 2020, which helped reduce negative cash flows in Q3 2020
- Production impacted by extreme wet weather, which resulted in soft pit conditions in July

Looking Forward

- Fort Hills Partners decided to restart the second train and ramp up production to ~120 kbpd by the end of the year, earlier than previously anticipated
- Government of Alberta production limits relaxed
- Lowered guidance for adjusted operating costs[3] in H2 2020 to C$35-38/barrel bitumen, from C$37-40/barrel bitumen

Energy EBITDA[1] ($M)

($73M) decrease in Q3 2020 vs. Q3 2019



Guidance	2019A	H1 2020A	H2 2020
Production, Bitumen[2] (M barrels)	12.3	4.6	3.6-4.4
Adjusted Operating Costs[3] (C$/barrel bitumen)	$29.24	$29.54	$35-38

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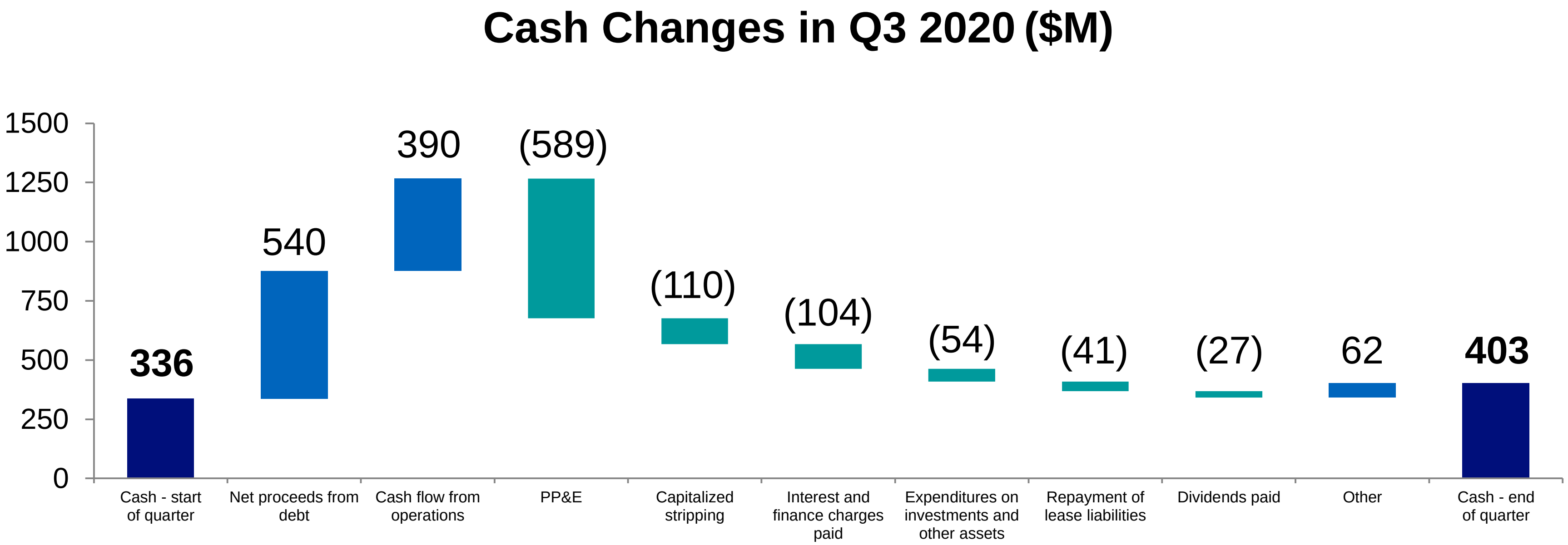
Cash Flow



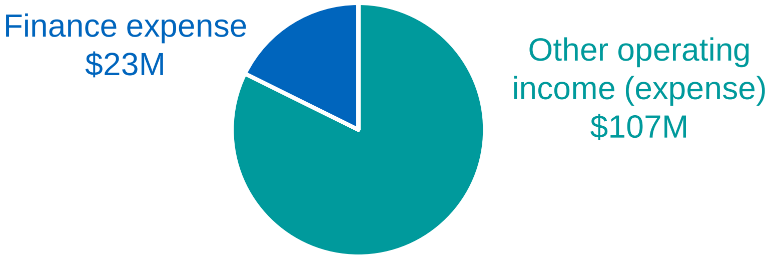
Cash Changes in Q3 2020 ($M)
1500
1250
1000
750
500
250
0
336
540
390
(589)
(110)
(104)
(54)
(41)
(27)
62
403
Cash - start of quarter
Net proceeds from debt
Cash flow from operations
PP&E
Capitalized stripping
Interest and finance charges paid
Expenditures on investments and other assets
Repayment of lease liabilities
Dividends paid
Other
Cash - end of quarter

COVID-19 Impact on our Business

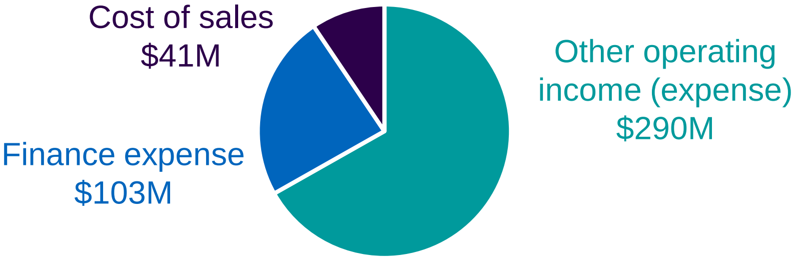
- In Q2 2020, all mines recovered from COVID-19 production disruptions
- Expensed $130 million in Q3 2020:
  - $107 million related to the temporary suspension and remobilization of QB2
  - $23 million of interest that would have otherwise been capitalized if construction on QB2 had not been suspended
- We recommenced capitalization of borrowing costs on QB2 in Q3 2020

COVID-19 Expenditures

$130 million in Q3 2020



$434 million YTD 2020[1]



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Cost Reduction Program (CRP)

- Achieved significant total reductions to September 30, 2020:
  - **~$270 million** in operating cost reductions
  - **~$550 million** in capital cost reductions
- Our cost reduction program has been included in our guidance since Q3 2019
- Reductions are against expected spending contemplated as at June 30th, 2019

Strong Financial Position

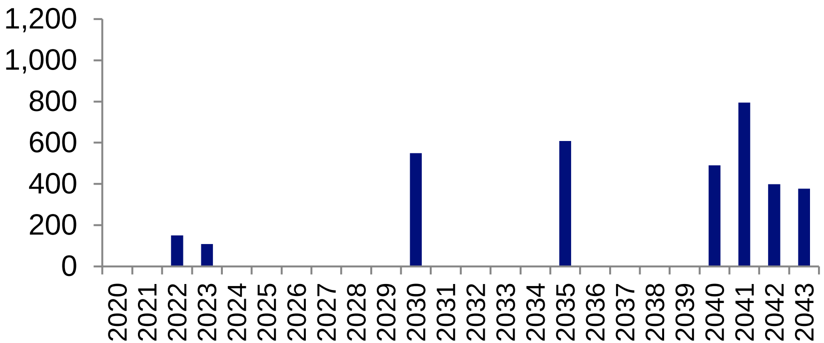
Liquidity remains strong

- C$6.8 billion[1,2] of liquidity available
- US$5.0 billion of committed revolving credit facilities
  - US$4.0 billion maturing November 2024 and US$1.0 billion maturing June 2022
  - Neither facility has an earnings or cash-flow based financial covenant, a credit rating trigger, or a general material adverse effect borrowing condition
- US$3.8 billion[1] is available on our US$4.0 billion revolving credit facility, and our US$1.0 billion revolving credit facility is undrawn[1]

Rated investment grade by all four credit rating agencies

No significant note maturities prior to 2030

Note Maturity Profile as at September 30, 2020 (C$M)



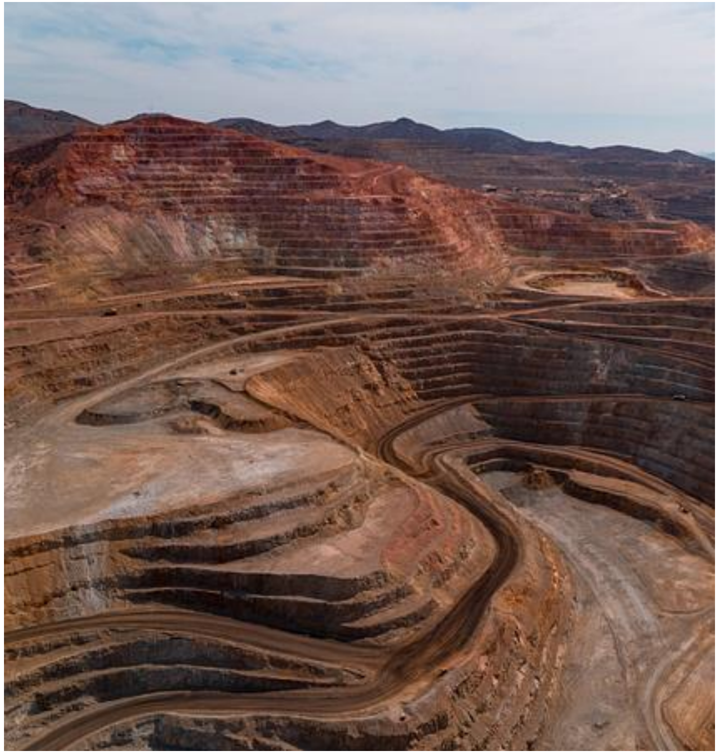
Executing our prudent QB2 funding and financing plan

- US$2.5 billion QB2 project finance facility, with a total of US$860 million[1] drawn
- No contributions to project capital from Teck expected until the first half of 2021

Summary

- Quality operating assets in stable jurisdictions
- Copper growth strategy - funded and being implemented
- Continuing to advance our key priorities to generate long term value for shareholders:
  1. QB2 project
  2. Neptune facility upgrade
  3. RACE21™
  4. Cost Reduction Program

Teck is well-positioned to generate long-term shareholder value



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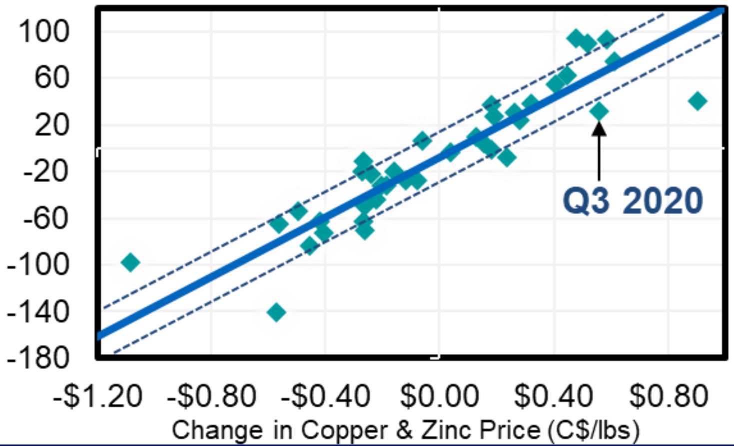
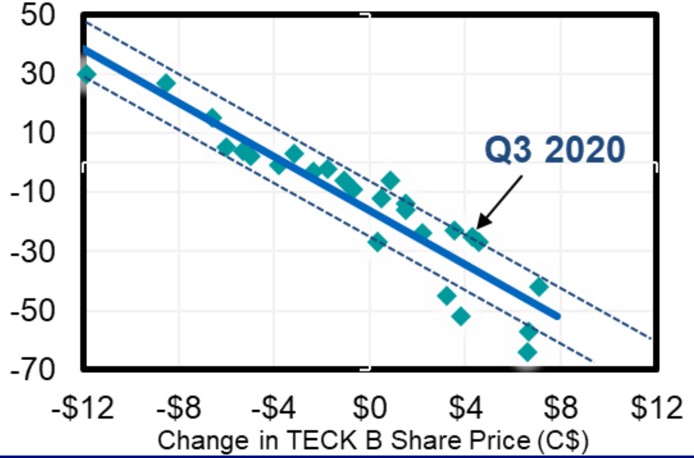
Other Operating Income (Expense)

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



	Outstanding at June 30, 2020		Outstanding at September 30, 2020		Quarterly Pricing Adjustments
	Mlbs	US$/lb	Mlbs	US$/lb	C$M
Copper	81	2.73	111	3.03	37
Zinc	117	0.93	208	1.10	7
Other					(12)
Total					**32**

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



	June 30, 2020	September 30, 2020	Quarterly Price Change	Quarterly Compensation Income (Expense)
	C$/share	C$/share	C$/share	C$M
Teck B	14.22	18.54	4.32	**(25)**

Notes

Slide 3: Third Quarter 2020 Highlights

1. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 4: Third Quarter 2020 Earnings

1. Gross profit before depreciation and amortization, EBITDA, adjusted EBITDA, adjusted profit attributable to shareholders, adjusted basic earnings per share and adjusted diluted earnings per share are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 5: Key Updates - Steelmaking Coal Business

1. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 9: Steelmaking Coal Business Unit

1. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.
2. Steelmaking coal unit costs are reported in Canadian dollars per tonne. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 10: Copper Business Unit

1. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.
2. Metal contained in concentrate. We include 100% of production and sales from our Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes even though we do not own 100% of these operations because we fully consolidate their results in our financial statements. We include 22.5% of production and sales from Antamina, representing our proportionate ownership interest. Copper production includes cathode production at Quebrada Blanca and Carmen de Andacollo.
3. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper net cash unit costs include adjusted cash cost of sales and smelter processing charges, less cash margins for by-products including co-products. Guidance for H2 2020 assumes a zinc price of US$1.04 per pound, a molybdenum price of US$8 per pound, a silver price of US$26 per ounce, a gold price of US$1,925 per ounce and a Canadian/U.S. dollar exchange rate of $1.33. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 11: Zinc Business Unit

1. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.
2. Metal contained in concentrate. We include 22.5% of production and sales from Antamina, representing our proportionate ownership interest. Total zinc production includes co-product zinc production from our Copper business unit.
3. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc net cash costs are mine costs including adjusted cash cost of sales and smelter processing charges, less cash margins for by-products. Guidance for H2 2020 assumes a lead price of US$0.86 per pound, a silver price of US$26 per ounce and a Canadian/U.S. dollar exchange rate of $1.33. By-products include both by-products and co-products. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 12: Energy Business Unit

1. EBITDA is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.
2. We include 21.3% of production from Fort Hills, representing our proportionate ownership interest.
3. Bitumen unit costs are reported in Canadian dollars per barrel. Adjusted operating costs represent costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Inventory write-downs of $23 million ($13.73 per bitumen barrel sold) in the second quarter are excluded from adjusted operating costs but are included in gross profit so adjusted operating costs are low as a result. For the six months ended June 30, 2020, we recorded inventory write-downs of $46 million ($9.28 per bitumen barrel sold). Including inventory write-downs recorded in the first two quarters, our site production costs are within our previously issued annual guidance of C$37 to C$40 per barrel. Non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q3 2020 news release for further information.

Slide 14: COVID-19 Impact on our Business

1. As at September 30, 2020

Slide 16: Strong Financial Position

1. As at October 26, 2020.
2. Including our cash balance and undrawn amounts on our committed revolving credit facilities.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This document refers to a number of Non-GAAP Financial Measures which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States.

The Non-GAAP Measures described below do not have standardized meanings under IFRS, may differ from those used by other issuers, and may not be comparable to such measures as reported by others. These measures have been derived from our financial statements and applied on a consistent basis as appropriate. We disclose these measures because we believe they assist readers in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

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

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

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

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

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

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

The adjustments described above to profit attributable to shareholders and EBITDA highlight items and allow us and readers to analyze the rest of our results more clearly. We believe that disclosing these measures assists readers in understanding the ongoing cash generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends.

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

Gross profit margins before depreciation – Gross profit margins before depreciation are gross profit before depreciation and amortization, divided by revenue for each respective business unit. We believe this measure assists us and readers to compare margins on a percentage basis among our business units.

Unit costs – Unit costs for our steelmaking coal operations are total cost of goods sold, divided by tonnes sold in the period, excluding depreciation and amortization charges. We include this information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in the industry.

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

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

Non-GAAP Financial Measures

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

Adjusted cash cost of sales – Adjusted cash cost of sales for our copper and zinc operations is defined as the cost of the product delivered to the port of shipment, excluding depreciation and amortization charges, any one-time collective agreement charges or inventory write-down provisions and by-product cost of sales. It is common practice in the industry to exclude depreciation and amortization as these costs are non-cash and discounted cash flow valuation models used in the industry substitute expectations of future capital spending for these amounts.

Adjusted operating costs for our energy business unit is defined as the costs of product as it leaves the mine, excluding depreciation and amortization charges, cost of diluent for blending to transport our bitumen by pipeline, cost of non-proprietary product purchased and transportation costs of our product and non-proprietary product and any one-time collective agreement charges or inventory write-down provisions.

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

Adjusted revenue – Adjusted revenue for our copper and zinc operations excludes the revenue from co-products and by-products, but adds back the processing and refining charges to arrive at the value of the underlying payable pounds of copper and zinc. Readers may compare this on a per unit basis with the price of copper and zinc on the LME.

Adjusted revenue for our energy business unit excludes the cost of diluent for blending and non-proprietary product revenues, but adds back crown royalties to arrive at the value of the underlying bitumen.

Blended bitumen revenue – Blended bitumen revenue is revenue as reported for our energy business unit, but excludes non-proprietary product revenue, and adds back crown royalties that are deducted from revenue.

Blended bitumen price realized – Blended bitumen price realized is blended bitumen revenue divided by blended bitumen barrels sold in the period.

Operating netback – Operating netbacks per barrel in our energy business unit are calculated as blended bitumen sales revenue net of diluent expenses (also referred to as bitumen price realized), less crown royalties, transportation and operating expenses divided by barrels of bitumen sold. We include this information as investors and investment analysts use it to measure our profitability on a per barrel basis and compare it to similar information provided by other companies in the oil sands industry.

The debt-related measures outlined below are disclosed as we believe they provide readers with information that allows them to assess our credit capacity and the ability to meet our short and long-term financial obligations.

Net debt – Net debt is total debt, less cash and cash equivalents.

Debt to debt-plus-equity ratio – debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity, expressed as a percentage.

Net debt to net debt-plus-equity ratio – net debt to net debt-plus-equity ratio is net debt divided by the sum of net debt plus total equity, expressed as a percentage.

Debt to Adjusted EBITDA ratio – debt to adjusted EBITDA ratio takes total debt as reported and divides that by adjusted EBITDA for the twelve months ended at the reporting period, expressed as the number of times adjusted EBITDA needs to be earned to repay all of the outstanding debt.

Net debt to Adjusted EBITDA ratio – net debt to adjusted EBITDA ratio is the same calculation as the debt to adjusted EBITDA ratio, but using net debt as the numerator.

Net debt to capitalization ratio – net debt to capitalization ratio is net debt divided by the sum of total debt plus equity attributable to shareholders. The ratio is a financial covenant under our revolving credit facility.

Non-GAAP Financial Measures

Reconciliation of Profit (Loss) and Adjusted Profit

(C$ in millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Profit (loss) attributable to shareholders	**$ 61**	**$ 369**	**$ (400)**	**$ 1,230**
Add (deduct):				
Asset impairment	-	-	474	109
COVID-19 costs	64	-	233	-
Environmental costs	27	26	9	80
Inventory write-downs (reversals)	11	6	76	7
Share-based compensation	18	(20)	13	(1)
Commodity derivative losses (gains)	(26)	(8)	(31)	(14)
Debt prepayment option gain	-	-	-	(77)
Loss on debt redemption or purchase	-	-	8	166
Taxes and other	(25)	16	(69)	(26))
Adjusted profit attributable to shareholders	**$ 130**	**$ 389**	**$ 313**	**$ 1,474**
Adjusted basic earnings per share	**$ 0.24**	**$ 0.70**	**$ 0.58**	**$ 2.62**
Adjusted diluted earnings per share	**$ 0.24**	**$ 0.69**	**$ 0.58**	**$ 2.59**

Non-GAAP Financial Measures

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

(Per share amounts)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Basic earnings (loss) per share	**$ 0.11**	**$ 0.66**	**$ (0.75)**	**$ 2.19**
Add (deduct):				
Asset impairment	-	-	0.88	0.19
COVID-19 costs	0.12	-	0.43	-
Environmental costs	0.05	0.05	0.02	0.14
Inventory write-downs (reversals)	0.02	0.01	0.14	0.01
Share-based compensation	0.04	(0.04)	0.03	-
Commodity derivative losses (gains)	(0.05)	(0.01)	(0.06)	(0.02)
Debt prepayment option gain	-	-	-	(0.13)
Loss on debt redemption or purchase	-	-	0.01	0.29
Taxes and other	(0.05)	0.03	(0.12)	(0.05)
Adjusted basic earnings per share	**$ 0.24**	**$ 0.70**	**$ 0.58**	**$ 2.62**

Non-GAAP Financial Measures

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

(Per share amounts)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Diluted earnings (loss) per share	**$ 0.11**	**$ 0.66**	**$ (0.75)**	**$ 2.16**
Add (deduct):				
Asset impairment	-	-	0.88	0.19
COVID-19 costs	0.12	-	0.43	-
Environmental costs	0.05	0.04	0.02	0.14
Inventory write-downs (reversals)	0.02	0.01	0.14	0.01
Share-based compensation	0.04	(0.04)	0.03	-
Commodity derivative losses (gains)	(0.05)	(0.01)	(0.06)	(0.02)
Debt prepayment option gain	-	-	-	(0.13)
Loss on debt redemption or purchase	-	-	0.01	0.29
Taxes and other	(0.05)	0.03	(0.12)	(0.05)
Adjusted diluted earnings per share	**$ 0.24**	**$ 0.69**	**$ 0.58**	**$ 2.59**

Non-GAAP Financial Measures

Reconciliation of Net Debt to Adjusted EBITDA Ratio

(C$ in millions)	(A) Twelve months ended December 31, 2019	(B) Nine months ended September 30, 2019	(C) Nine months ended September 30, 2020	(A+B+C) Twelve months ended September 30, 2020
Profit (loss)	$ (588)	$ 1,267	$ (471)	$ (2,326)
Finance expense net of finance income	218	172	224	270
Provision for (recovery of) income taxes	120	630	(116)	(626)
Depreciation and amortization	1,619	1,204	1,104	1,519
EBITDA	$ 1,369	$ 3,273	$ 741	$ (1,163)
Add (deduct):				
Asset impairment	2,678	171	647	3,154
COVID-19 costs	-	-	336	336
Environmental costs	197	112	12	97
Inventory write-downs (reversals)	60	9	111	162
Share-based compensation	4	(2)	18	24
Commodity derivative losses (gains)	(17)	(19)	(42)	(40)
Debt prepayment option gain	(105)	(105)	-	-
Loss on debt redemption or purchase	224	224	11	11
Taxes and other	51	25	(103)	(77)
Adjusted EBITDA	**(D) $ 4,461**	**$ 3,688**	**$ 1,731**	**(E) $ 2,504**

Non-GAAP Financial Measures

Reconciliation of Net Debt to Adjusted EBITDA Ratio - Continued

(C$ in millions)		(A) Twelve months ended December 31, 2019	(B) Nine months ended September 30, 2019	(C) Nine months ended September 30, 2020		(A+B+C) Twelve months ended September 30, 2020
Total debt at period end	(F)	$ 4,834			(G)	$ 6,612
Less: cash and cash equivalents at period end		(1,026)				(403)
Net debt	**(H)**	**$ 3,808**			**(I)**	**$ 6,209**
Debt to adjusted EBITDA ratio	**(F/D)**	**1.1**			**(G/E)**	**2.6**
Net debt to adjusted EBITDA ratio	**(H/D)**	**0.9**			**(I/E)**	**2.5**
Equity attributable to shareholders of the company	(J)	21,304			(K)	20,778
Net debt to capitalization ratio	**(H/(F+J))**	**0.15**			**(I/(G+K))**	**0.23**

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We include net debt measures as we believe they provide readers with information that allows them to assess our credit capacity and the ability to meet our short and long-term financial obligations, as well as providing a comparison to our peers.

Non-GAAP Financial Measures

Reconciliation of EBITDA and Adjusted EBITDA

(C$ in millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Profit (loss)	$ 25	$ 373	$ (471)	$ 1,267
Finance expense net of finance income	63	56	224	172
Provision for (recovery of) income taxes	19	171	(116)	630
Depreciation and amortization	412	436	1,104	1,204
EBITDA	**$ 519**	**$ 1,036**	**$ 741**	**$ 3,273**
Add (deduct):				
Asset impairment	-	-	647	171
COVID-19 costs	107	-	336	-
Environmental costs	37	35	12	112
Inventory write-downs (reversals)	18	7	111	9
Share-based compensation	25	(27)	18	(2)
Commodity derivative losses (gains)	(35)	(11)	(42)	(19)
Debt prepayment option gain	-	-	-	(105)
Loss on debt redemption or purchase	-	-	11	224
Taxes and other	(33)	24	(103)	25
Adjusted EBITDA	**$ 638**	**$ 1,064**	**$ 1,731**	**$ 3,688**

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Non-GAAP Financial Measures

Reconciliation of EBITDA by Business Unit

(C$ in millions)	Steelmaking Coal	Copper	Zinc	Energy	Corporate	Total
Q3 2020						
Profit (loss) before taxes as reported	$ (113)	$ 84	$ 162	$ (65)	$ (24)	$ 44
Add (deduct):						
Depreciation and amortization	183	104	99	26	-	412
Net finance expense (income)	15	34	12	6	(4)	63
EBITDA	**$ 85**	**$ 222**	**$ 273**	**$ (33)**	**$ (28)**	**$ 519**
Q3 2019						
Profit (loss) before taxes as reported	$ 390	$ 46	$ 175	$ (2)	$ (65)	$ 544
Add (deduct):						
Depreciation and amortization	203	126	70	37	-	436
Net finance expense (income)	15	36	11	5	(11)	56
EBITDA	**$ 608**	**$ 208**	**$ 256**	**$ 40**	**$ (76)**	**$ 1,036**

Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation and Amortization

(C$ in millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Gross profit	$ 291	$ 787	$ 828	$ 2,880
Depreciation and amortization	412	436	1,104	1,204
Gross profit before depreciation and amortization	**$ 703**	**$ 1,223**	**$ 1,932**	**$ 4,084**
Reported as:				
Steelmaking coal	$ 120	$ 628	$ 761	$ 2,456
Copper				
Highland Valley Copper	121	107	291	278
Antamina	173	136	356	450
Carmen de Andacollo	31	30	107	103
Quebrada Blanca	11	(6)	18	10
Other	-	2	-	-
	336	269	772	841
Zinc				
Trail Operations	14	2	38	10
Red Dog	255	284	529	627
Pend Oreille	-	(3)	-	(4)
Other	14	(6)	31	13
	283	277	598	646
Energy	(36)	49	(199)	141
Gross profit before depreciation and amortization	**$ 703**	**$ 1,223**	**$ 1,932**	**$ 4,084**

Non-GAAP Financial Measures

Reconciliation of Gross Profit (Loss) Margins Before Depreciation

(C$ in millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues				
Steelmaking coal (E)	$ 699	$ 1,277	$ 2,514	$ 4,417
Copper (F)	624	624	1,599	1,877
Zinc (G)	874	902	1,961	2,223
Energy (H)	94	255	314	62
Total	**$ 2,291**	**$ 3,035**	**$ 6,388**	**$ 9,279**
Gross profit (loss) before depreciation and amortization				
Steelmaking coal (A)	$ 120	$ 628	$ 761	$ 2,456
Copper (B)	336	269	772	841
Zinc (C)	283	277	598	646
Energy (D)	(36)	69	(199)	141
Total	**$ 703**	**$ 1,223**	**$ 1,932**	**$ 4,084**
Gross profit margins before depreciation				
Steelmaking coal (A/E)	17%	49%	30%	56%
Copper (B/F)	54%	45%	48%	45%
Zinc (C/G)	32%	31%	30%	29%
Energy (D/H)	(38)%	19%	(63)%	19%

Non-GAAP Financial Measures

Steelmaking Coal Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cost of sales as reported	**$ 762**	**$ 852**	**$ 2,273**	**$ 2,546**
Less:				
Transportation costs	(221)	(237)	(660)	(727)
Depreciation and amortization	(183)	(203)	(520)	(585)
Inventory (write-down) reversal	(18)	(4)	(45)	(4)
Labour settlement	-	-	(4)	-
Adjusted site cash cost of sales	$ 340	$ 408	$ 1,044	$ 1,230
Tonnes sold (millions)	5.1	6.1	15.8	18.7
Per unit amounts (C$/t)				
Adjusted site cash cost of sales	$ 67	$ 67	$ 66	$ 66
Transportation costs	43	39	42	39
Inventory write-downs	3	1	3	-
Unit costs (C$/t)	$ 113	$ 107	$ 111	$ 105
US$ AMOUNTS[1]				
Average exchange rate (C$/US$)	$ 1.33	$ 1.32	$ 1.35	$ 1.33
Per unit amounts (US$/t)				
Adjusted site cash cost of sales	$ 50	$ 51	$ 49	$ 50
Transportation costs	32	29	31	29
Inventory write-downs	3	1	2	-
Unit costs (US$/t)	$ 85	$ 81	$ 82	$ 79

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

Non-GAAP Financial Measures

Copper Unit Cost Reconciliation

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue as reported	$ 624	$ 601	$ 1,599	$ 1,877
By-product revenue (A)	(78)	(79)	(196)	(243)
Smelter processing charges (B)	36	41	100	126
Adjusted revenue	$ 582	$ 563	$ 1,503	$ 1,760
Cost of sales as reported	$ 392	$ 458	$ 1,108	$ 1,390
Less:				
Depreciation and amortization	(104)	(126)	(281)	(354)
Inventory (write-down) provision reversal	-	(7)	-	(4)
Labour settlement	-	(8)	-	(13)
By-product cost of sales (C)	(17)	(12)	(42)	(39)
Adjusted cash cost of sales (D)	$ 271	$ 305	$ 785	$ 980
Payable pounds sold (millions) (E)	146.8	162.2	419.0	483.2
Per unit amounts (C$/lb)				
Adjusted cash cost of sales (D/E)	$ 1.85	$ 1.88	$ 1.87	$ 2.03
Smelter processing charges (B/E)	0.24	0.25	0.24	0.26
Total cash unit costs (C$/lb)	$ 2.09	$ 2.13	$ 2.11	$ 2.29
Cash margin for by-products (C$/lb) ((A-C)/E)	(0.42)	(0.41)	(0.37)	(0.42)
Net cash unit costs (C$/lb)	$ 1.67	$ 1.72	$ 1.74	$ 1.87
US$ AMOUNTS[1]				
Average exchange rate (C$/US$)	$ 1.33	$ 1.32	$ 1.35	$ 1.33
Per unit amounts (US$/lb)				
Adjusted cash cost of sales	$ 1.39	$ 1.43	$ 1.38	$ 1.53
Smelter processing charges	0.18	0.19	0.18	0.19
Total cash unit costs (US$/lb)	$ 1.57	$ 1.62	$ 1.56	$ 1.72
Cash margin for by-products (US$/lb)	(0.32)	(0.31)	(0.27)	(0.32)
Net cash unit costs (US$/lb)	$ 1.25	$ 1.31	$ 1.29	$ 1.40

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

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1]

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue as reported	$ 874	$ 902	$ 1,961	$ 2,223
Less:				
Trail Operations revenues as reported	(441)	(456)	(1,288)	(1,423)
Other revenues as reported	(3)	(2)	(7)	(6)
Add back: Intra-segment revenues as reported	139	136	324	408
	$ 569	$ 580	$ 990	$ 1,202
By-product revenue (A)	(230)	(215)	(242)	(231)
Smelter processing charges (B)	129	105	259	209
Adjusted revenue	$ 468	$ 470	$ 1,007	$ 1,180
Cost of sales as reported	$ 690	$ 695	$ 1,585	$ 1,742
Less:				
Trail Operations cost of sales as reported	(448)	(476)	(1,316)	(1,476)
Other costs of sales as reported	11	(8)	24	7
Add back: Intra-segment as reported	139	136	324	408
	$ 392	$ 347	$ 617	$ 681
Less:				
Depreciation and amortization	(78)	(48)	(156)	(102)
Severance charge	-	-	-	(4)
Royalty costs	(131)	(117)	(138)	(211)
By-product cost of sales (C)	(59)	(51)	(61)	(51)
Adjusted cash cost of sales (D)	$ 124	$ 131	$ 262	$ 313

1. Red Dog and Pend Oreille (closed in July 2019).
We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

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

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Payable pounds sold (millions) (E)	334.3	332.0	758.6	769.2
Per unit amounts (C$/lb)				
Adjusted cash cost of sales (D/E)	$ 0.37	$ 0.39	$ 0.35	$ 0.41
Smelter processing charges (B/E)	0.39	0.32	0.34	0.27
Total cash unit costs (C$/lb)	$ 0.76	$ 0.71	$ 0.69	$ 0.68
Cash margin for by-products (C$/lb) ((A-C)/B)	(0.51)	(0.49)	(0.24)	(0.24)
Net cash unit costs (C$/lb)	$ 0.25	$ 0.22	$ 0.45	$ 0.44
US$ AMOUNTS[2]				
Average exchange rate (C$/US$)	$ 1.33	$ 1.32	$ 1.35	$ 1.33
Per unit amounts (US$/lb)				
Adjusted cash cost of sales	$ 0.28	$ 0.30	$ 0.26	$ 0.31
Smelter processing charges	0.29	0.24	0.25	0.20
Total cash unit costs (US$/lb)	$ 0.57	$ 0.54	$ 0.51	$ 0.51
Cash margin for by-products (US$/lb)	(0.39)	(0.37)	(0.18)	(0.18)
Net cash unit costs (US$/lb)	$ 0.18	$ 0.17	$ 0.33	$ 0.33

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

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

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Energy Operating Netback, Bitumen & Blended Bitumen Price Realized Reconciliations

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue as reported	**$ 94**	**$ 255**	**$ 314**	**$ 762**
Less:				
Cost of diluent for blending	(33)	(79)	(163)	(242)
Non-proprietary product revenue	(9)	(7)	(17)	(24)
Add back: Crown royalties (D)	-	6	3	15
Adjusted revenue (A)	$ 52	$ 175	$ 137	$ 511
Cost of sales as reported	$ 156	$ 243	$ 594	$ 721
Less:				
Depreciation and amortization	(26)	(37)	(81)	(100)
Inventory write-downs	-	-	(46)	-
Cash cost of sales	$ 130	$ 206	$ 467	$ 621
Less:				
Cost of diluent for blending	(33)	(79)	(163)	(242)
Cost of non-proprietary product purchased	(9)	(5)	(13)	(24)
Transportation costs for non-proprietary product purchased[1]	(3)	(30)	(7)	(89)
Transportation costs for FRB (C)	(23)	(1)	(78)	(2)
Adjusted operating costs (E)	$ 62	$ 91	$ 206	$ 264
Blended bitumen barrels sold (000's)	1,940	4,240	8,585	12,186
Less: diluent barrels included in blended bitumen (000's)	(443)	(932)	(2,188)	(2,864)
Bitumen barrels sold (000's) (B)	1,497	3,308	6,397	9,322

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

Non-GAAP Financial Measures

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

(C$ in millions, except where noted)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Per barrel amounts (C$)				
Bitumen price realized[1] (A/B)	$ 34.89	$ 52.61	$ 21.45	$ 54.69
Crown royalties (D/B)	(0.23)	(1.81)	(0.54)	(1.58)
Transportation costs for FRB (C/B)	(15.56)	(9.16)	(12.25)	(9.59)
Adjusted operating costs (E/B)	(41.18)	(27.31)	(32.26)	(28.20)
Operating netback (C$/barrel)	**$ (22.08)**	**$ 14.33**	**$ (23.60)**	**$ 15.32**
Revenue as reported	**$ 94**	**$ 255**	**$ 314**	**$ 762**
Less: Non-proprietary product revenue	(9)	(7)	(17)	(24)
Add back: Crown royalties	-	6	3	15
Blended bitumen revenue (A)	$ 85	$ 254	$ 300	$ 753
Blended bitumen barrels sold (000s) (B)	1,940	4,240	8,585	12,186
Blended bitumen price realized[1] (C$) (A/B)=D	$ 44.07	$ 59.78	$ 34.97	$ 61.73
Average exchange rate (C$ per US$1) (C)	1.33	1.32	1.35	1.33
Blended bitumen price realized (US$/barrel) (D/C)	$ 33.10	$ 45.26	$ 23.83	$ 46.44

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

We include unit cost information as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

Non-GAAP Financial Measures

Reconciliation of Coal Business Unit Adjusted EBITDA

(C$ in millions)	October 1, 2008 to September 30, 2020
Gross Profit	**$ 19,400**
Add back: Depreciation and amortization	7,649
Gross profit, before depreciation and amortization	**$ 27,049**
Deduct: Other costs	(430)
Adjusted EBITDA	**$ 26,619**

Non-GAAP Financial Measures

Reconciliation of Free Cash Flow

(C$ in millions)	2003 to Q3 2020
Cash Flow from Operations	**$47,556**
Debt interest and finance charges paid	(5,756)
Capital expenditures, including capitalized stripping costs	(27,552)
Payments to non-controlling interests (NCI)	(642)
Free Cash Flow	**$14,248**
Dividends paid	$4,461
Payout ratio	33%

Third Quarter 2020 Results

October 27, 2020

Teck