

# Teck



## Fourth Quarter 2012

Investor Conference Call and Webcast

February 7, 2013

# Forward Looking Information



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

These forward-looking statements include estimates, forecasts, and statements as to management’s expectations with respect to, among other things, our future earnings and cash flow, expected progress and costs of growth projects including our Quebrada Blanca Phase II project, the timing of feasibility studies for projects, expected sales and realized pricing for coal, expected coal production rates, strip ratios and costs, future expenditures on major projects, the potential impact of transportation and other potential production disruptions, the timing of resubmissions of the Quebrada Blanca SEIA, the timing of a sanction decision on the Fort Hills project, the impact of currency exchange rates, future trends for the company, future production and sales volumes, capital expenditures and mine production costs, demand and market outlook for commodities, future commodity prices and treatment and refining charges, the settlement of coal contracts with customers, the impact of settlement adjustments on our revenue and earnings, and the outcome of mine permitting currently underway including at our Quintette project.

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

# Forward Looking Information



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

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



## ***Speakers***

**Don Lindsay**

**President & CEO**

Ron Millos

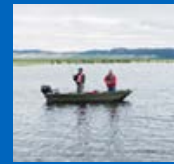
SVP Finance & CFO



## Record Annual Copper Production

<b>Revenues</b>	<b>\$ 10,343 million</b>
<b>Gross Profit</b> (before depreciation & amortization)	<b>\$ 4,017 million</b>
<b>Profit</b> (attributable to shareholders)	<b>\$ 811 million</b>
<b>EBITDA</b>	<b>\$ 2,819 million</b>

# 2012 Guidance Achieved



Production / Costs	2012 Guidance	2012 Actual	Achieved
Coal	24.5 – 25.5Mt	24.7Mt	✓
Coal site costs	\$72 – 78/t	\$72/t	✓
Copper	350 – 375kt	373kt	✓
Zinc in Concentrate	580-610kt	598kt	✓
Refined Zinc	280 – 290kt	284kt	✓

# Q4 2012 Highlights

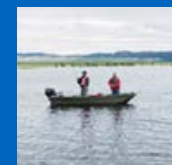


- Record quarterly copper production
- Completed final high-yield note redemption
- 12.5% increase in dividend
- Purchased for cancellation 3.8 million Class B shares

## **Subsequent to quarter-end:**

- Recognized as one of the Global 100 Most Sustainable Companies for 2013

# Q4 2012 Results

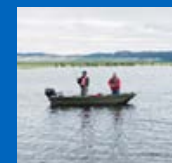


## Increasing volumes, strong cash flow

Revenues	\$ 2,730 Million
Gross Profit (before depreciation & amortization)	\$ 961 million
Profit (attributable to shareholders)	\$ 145 million
Adjusted Profit (attributable to shareholders)	\$ 354 million
EBITDA	\$ 527 million



# Adjusted Profit

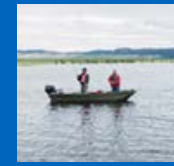


(\$ millions, net of taxes)

## Profit attributable to Shareholders as reported

	Q4 '12	Q4 '11	Q3 '12
	\$ 145	\$ 637	\$ 180
Asset sale gains	4	(1)	(22)
Foreign exchange (gains) losses	(1)	(14)	2
Derivative (gains) losses	(3)	(61)	(48)
Collective agreement charge	11	29	9
Financing items	259	–	196
Asset write-downs & tax items	(61)	23	32
<b>Adjusted Profit</b>	<b>354</b>	<b>613</b>	<b>349</b>
Adjusted EPS	\$ 0.61	\$ 1.04	\$ 0.60

# Coal



## Coal - Mt

Production

Sales

**Average Realized Price** (US\$/t)  
(C\$/t)

**Site Costs (C\$/t)**

**Transportation Costs (C\$/t)**

## Financial Results

Revenue

Gross Profit

(before depreciation and amortization)

	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>Q3 2012</b>
	6.4	6.7	6.3
	6.4	5.5	5.5
	159	253	193
	157	259	194
	62	65	77
	41	33	37
	C\$ millions		
	1,010	1,434	1,077
	347	891	445

# Coal Update



- Plant upgrades and mining fleet additions are complete; operating capacity now approximately 27Mtpa
- Strong demand continues to come from China
- Q1 benchmark price for premium coal settled at US\$165/t
- Q1 coal sales contracted 6.0 Mt at US\$159/t; includes carryover tonnes
- Quintette permit approval expected H1 2013, production to begin about 1-year later

# Neptune & Westshore Update



- New Neptune stacker reclaimer remains on schedule
  - 12.5 Mtpa nominal throughput capacity anticipated spring 2013
  - Two phase development to expand to 18.5 Mtpa
- Westshore incident not expected to materially impact production
  - Berth in-service mid-Q1
  - Continue to use alternative shipping options in the meantime



# Copper



## Copper in Concentrate (kt)

Production

Sales

## Copper Cathode (kt)

Production

Sales

## Moly in Concentrate (M lbs)

Production

Sales

## Financial Results

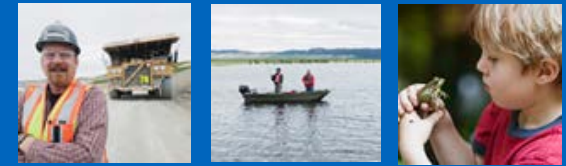
Revenue

Gross Profit

(before depreciation and amortization)

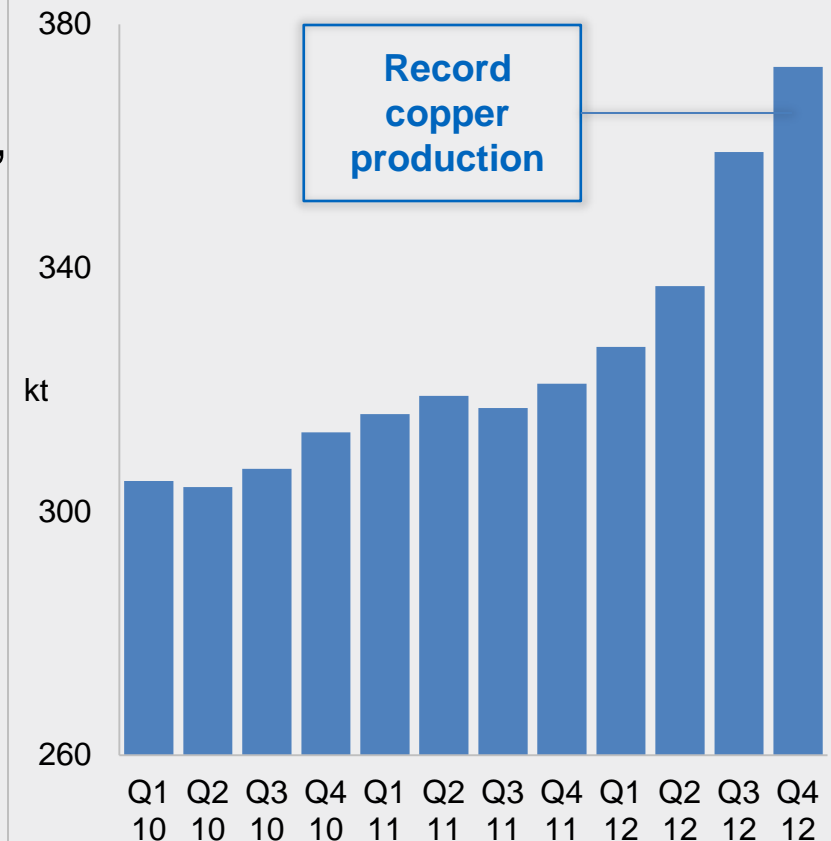
	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>Q3 2012</b>
	88	69	84
	89	72	81
	15	20	15
	16	19	15
	3.0	3.9	3.4
	3.6	4.0	3.0
	C\$ millions		
	913	778	763
	430	339	362

# Copper Update



- **Record quarterly and annual copper production**
- Antamina production +28%:
  - Q4 average ~128 ktpd ore, up 22%, copper production 122kt
- Highland Valley:
  - Production up 37% YoY from higher grades and recoveries
- Carmen de Andacollo:
  - Production increased ~7% YoY
  - Concentrator processed record 55.5ktpa in October

## Rolling 4-Quarter Contained in Concentrate & Cathode





# HVC Mill Optimization Update



- Mill optimization project progressing on schedule
- Completion expected end of 2013
- Steel structure in place as well as major equipment
- Detailed engineering over 88% complete
- Ore grades expected to return to average reserve grade in 2013



# Zinc



## Zinc in Concentrate (kt)

Production

Sales

## Refined Zinc (kt)

Production

Sales

## Lead in Concentrate (kt)

Production

Sales

## Refined Lead (kt)

Production

Sales

## Financial Results

Revenue

Gross Profit

(before depreciation and amortization)

	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>Q3 2012</b>
	157	150	145
	207	209	157
	67	75	74
	67	75	75
	26	22	22
	50	32	46
	24	22	21
	23	21	22
	C\$ millions		
	824	760	664
	182	204	125



# Q4 Investor Conference Call



## ***Speakers***

Don Lindsay

President & CEO

**Ron Millos**

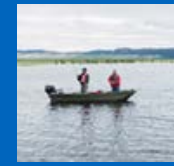
**SVP Finance & CFO**

# Q4 2012 – Cash Changes



	<u>\$Millions</u>
<b>Cash Flow from Operations*</b>	<b>722</b>
Working Capital Changes	74
Capital Expenditures and Investments	(661)
Debt Issuance, principal and interest payments	(715)
Purchase & cancellation of Class B shares	(123)
Distributions to non-controlling interests, FX & Other	40
Cash & STI Increase	(663)
<b>Cash at quarter end</b>	<b>\$3,267</b>

# Final Pricing Adjustments



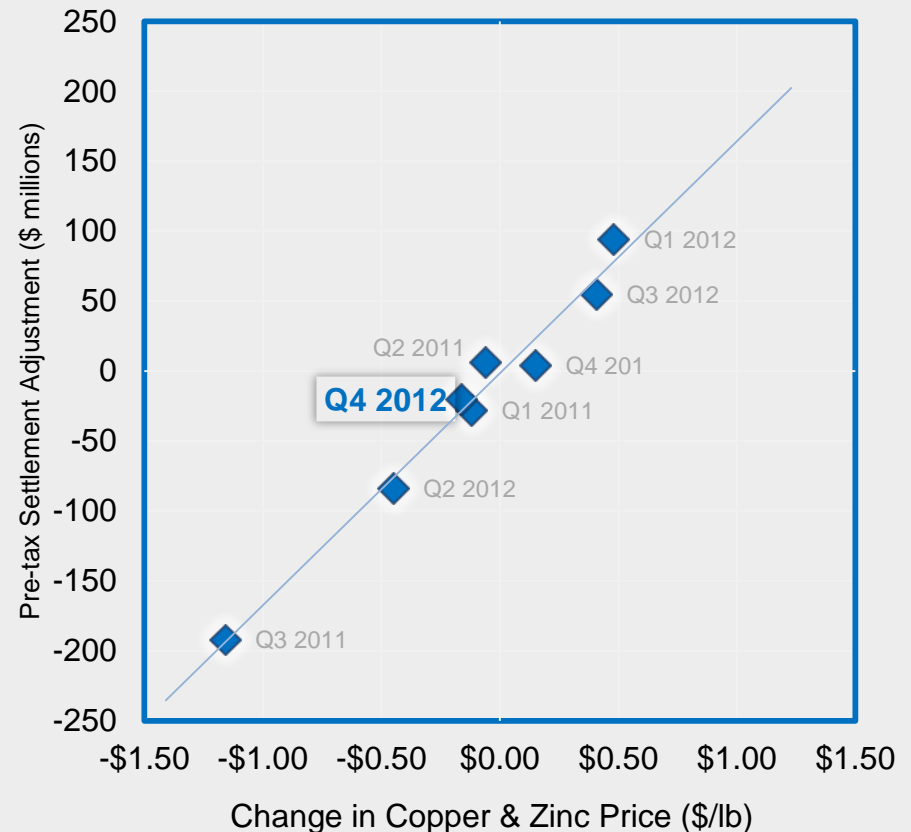
	Outstanding at September 30, 2012		Outstanding at December 31, 2012		Pricing Adjustment (C\$ M) Before Tax
Copper	169 M lbs	\$3.74 US\$/lb	179 M lbs	\$3.59 US\$/lb	-\$35 Million
Zinc	184 M lbs	\$0.95 US\$/lb	143 M lbs	\$0.93 US\$/lb	-\$2 Million
Other (moly, silver, lead, etc.)					\$17 Million
<b>Total Pricing Adjustments</b>					<b>-\$20 million</b>

# Commodity Price and Settlement Adjustments

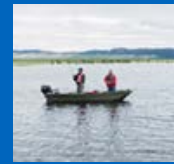


- Commodity price change drives settlement adjustment
- **Q4 vs. Q3:**
  - Lower copper and zinc prices

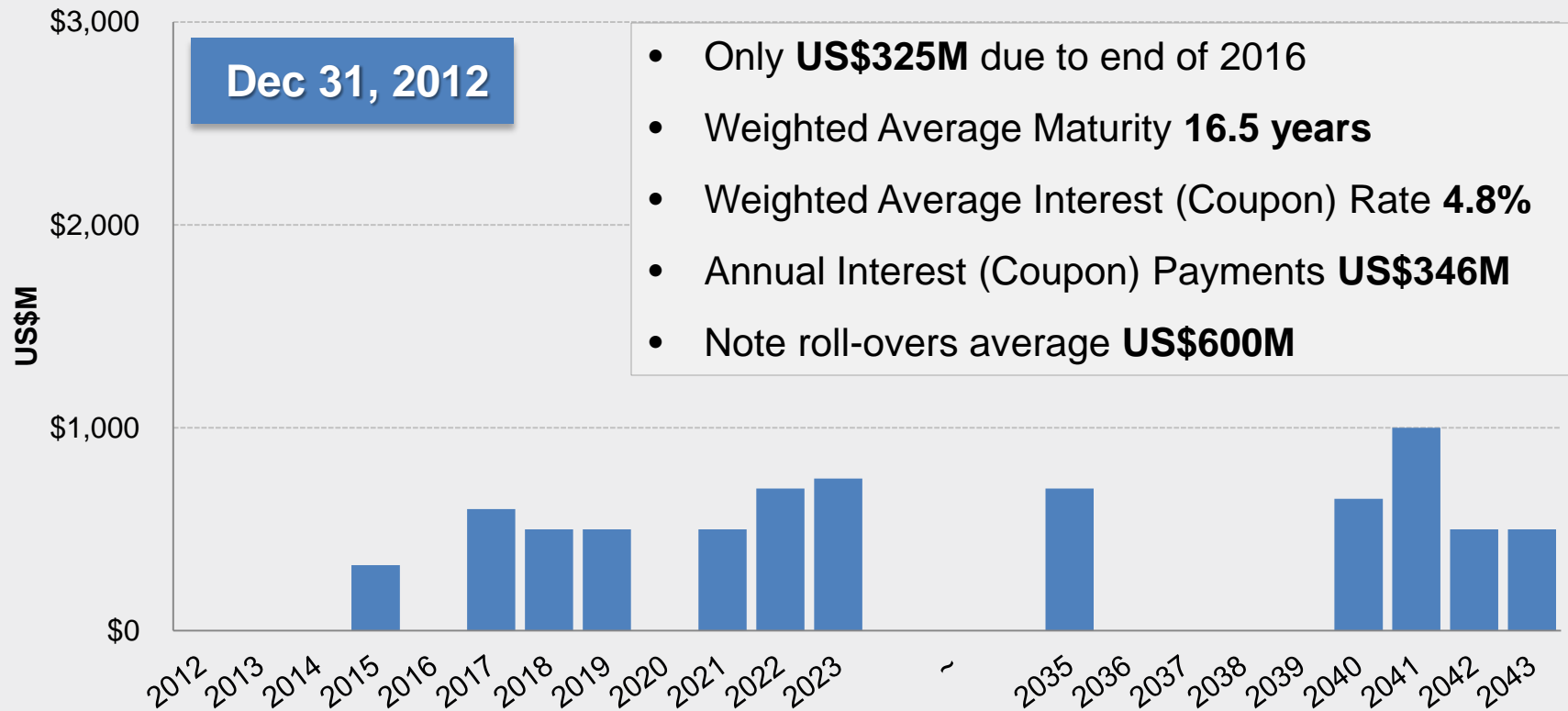
## Quarterly Price Change vs. Settlement Adjustment



# High Yield Note Redemption Completed



## Debt Maturity Profile



**Interest Expense Reduced by US\$250M**



## Production

Coal (27 Mt capacity)	24 – 25 M tonnes
➤ Coal site costs	\$71 – 77/ tonne
Copper	340 – 360 k tonnes
Zinc in Concentrate	560 – 590 k tonnes
Refined Zinc	280 – 290 k tonnes

# 2013 Capex Guidance



Sustaining & Other Development	Sustaining	Major Enhancement	Total
Copper	265	360	625
Coal	265	80	345
Zinc	195	20	215
Corporate	20		20
	<b>\$745</b>	<b>\$460</b>	<b>\$1,205</b>

## Major Project Spending

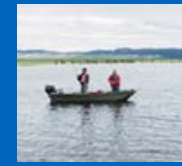
## New Mine Development

Quintette	120
QB Phase II	450
Fort Hills & Frontier	400
Relincho	70
Other early stage	10
	<b>\$1,050</b>

**Total** (Sustaining + Major Enhancement + New Mine incl. Fort Hills)

**\$2,255**

# Leverage to Strong Commodities



2012 EBITDA \$2.8Bn

	<u>2012 Avg</u>	<u>EBITDA <math>\Delta</math></u>
• Coal	US\$193/t	\$25 M / \$1 $\Delta$
• Copper	US\$3.61/lb	\$7 M / \$.01 $\Delta$
• Zinc	US\$0.88/lb	\$11 M / \$.01 $\Delta$
• \$C/\$US	\$1.00	\$70 M / \$.01 $\Delta$

Volume and cost changes from 2012 need to be taken into account in estimates of EBITDA for 2013



# Q4 Investor Conference Call



## ***Speakers***

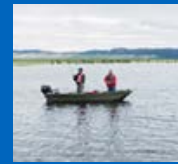
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# Project Developments



- **Quintette Coal Mine**  
Permit approval expected H1 2013
- **QB Phase 2**  
SEIA re-file expected end of Q2 2013
- **Relincho Copper Mine**  
Feasibility study Q4 2013
- **Neptune Terminal Expansion**  
Feasibility study to 18.5 Mtpa completed Q4 2012
- **Fort Hills Phase I**  
Project sanction decision expected 2013

# Summary



Well positioned during economic uncertainty

No change in long-term outlook

Near-term expansions on track

Coal production adjusting to market demand

Prudent capital spend program

# Teck



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