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PRESENTATION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's fourth quarter 2011 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 Thursday, February 9, 2012.

I would now like to turn the conference call over to Greg Waller, Vice President Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller: Thank you, Valerie. Good morning, everyone. Thanks for joining us this morning for our fourth quarter 2011 earnings conference call.

Before we start, I'd like to draw your attention to the forward-looking information slides on pages 2 and 3 of our presentation. 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 statements.

At this point I'd like to turn the call over to Don Lindsay.

Don Lindsay: Thanks, Greg. Good morning, everyone, and thanks for joining us. I will start 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 to address some more in-depth financial topics. I should say that a number of the other members of the management team are on the call this morning and are available to answer your questions. They are a bit spread around the world today from Anchorage to Santiago. Look forward to hearing from them.

Turning to slide 5. We are very pleased with the results for the year. We set a new record for revenues this year at over $11.5 billion, 25% higher than last year. We also set records for gross profit at $5.8 billion, and bottom line profit at $2.7 billion, up 47% from last year. EBITDA at $5.5 billion was also a new record. We set a new company record for copper production of 321,000 tonnes. And a record for material moved in our coal operations, which is, of course, a good sign of production to come. This banner year is a reflection of the strong fundamentals of our business, particularly in coal and copper.

Slide 6 shows our adjusted profit for the year which removes unusual items. And it's also a comparison to last year. Record adjusted profit of approximately $2.5 billion, or $4.16 per share on a fully diluted basis, is 64% higher than adjusted profit per share last year.

Turning to slide 7. Q4's revenue stood at about $3 billion, up over 9% from Q4 2010. Gross profit before depreciation and amortization was over $1.4 billion. Fourth-quarter profit was $637 million, which was 95% higher than last year's fourth quarter, but there was a large unusual item last year associated with debt repurchase. So it's more appropriate to look at adjusted profit. And fourth-quarter adjusted profit was $613 million, which was up almost 20% from last year's fourth quarter. While over the same period EBITDA was $1.3 billion.

On slide 8 we show our view of normalized or adjusted profit for the quarter. Profit attributable to shareholders before adjustments was $637 million. We had a few unusual items in this quarter in the form of foreign exchange and derivative losses, one-time labour settlement charge, and minor asset write-downs. Adjusting for these items, profit was $613 million for the quarter or $1.04 per share.

Turning to our operating results for the quarter on slide 9. In our coal business production was up 11% year over year at 6.7 million tonnes. The average realized price for the fourth quarter was US$253 per tonne. Again, about an 11% discount to the benchmark price of US$285 for premium quality coal. Fourth-quarter 2011 unit site costs were $65 per tonne. And distribution costs came in at $33 per tonne. That gave us combined costs of $98 or US$96 per tonne. Quarter over quarter we've seen our costs decline by approximately 7%.

Turning to slide 10. This chart shows both total material moved in the blue bars, and clean coal production in the red line. The advances we've been making in terms of adding equipment and plant capacity and people are paying off. In 2011 we moved a record amount of material. And coal production continues to increase. So we are particularly pleased about that.

It's important to note that during the fourth quarter we were producing at almost a 27 million tonne annualized run-rate. As we move more material, we expose more raw coal. The raw coal then makes its way through our expanded and upgraded wash plants. And that sequence is key to our ongoing growth in coal production.

In our copper business unit, on slide 11, overall production was up versus Q4 of last year. With cathode production declining and concentrate production increasing. Production of copper in concentrate was up 9,000 tonnes, primarily due to higher ore grades at Carmen de Andacollo, Highland Valley Copper, and Antamina. The increase was slightly offset by lower production from QB as it continues to transition from a higher grade heat leach operation to a lower-grade dump leach operation.

Slide 12 highlights some of the activities of our copper business. Fourth quarter production was at 356,000 tonne annualized run rate. This is a good indication of our progress to the 400,000 tonnes run-rate that we are targeting by the middle of this year. At Antamina, ball mill number 4 was successfully commissioned and is operating at 100% of capacity. The new SAG mill has actually received its first ore feed just a couple days ago. In the flotation areas of the project, good progress is being made towards final commissioning of the copper and zinc flotation in March and the molybdenum circuit in June. We expect to see higher production rates here by the middle of the year. Andacallo produced copper at an annualized rate of 70,000 tonnes in Q4 as it continues to ramp up to full production.

On slide 13, I would like to draw your attention to the reported costs at Highland Valley, as they appear they've increased a lot this quarter. But in fact, direct site costs were down 7% this quarter at $124 million. From those costs we deduct the capitalization of stripping costs, which are less now as a result of the completion of the pushback at Valley pit mid-year. We continue to capitalize some costs as we are now working on an expansion of Lomex pit, as well. And since we sold more copper than was produced, there's a positive inventory change which increases reported costs. And then in addition to that, we had the one-time labour settlement charge of $44 million in the quarter. That results in our reported costs being much higher. But, in fact, as I said at the start, our site costs were actually lower this quarter. And we expect to see the benefits of the lower costs start to come through in lower unit costs, particularly as production continues to increase with higher grade.

Tuning to our zinc business on slide 14. Zinc concentrate production for the quarter was down slightly compared to last year. At Red Dog, higher throughput resulted in a 4% increase in production. At Antamina zinc production declined due to a lower proportion of copper-zinc ore. Copper zinc ore declined to 28% at the mill feed versus that 37% last year. As in previous quarters, I should note that even though we show Antamina's share of zinc production in these figures, the financial results at Antamina are reported in our copper business.

Lead concentrate production was almost 30% higher than the fourth quarter last year, as the initial ore from Aqqaluk impacted grades and recoveries. At Trail, revenues were up mainly due to higher silver production and silver price. Higher zinc lead volumes were offset, though, by lower prices.

On slide 15 and continuing with the theme of new records, I'm very pleased with Red Dog's record throughput this year at 3.7 million tonnes, or 3% higher in 2010. That record was set while dealing with the challenge of transitioning into the Aqqaluk ore body. We are very pleased with that accomplishment. We also successfully commissioned two IsaMills in the zinc regrind circuit. And as we optimize the mill operations to the Aqqaluk ore. That's important. And at Trail, improved plant performance contributed to higher zinc and lead production.

I will now turn the call over to Ron Millos to address some of the financial issues.

Ron Millos: I am on slide 17. And we have summarized our changes in cash for the quarter on that slide. Our cash flow from operations was just over $1.2 billion in the fourth quarter, which is up 21% from the same period last year. Capital expenditures and investments were $698 million for the quarter. And you should note that we acquired and cancelled approximately 4.8 million Class B subordinate voting shares for $171 million as part of our normal course issuer bid that we announced in June of last year. After allowing for the effect of exchange rate changes and other items, our cash increase in the quarter was about $145 million. And we ended the quarter with over $4.4 billion in cash.

Slide 18 shows our final pricing adjustments for the fourth quarter. Again, starting in 2011 we've moved our pricing adjustments out of revenue and included them in non-operating income. This is a presentation change only. There's been no change to the methodology in how we calculate the pricing adjustments. And we have restated our comparative figures to allow that comparison. Total adjustments for the quarter were a positive $4 million on a pre-tax basis. Copper experienced a positive settlement adjustment in the quarter due to the increase in the copper price. The approximate 5% change in the copper price on the sales outstanding resulted in a $29 million positive settlement adjustment.

On the other hand, we experienced negative settlement adjustments in zinc, lead, and silver, with declining prices there. Just to remind you, that when you're analyzing the impact of price changes in the adjustments, you need to consider refining and treatment charges. Canadian-US dollar exchange rate must be included in your calculations. And when trying to analyze the impact on our net earnings you need to consider taxes and royalties, as well.

Moving on to slide 19. We've summarized our production guidance for the year, 2012. Coal production guidance is in the range of 24.5 million to 25.5 million tonnes, which would be probably 7% to 12% higher than the rate we produced at in 2011. And annual site cost, on average, to be between $72 and $78 per tonne. Copper production is expected to be up in the range of 350,000 to 375,000 tonnes, and that's up 10% to 15% from our 2011 production levels. Zinc in concentrate production is expected to be the between 580,000 and 610,000 tonnes, which includes Red Dog and our share of production from the Antamina mine in Peru. Zinc production will be down at Antamina, as it continues to transition to less copper-zinc ore and move to more copper-only ore. Refined zinc production at Trail is expected to be similar to last year, between 280,000 and 290,000 tonnes.

Our capital expenditure guidance is provided on slide 20. Overall, our sustaining and development capital expenditures are expected to be approximately $2.3 billion. Spending on our development projects includes $340 million for Quintette, $325 million for Quebrada Blanca Phase 2, and $300 million for Highland Valley mine life extension. As always, the amount and timing of actual expenditures is dependent upon numerous factors, including the actual costs, permitting, and delivery of equipment. We also expect to invest approximately $220 million as our share of costs for the Fort Hills oils sands project, which is accounted for as an investment. The $260 million for energy also assumes that the acquisition of Silver Birch closes as expected in April of this year.

Turning to slide 21. I'd like to highlight the guidance we have given for our sensitivity to changes in prices and exchange rates for the year. Our EBITDA, not including all the unusual items we had in 2011, was $5.5 billion. The slide shows our EBITDA sensitivity to our key products. For example, in coal, our EBITDA sensitivity is about $25 million for each US$1.00 per tonne change in the coal price. In copper and zinc, our sensitivity is $7 million and $10 million, respectively for each US$0.01 per pound change in the metal price. And our sensitivity to changes in the exchange rate is $85 million for each $0.01 change in the Canadian dollar versus the US dollar. In addition to these price sensitivities, you need to consider volume and cost changes relative to our production levels in 2011 if you are trying to estimate EBITDA for 2012.

With that, I will turn the call back to Don Lindsay.

Don Lindsay: Thanks, Ron. Turning to slide 23. Before we close, I'd like to update you on the status of several of our development projects. In our energy division, the Frontier project regulatory application was submitted to regulators in the fourth quarter of 2011. 9,000 pages long. The review and approval of the application is anticipated to take up to three years. Since quarter end we announced an offer to acquire SilverBirch Energy to get full control of that project. This will enable us to add value by moving the project to fully permitted status as quickly as possible.

In coal, the feasibility study for the restart of the Qintette coal mine is proceeding with additional work revolving around water management plans. We expect a feasibility study in the second quarter of 2012. We expect that the mine could be in production in the latter half of 2013, ramping up to an annual rate of about 3 million tonnes per year. At Quebrada Blanca, a full feasibility study commenced in early 2011 and is expected to be completed by the end of this quarter, first quarter of 2012. A positive feasibility study could potentially result in a decision to undertake project development, with production in early 2016.

At Relincho, we have moved forward into full feasibility study, and we expect it to be complete by the end of the first quarter in 2013. Finally, at Fort Hills we expect to have an engineering update sometime in late 2012 and anticipate a project sanction decision by the partners in 2013. So we have lots of exciting growth opportunities coming. I look forward to reporting on the development status of these projects in the coming calls.

So in summary, record revenues and record gross profit, record copper production, record material moved at our coal operations. Not to mention, the Q4 annualized run-rate of almost 27 million tonnes. We increased the semi-annual dividend to 33% so it's now $0.80 annualized. Lastly, we bought back shares.

With that, I would like to turn the call over for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Meredith Bandy, BMO Capital Markets.

Meredith Bandy: My first question is on the outlook for the coal market. You gave a little bit of guidance in terms of the Q1 pricing but if you can look at all beyond that, how is the visibility into later in the year? Have negotiations started for Q2? What's the colour for that market?

Don Lindsay: I will turn that over to either Ian Kilgour or Bob Bell

Bob Bell: Good morning, Meredith, it's Bob Bell here. I think as we've stated in our disclosure, we are seeing uncertainty in the markets and we are seeing some caution on the part of buyers. There are some mixed signals. If you look as what's happened in the United States, we've actually seen their steel production has turned up. In December, they reported the highest steel production in four months. So that's a positive sign. And we are hearing from some of our customers that they've seen the worst of this downturn. We've had some remarks from several customers about the second half of 2012 being better than the first half. So we are seeing uncertainty. And that's been reflected in what we said about our sales for the first quarter. But we've also seen some positive signs. So we are hopeful that the second half will be better than the first half.

Meredith Bandy: Bob, there was a report earlier this week in McCloskey's that Teck had tabled a 210 bid on coal to Posco. Can you comment on that at all?

Bob Bell: We don't comment on our commercial discussions. We have not seen any reports of settlements for the next quarter's pricing so far.

Meredith Bandy: Okay. Turning to a separate issue. There was just one sentence. Maybe this is for Don or Ron. There was one sentence in your press release this morning about $324 million of public investments in the quarter. Can you give us any colour on that?

Don Lindsay: We make investments from time to time in different public entities, but we don't comment on what they are. That would be in that category.

Meredith Bandy: So was it just in the release because it was a relatively large number?

Don Lindsay: It's just full disclosure.

Meredith Bandy: Okay. Thank you.

Operator: Sal Tharani, Goldman Sachs.

Sal Tharani: I have a question on coal again. I just want to get some more colour on the cost, 2012 cost estimates you've given. Because the profile of the cost for 2012 seems like it's been coming down consistently. And then you are jumping from $65 in the fourth quarter to $72, $78. What are you assuming in there that would increase significantly?

Don Lindsay: I will turn it over to Ian Kilgour. We have experienced declining costs for the last few quarters from a relatively high number in Q1 when there was a lot of weather-related incidents in the strait and so on. For more detail, Ian over to you.

Ian Kilgour: Thank, Don. Two factors here. The $65 level for quarter four was based on a coal production of 6.7 million tonnes, which was a record for the year. So the fixed proportion of costs was low. When we look at 2012, we are going to be maintaining a rate slightly lower than that over the year. So the fixed proportion of costs goes up a little bit, so that's one factor. Quarter four did not contain any shutdown costs. We obviously have our annual shutdown cost we have to be incorporated into the full year. And, as well, we get the pressure on diesel prices, explosives. And, of course, we incorporate our labour settlements for the year. They are the main factors is cost going forward.

Sal Tharani: Great. Thank you very much.

Operator: Dave Lipschitz, CLSA.

Dave Lipschitz: Can you explain, with steel production in China down significantly from where it was a year ago, and imports seem to be still going into China. Are they cutting their coking coal production because you are up, some others are up? Or are they just stacking inventory in China? Just wondering where all the coking coal is going.

Bob Bell: Good morning, Dave. It is Bob here. I think important is that imports into China of coking coal have stayed fairly steady in the final quarter. We saw 5 million tonnes of imports in December, which included a fairly significant portion of seaborne imports. There's been a real shift in production towards the coast and towards larger blast furnaces that benefit from the seaborne coal. Production from the higher-quality areas within China, there's been reports of increased production. But overall, they still require imports. That's why you see those numbers coming from Mongolia and also the seaborne market.

Dave Lipschitz: The reason why I ask is steel production right now has been running about 615 million tonnes run rate. And they did 680 million, 690 million tonnes last year. So I was just wondering. That's quite a bit of coking coal that they potentially would need right now starting up for the first part of the year. So I was just wondering, and if everybody is running higher production numbers, is somebody in China cutting again? Or elsewhere -- is Australia cutting, North America cutting? Where are the cuts coming from? Or are they just being stashed in inventory within China

Bob Bell: Of course, China is the largest producer of steel-making coal. There's going to be a lot of changes in flows. One key factor is that earlier in 2011 when seaborne steel-making coal prices were so high, there was a significant decline in imports from seaborne market in China. And then as you saw the decline in the seaborne price, then imports into China from seaborne coal began to increase. So I think that's a bigger issue, is the spread between seaborne pricing and domestic coal pricing. I think that bears out in the December total imports of about 5 million tonnes. So that's something you have to watch.

Dave Lipschitz: Okay. Thanks.

Operator: Oscar Cabrera from Bank of America Merrill Lynch.

Oscar Cabrera: Just to start with, you are expecting a coal price for the first quarter 2012 which is about 2% lower than the benchmark. The question is, in terms of inventories carried over from the fourth quarter, is there any chance you can provide color on how much inventory is carried over or is this just a function of the mix of having hard coking coal?

Bob Bell: We don't give the specifics. Of course, all that is wrapped up in the pricing. If you look at our price against benchmark, most quarters, if you look at the past eight quarters, we're about plus or minus 90% of the benchmark price. It's a little higher in the indication we've given for where we are quarter to date. That would reflect slightly higher amount of carry-over pricing. We are at slightly higher amount of hard coking coal versus non-hard coking coal. But that's going to vary from quarter to quarter.

Oscar Cabrera: That's fair enough. The spread historically had been about 10% to the benchmark. Now the spread is only 2%. So wondering if there is anything out of the ordinary for the first quarter. Can we expect the same? I know you don't have a lot of visibility throughout the year, but should we expect the mix to revert back to the 90/10 that you referred to?

Bob Bell: It's really because when you looked there was quite a significant price movement from one quarter to the next. When the price movement is less, and I think you will see it more along the lines of what we've seen in most quarters in the past. The quarters we have a huge price movement, then you see a differential from that 90%.

Don Lindsay: Oscar, it's really because a number of the deferred tonnages are now going into Q1 at the much higher prices from a quarter or two ago. And the disclosure we've given is just at one point in time. As we continue to make sales, they will be more in line with where current markets are and then you'll see the gap widen.

Oscar Cabrera: That's helpful, Don. Thank you. Then in terms of your development projects, I know that your feasibility study for Quebrada Blanca and Quintette won't be available until later on during the year. But would it be possible to provide us with a sense...Quintette, we know it's going to be around $650 million. But Quebrada Blanca hypogene, you are starting to spend in equipment. Just to give us a sense of the ranges that you are looking at so that we can include it in our models.

Don Lindsay: We haven't finished the feasibility. In addition to that, we are having ongoing discussions with the other owners there. I think it's just too soon to really release any of those numbers until we've pinned them down and reviewed it with our board. I understand your need to do the models. And I apologize that we cannot give you more detail. But it will come fairly soon but we are just not there yet.

Oscar Cabrera: Thank you.

Operator: Jorge Beristain from Deutsche Bank.

Jorge Beristain: My question is, given the production run late that we saw in steel-making coal in the fourth quarter, which would imply you're analyzing out towards 27 million tonnes. And your midpoint guidance for 2012 is 25 million tonnes. It would imply about a 2 million-tonne potential inventory build. I wanted to understand, is that what you are planning on doing for 2012, is, in fact, building inventories? And secondly, would there be any knock-on effect to the time lines of some of your organic coking coal expansions because you may be carrying more inventory than normal?

Don Lindsay: Maybe just a quick comment, then over to Ian. We are very proud of the fourth quarter, but we are not there yet where we could go at an annualized rate of 27 million tonnes. I do know the 6.7 million tonnes a quarter gets close to that end and we are encouraged but we are not quite there yet. Ian, over to you.

Ian Kilgour: Thanks, Don. The fourth quarter at 6.7 million tonnes did not contain any shutdowns for our annual maintenance shutdowns. So when we would look at a full year, we basically take 10 days average out of each plan to carry out the required shutdown. And also in March we will be shutting down our Elkview plan for around another week to actually commission our expansion there. So the average for the year will not be the average of quarter four. In terms of inventory, we started fairly low. At the start of quarter four we wanted to be intentionally building inventories. We will be selling to our capabilities and to what the market will bear and carrying on with our production at current capacity.

Jorge Beristain: Fair enough. That makes the second half of my question a bit moot. And then, Don, I just wanted to follow-up on that earlier comment about the $324 million of public investment. Is this a transitory or temporary portfolio investment that you are doing? Or could we expect, if you were to acquire more in that public company, that you have to increase your disclosure level? And should we read anything into that?

Don Lindsay: If you go back over our history, at current times we've made investments in more than one company when we thought the value was there. Clearly, in the last quarter some good valuations appeared and so we took advantage of that. I'm not sure what will happen in the future. We may sell them, as we've done in the past, and just take the gains. We are very pleased with the position. Or we could add to the position depending on market conditions. It's really just normal disclosure. I'm not sure you could read much more than that.

Jorge Beristain: Great. Thank you.

Operator: John Hughes from Desjardins Securities.

John Hughes: Just a couple quick ones. On the 25 million tonne target on the coal, is that production or sales? And how much of that would be destined for China?

Ian Kilgour: That's the production number. The sales number is obviously going to depend on the factors that we talked about earlier. We are obviously hoping that the signals we are getting about potential recovery in the second half of the year are carried through. In terms of how much goes to

China, that's a number that varies from year-to-year. It has been around a 3 million-tonne mark in the past. We will be seeking to increase that as we go forward. As we will with our other development markets, particularly India.

John Hughes: Just sticking on that, maybe for the first quarter, I'm wondering what level of spot sales that you might anticipate. Is it in the range of 300,000, 400,000 tonnes type of thing?

Ian Kilgour: We normally look for spot or development sales around the 10% mark. They may be a little higher in this first quarter.

John Hughes: 10% of?

Ian Kilgour: Of our overall sales.

John Hughes: Great. Two quick last ones. At Quintette, with the feasibility now targeted for the second quarter, can you highlight the expected timing on the receipt of permits and whether those permits -- is there a selenium issue? Or when are you going to be in a position to give a full green light on the project?

Ian Kilgour: There are minor amendment permit application in the second quarter. That is going very well. We've got really good communications with the regulators on that. And we are hoping the approval period will be around six months. So somewhere around September we would have the green light to be able to fully initiate the project. The key issues are water management, as you would expect. We've got a very well-developed selenium management plan, and we don't expect any problems in that area. We are fairly confident. We are discussing with all of our stakeholders up in here, including the First Nations groups. And we are having very positive discussions. We are looking forward to that approval in September.

John Hughes: That helps. Thanks, Ian. Last one, and again coal related. Just in terms of that material moved in the first quarter, I'm wondering in Q1 are you continuing to, on 1 million a BCM rate, are you still hitting in the 70 million to 80 million tonnes a quarter type thing?

Ian Kilgour: Yes. Our movement rates have continued and we expect them to continue throughout the year. The quarter has been a relatively benign one in terms of winter conditions so that we haven't had any disruptions at all.

John Hughes: That's great. Thank you. That's it for me.

Operator: Greg Barnes from TD Securities.

Greg Barnes: Just on the copper costs, they were pretty high in Q4. I am wondering how those are trending into 2012.

Don Lindsay: Roger or Greg.

Roger Higgins: Let me just got online here, take myself off mute, and comment. If you're hearing me okay, good morning, good afternoon from Santiago. If you're talking there, Greg, about the overall copper business unit costs, over C1 costs were around about US$1.70 per payable pound And their sales exceeded production in the quarter. That was slightly higher than that on a per pound produced. For 2012, our estimate is close to around about US$1.50.

Greg Barnes: Perfect, thank you. Also -- this is for Don. On QB2, you still seem to be struggling a bit on the project. You mentioned power options in the press release this morning. Are there other issues that you are trying to sort out?

Don Lindsay: Not really. The power options are obviously very important to the project so we want to get that right. So we are in detailed discussions with them. There are two owners. And we need to make sure that everybody is on-site there with how the project would be financed. And these discussion just take time. So I wouldn't say we are struggling at all. We are actually quite excited about it. But we are not able to disclose much more at this point until the final feasibility at the end of the quarter. We are getting there. It's pretty close, but not quite there yet.

Greg Barnes: You'd said you still think you can hit the 2016 production target date. But if you don't make a decision soon, you're going to run into the winter in Chile, and that, I would think, would delay getting into construction. Is that an issue for you because you're pushing 2017?

Don Lindsay: No, we do not anticipate that time delay. We are definitely, from Teck's point of view, carrying on at the schedule we've always talked about. So we don't anticipate those delays.

Greg Barnes: Okay. I'm going to take one for the stab at the $300 million investment. Was it two, three, four, five investments?

Don Lindsay: I appreciate the question, but as you know, we don't comment.

Greg Barnes: Fair enough.

Operator: Brian MacArthur from UBS Securities.

Brian MacArthur: I want to switch just to the zinc business. You made a comment that the royalty at Red Dog is going to kick up from 25% to 30% in Q4 this year. Is that on a production basis, or will it actually go in 2013 because of the timing of when the sales go? I'm just not exactly sure what that means. Whether it hits fourth-quarter numbers or it's delayed because of the cycling of when the time goes out.

Ron Millos: It's Ron, I can take that one on. It happens in Q4. It's a formula based on the operating agreement that really is on the cash flow. We look at receivables collected, when you pay your bills, and stuff like that. So it's not a calculation that you can really take off the financial statements itself. Every five years it goes up 5%. That will happen in the quarter every fifth year until it hits 50%.

Brian MacArthur: So in Q4, though, for modeling purposes, I should put a 30% royalty, is the way you would do it? On a sales basis, not a production basis.

Ron Millos: Probably the best thing to do would be the cash flow from that entity.

Brian MacArthur: Right, but it is a big selling -- Q4 is usually a heavy selling quarter. So the kick is going to come in on the bigger number, just not divide by 4 or anything.

Ron Millos: That's right. It will follow the pattern of the operating profit of the operation, is a good way of looking at it.

Brian MacArthur: Great. Thanks very much.

Operator: Dan Rohr, Morningstar.

Dan Rohr: You had mentioned in your release that the targets for coal production in 2012 would be contingent upon seeing some sort of demand improvement from 2011 levels. Just wondering what growth in, say, global crude steel output would we need to see in order for you guys to achieve the midpoint of year target? Something on the order of, say, 5%?

Don Lindsay: Bob, I will turn it over to you, but just a quick comment. I'm not sure that it's directly related to the number that you are asking for. Because it's much more customer-specific and country-specific. I think it would be difficult to answer based on that step. But Bob, what comment do you have?

Bob Bell: Don, you covered it well.

Dan Rohr: All right. Thanks.

Operator: David Neuhauser, Livermore Partners.

David Neuhauser: Good morning, gentlemen. I wanted to ask, Don, stripping out the macro issues at play, what are aspects of the business that you are not satisfied with, where either you want to see further rationalization of business units or increased production capacity profits? It seems like obviously the company is running on all cylinders, but what areas would you like to see improvement in?

Don Lindsay: That's a good question. We are pleased with the results for the year but there are a number of things where we didn't meet target. We would certainly like to see improvements there in 2012. The target wasn't met in coal, but at the end of the year a lot of the problems that we had earlier in the year were resolved. And the 6.7 million-tonne number was pretty good. So we have a lot of confidence going into 2012 for the coal production side of it.

On the copper side, we also didn't meet our targets, particularly at QB. Andacollo had the ore hardness issue. And we hadn't finished getting the new crusher in. It would be just a few weeks away. That will make a difference. Highland Valley, it took a little longer to get into the higher grade zone than we had hoped. But we are getting there now.

So we are really keen to see the copper business unit hit that annualized 400,000-tonne rate by the middle of the year. And there's going to be a lot of focus on that to making sure of that That's probably an area where we feel that we underperformed in 2011. And, of course, that reflected on the cost, as well, which is a question that's already been asked. So both getting production up and the resultant costs going down in copper is a real focus this year.

The zinc division performed really well last year. We think it will again this year. It's a very solid, stable business. The investments we are making at Trail are going to help. That's one of the reasons why our sustaining capital is a little higher than people probably anticipated. The $200 million for the acid plant, and so on.

In energy, of course, that's a development business but we are really pleased with the steps taken and look forward to closing the SilverBirch deal. Because that gives us quite a resource, and we are adding value to that resource with all the activity so that three years from now when we get the full permit at Frontier that will be a much more valuable position than it is today. So we think we are creating good value there.

So it's a long answer just to review the company, but I think if I just say one thing that we would really like to see improvement on it would be in the copper production and cost area.

David Neuhauser: Okay. That's a fair answer. And then, just again, in terms of overall with Teck, at this point in the last few years you are seeing strong growth, your balance sheet is almost pristine at this point, where you've increased dividend, you are buying back shares. You are doing everything to see consistent performance out of the Company. At that point, with some of the consolidation and release valuations coming down with some companies, do you think Teck could be a target of consolidation by a larger player? And are you open to that? Or are you still, you're at the point now where you are still essentially like the wolf and you are hunting some smaller opportunities and you are going to be the consolidator?

Don Lindsay: Two part answer to that question. First, we don't anticipate that we will be a target, given our share structure. And we don't anticipate any change to that share structure. So that's an answer to your first question.

On the second question in terms of us being a consolidator and making acquisitions, we are always reviewing the acquisitions that are potentially out there and the ones that are in play. Ron Vance and his whole team, that's their mandate, that we want to know everything there is to know about any of these transactions, whether we are interested or not. But I should point out that we have quite a good stay-the-course internal growth strategy between the copper side where we have QB2 coming soon, and Relincho not that far behind. And this is not counting the brownfields expansions at Antamina, Andacollo and Highland Valley getting back into the high grade. And then we have Fort Hills, again, not that far off, as well.

So if we just stay the course, make no acquisitions whatsoever, when we get to 2016, you will see both QB2 and Fort Hills starting up. Over a five-year period you will see materially more copper production per share. And coal production per share because we will finish the extension there. And then the oil sands division coming into production. So the stay-the-course strategy looks pretty good to us. We are very pleased that we have that position that we can exploit. If we see another opportunity that looks like it could make the situation even better, then we will act. But so far we haven't seen anything.

David Neuhauser: Okay, that's fair. And then one last thing. I know everyone is harping on it a little bit regarding the investment this quarter, public investment. Maybe that is, obviously, some of my thoughts on part two of the question, where if you are going to be looking for target companies out there. If you would be doing so methodically and in a pattern of maybe acquiring shares and then maybe starting discussions and then maybe making a bid. Or is that just not typically what your style has been in the past?

Don Lindsay: I think I will just repeat what I said before. If you look back over our history, from time to time we have taken positions for investment purposes. Sometimes they turn out to be strategic, other times we just sell to make a profit. That's all we are doing now.

David Neuhauser: Okay. Fair answer. Thanks, Don. I appreciate it.

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

Don Lindsay: Thank you all for joining us this morning. It was a very solid year in 2011 for Teck. We feel that we are very strongly positioned for 2012. We look forward to the world sorting itself out, Western Europe and the like. But certainly Teck is in good position to go forward into 2012. Thank you all. We will speak to you in April.

Operator: Thank you. The conference has now ended. You can disconnect your lines at this time. We thank you for your participation.