Fourth Quarter 2018 Results

February 13, 2019

Caution Regarding Forward-Looking Statements

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

The forward-looking statements in these slides and the oral presentation include estimates, forecasts, and statements as to management’s expectations and guidance with respect to, among other matters, business unit and commodity production guidance, cost guidance, expectations for production at each of our operations, sales guidance, capital expenditure guidance, expectation for improvement of copper grades at Highland Valley, availability of our credit facilities, Teck’s share of remaining equity capital for the QB2 project and timing of contributions, the timing of closing of the transaction relating to QB2, the potential for an additional return of capital to shareholders following closing of the QB2 transaction, QB2 capital costs, our expectations regarding the projects and transactions described on the slide titled “Looking Forward Multiple catalyst/valuation milestones”, the expectations underlying our guidance, and our expectations regarding our business and markets.

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 coal, copper, zinc and other primary metals and minerals produced by Teck as well as oil, natural gas and petroleum products, the timing of receipt of regulatory and governmental approvals for Teck’s development projects and other operations, Teck’s costs of production and production and productivity levels, as well as those of its competitors, power prices, market competition, the accuracy of Teck’s reserve estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, tax benefits, the resolution of environmental and other proceedings, assumptions regarding the impact of our cost reduction program on our operations, our ongoing relations with our employees and partners and joint venturers, performance by customers and counterparties of their contractual obligations, and the future operational and financial performance of the company generally. Assumptions are also referred to in the footnotes included in these slides. Assumptions regarding returns of cash to shareholders include assumptions regarding our future business and prospects, other uses for cash or retaining cash, timing and amount of Teck’s equity contributions for QB2 assume that the project spending does not increase and contributions are required in accordance with the current project schedule, the timing of closing of the transaction is subject to customary closing conditions, including regulatory approvals, and may be delayed and closing might not occur if those closing conditions cannot be satisfied in the time required under the transaction agreement.

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

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

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, 2017, 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.

2018 Highlights

- Record revenue; record EBITDA; record earnings
- Fort Hills fully commissioned in Q4 2018
- QB2 project sanctioned; announced a US$1.2 billion partnership transaction with Sumitomo
- Returned significant cash to shareholders:
  - Paid $115 million in base dividends and $57 million in supplemental dividends
  - Purchased $189 million or 6.3 million Class B shares (full year)
- Moody's upgrade to investment grade in January 2019
- Royalty on Posco Canada's 20% share of Greenhills production substantially increased from January 1, 2019
- Recognized as one of Canada's Top 100 Employers
- Recognized as the top-ranked Metals and Mining company in the 2019 Global 100 Most Sustainable Corporations

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Strong 2018 Earnings

	Q4 2018	2018
Revenue	$ 3.2 billion	**Record $ 12.6 billion**
Gross profit before depreciation & amortization[1]	$ 1.4 billion	$ 6.1 billion
Gross profit	$ 1.0 billion	$ 4.6 billion
EBITDA	$ 1.2 billion	**Record $ 6.2 billion**
Adjusted EBITDA[1]	$ 1.3 billion	$ 5.4 billion
Profit attributable to shareholders	$ 433 million	**Record $ 3.1 billion**
Adjusted profit attributable to shareholders[1]	$ 500 million	$ 2.4 billion
Adjusted basic earnings per share[1]	$ 0.87/share	$ 4.13/share
Adjusted diluted earnings per share[1]	$ 0.86/share	$ 4.07/share

1. Non-GAAP Financial Measure. See appendix for reconciliation.

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Earnings and Adjusted Earnings

$M	Q4 2018	2018
Profit attributable to shareholders	$ 433	$ 3,107
Add (deduct):		
Debt purchase loss	-	19
Debt prepayment option loss	24	31
Asset sales	-	(809)
Foreign exchange gain	(3)	(8)
Environmental provisions	13	13
Asset impairments	30	30
Other	3	(11)
Adjusted profit[1]	**$ 500**	**$ 2,372**
Adjusted basic earnings per share[1]	**$ 0.87**	**$ 4.13**
Adjusted diluted earnings per share[1]	**$ 0.86**	**$ 4.07**

Announced on January 31, 2019 that Q4 2018 earnings and EBITDA[1] expected to be significantly below consensus estimates.

Bulk of the difference due to three factors that we do not adjust for, which together reduced earnings by **$0.30/share** and EBITDA by **$195 million:**

1. Energy impacted by decline in WTI price and dramatic widening of WCS differentials
2. Trail Operations impacted by lower metal prices, historically low TC/RCs, and the KIVCET shutdown
3. Inventory write-downs related to decline in commodity prices ($80 million pre-tax)

1. Non-GAAP Financial Measure. See appendix for reconciliation.

Steelmaking Coal Business Unit

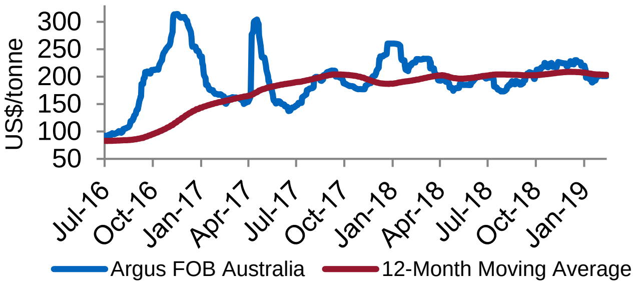
Q4 2018:

- Strong demand, with record monthly sales in November
- Quarterly production record of 7.3 Mt
- Higher site costs reflect decisions to capture additional margin

Looking Forward:

- Expect sales of ~6.1-6.3 Mt in Q1 2019
- Royalty on Posco Canada's 20% share of Greenhills production substantially increased from January 1, 2019

Steelmaking Coal Prices[2]



- Strong fundamentals
- Market remains tight
- Long-term average steelmaking coal price is US$181/t, or US$197/t on an inflation-adjusted basis

Guidance	2018A	2019	2020-2023
Production (Mt)	26.2	26.0-26.5	26.5-27.5
Site Costs ($/t)[1]	$ 62	$ 62-65	n/a
Transport Costs ($/t)	$ 37	$ 37-39	n/a

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Copper Business Unit

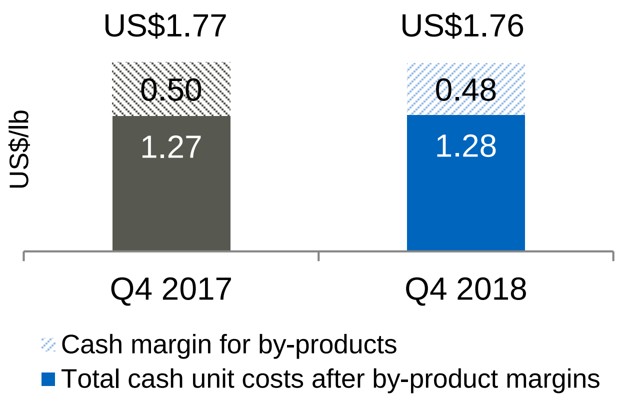
Q4 2018:

- Lower ore grades at Highland Valley, as expected in the mine plan
- Record annual combined copper and zinc concentrate production at Antamina
- $41 million in inventory write-downs due to decline in copper price in Q4 2018
- Construction begun at QB2; earthworks fully underway

Looking Forward:

- Copper grades at Highland Valley expected to gradually improve from early 2019

Cash Unit Costs Stable[2]



Guidance	2018A	2019	2020-2023
Production (kt)[1]	294	290-310	285-305
Net Cash Unit Costs (US$/lb)[2]	$ 1.23	$ 1.45-1.55	n/a

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Zinc Business Unit

Q4 2018:

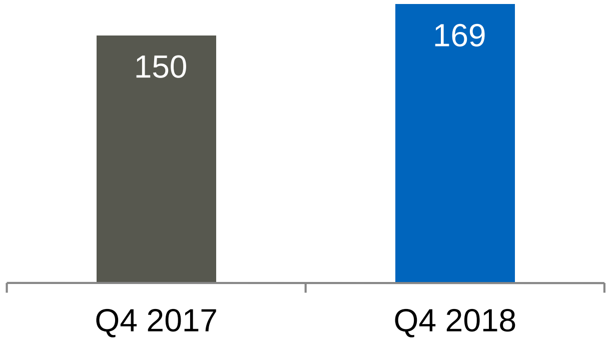
- Red Dog sales of zinc in concentrate were 4.3 kt below guidance due to timing of consignment sales
- Trail Operations impacted by lower metal prices, historically low TC/RCs, and the KIVCET shutdown

Looking Forward:

- Expect Red Dog contained zinc sales of 125-130 kt in Q1 2019[1]

Mined Zinc Production (kt)[2]

Up 19 kt



Guidance	2018A	2019	2020-2023
Production, Mined Zinc (kt)[2]	705	620-650	600-630
Production, Refined Zinc (kt)	303	305-310	310-315
Net Cash Unit Costs (US$/lb)[3]	$ 0.31	$ 0.35-0.40	n/a

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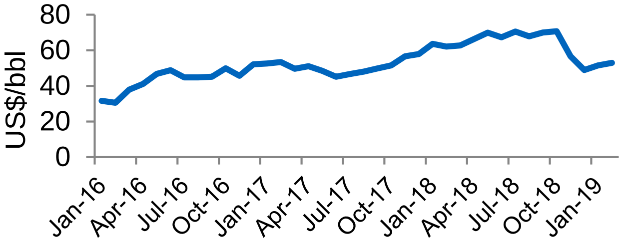
Energy Business Unit

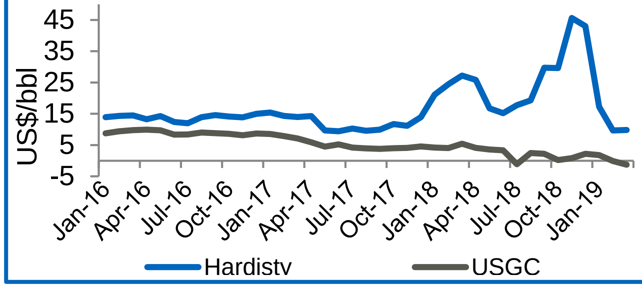
Q4 2018:
- Fort Hills produced at 94% of nameplate capacity; exceeded nameplate capacity in December
- The dramatic widening of WCS differentials had a significant negative impact on Q4 results
- Decline in WTI price and widening of WCS differentials resulted in $34 million inventory write-downs

Looking Forward:
- Expect government curtailments to affect both production and operating costs in 2019; production to be lower and costs higher in H1 2019

Calendar NYMEX WTI Price[3]



WTI/WCS Basis Differential[4]



Guidance	2018A	2019	2020-2023
Production, Bitumen[1] (M barrels)	6.8	12-14	14
Adjusted Operating Costs[2] (C$/barrel)	C$ 32.89	C$ 26-29	n/a

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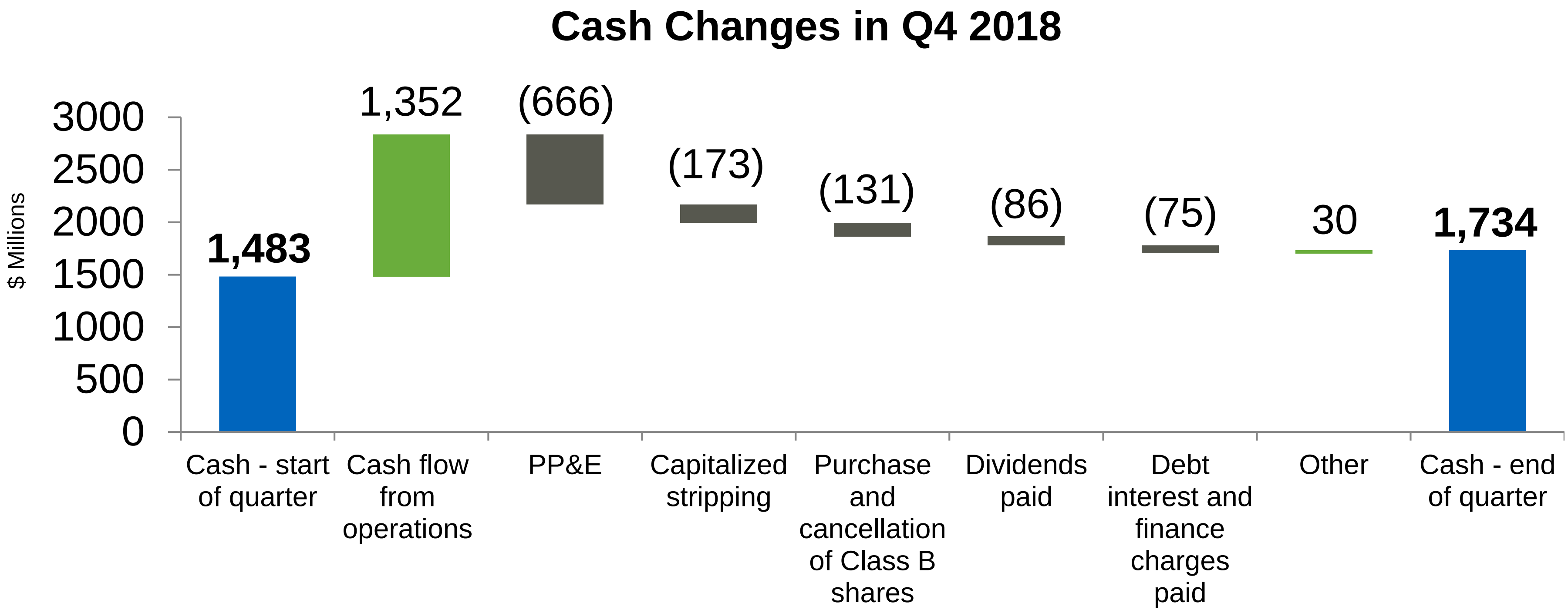
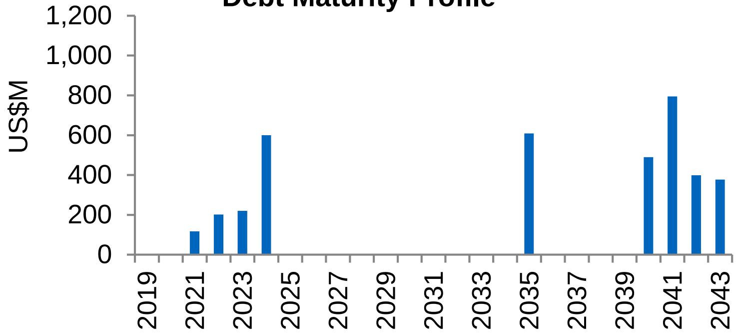
Cash Flow


Cash Changes in Q4 2018
$ Millions
3000
2500
2000
1500
1000
500
0
1,483
1,352
(666)
(173)
(131)
(86)
(75)
30
1,734
Cash - start of quarter
Cash flow from operations
PP&E
Capitalized stripping
Purchase and cancellation of Class B shares
Dividends paid
Debt interest and finance charges paid
Other
Cash - end of quarter

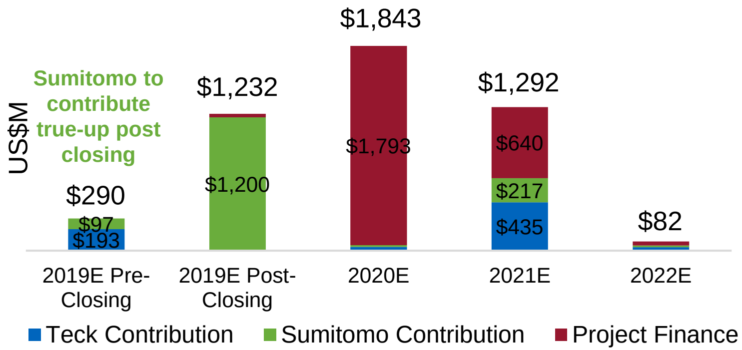
Solid Financial Position

- **~C$6.6 billion of liquidity[1]**
  - Includes committed credit facility, which was increased to US$4 billion and extended to maturity of November 2023
- Purchased US$1 billion in near-term debt maturities in 2018
- No significant debt maturities prior to 2024
- QB2 partnership and financing plan dramatically reduces Teck's capital requirements
  - Teck's share of remaining equity capital before escalation is only ~US$693 million, after transaction proceeds and project financing[3]
  - No contributions required post-closing until late 2020[4]
- Upgraded to investment grade by Moody's in January 2019

Debt Maturity Profile[2]



Expected QB2 Equity Contributions Before Escalation[5]



Assumes Closing at End of Q1 2019

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Strong Track Record of Returning Cash to Shareholders

~$5.7 billion returned from January 1, 2003 to December 31, 2018[1]

Dividends[1]

$4.3 billion
since 2003[1]

~27%
of free cash flow in last 15 years

Share Buybacks[1]

$1.4 billion
since 2003

~9%
of free cash flow in last 15 years

Cash Returns in H2 2018

- Paid dividend of $0.15/share in December 2018
  - $0.05/share regular quarterly dividend and $0.10/share supplemental dividend
- Announced $400 million purchase of Class B shares under NCIB
  - $247 million or 8.5 million shares purchased to February 12, 2019
- Teck's Board will consider an additional return of capital to shareholders following closing of the QB2 transaction

1. Includes ~$4 billion in regular base dividends and ~$300 million supplemental dividends.

Capital Expenditures Guidance

Sustaining, Major Enhancement, New Mine Development

(Teck's share in CAD$ millions)	2018	2019 Guidance[1]
Sustaining		
Steelmaking coal[2]	$ 232	$ 540
Copper	157	240
Zinc	225	170
Energy	21	60
Corporate	10	5
	$ 645	$ 1,015
Major Enhancement		
Steelmaking coal[2]	$ 230	$ 410
Copper	62	70
Zinc	107	60
Energy	69	100
	$ 468	$ 640
New Mine Development		
Copper[3]	$ 56	$ 130
Zinc	38	30
Energy	285	30
	$ 379	$ 190
Sub-total		
Steelmaking coal[2]	$ 462	$ 950
Copper[3]	275	440
Zinc	370	260
Energy	375	190
Corporate	10	5
	$ 1,492	$ 1,845

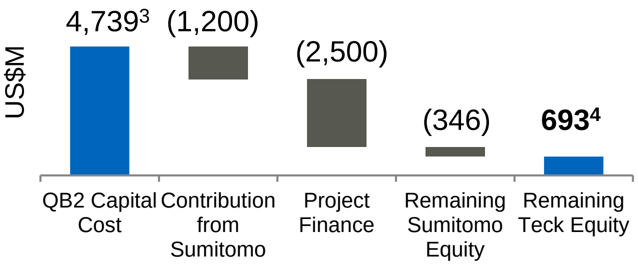
Quebrada Blanca 2

(Teck's share in CAD$ millions)	2018	2019 Guidance[1]
QB2 Capital Expenditures	$ 414	$ 1,930
Total capex, before SMM/SC contribution	$ 1,906	$ 3,775
Estimated SMM/SC contributions[4]	-	(1,585)
Total Teck spend	$ 1,906	$ 2,190

Capitalized Stripping

(Teck's share in CAD$ millions)	2018	2019 Guidance[1]
Capitalized Stripping		
Steelmaking coal	$ 507	$ 410
Copper	161	175
Zinc	39	45
	$ 707	$ 630

QB2 Capital Costs Before Escalation[5]



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Looking Forward

Multiple catalysts / valuation milestones

2019

Quebrada Blanca

- Close of partnering transaction by end **March**

Zafranal

- Feasibility Study completion and submit SEIA in **H1**

Highland Valley

- Additional ball mill start up in **Q3**

NuevaUnión

- Feasibility Study completion and SEIA submission in **H2**

San Nicolás

- Prefeasibility Study completion in **Q4**

2020/2021

Red Dog

- Mill upgrade start up in **Q1 2020**

Neptune Bulk Terminals

- Upgrade completion in **Q3 2020**

Fort Hills

- Debottlenecking **2020+**

Quebrada Blanca 2

- First production in **H2 2021**

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Appendix

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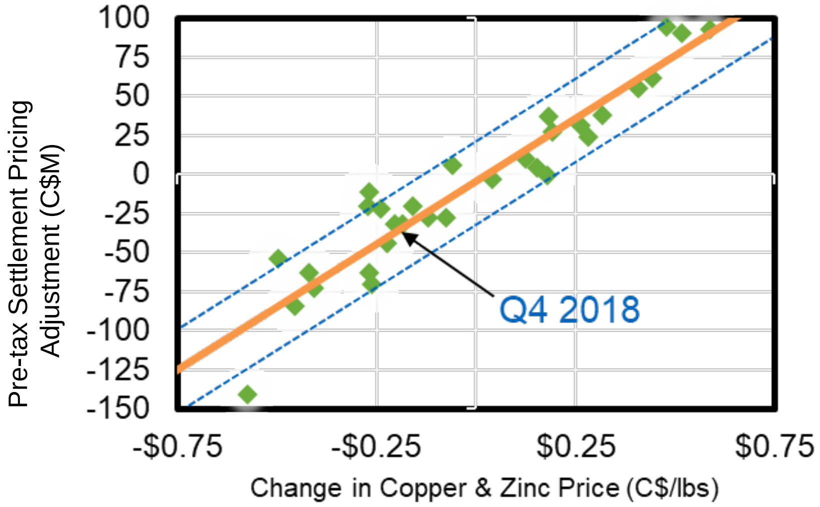
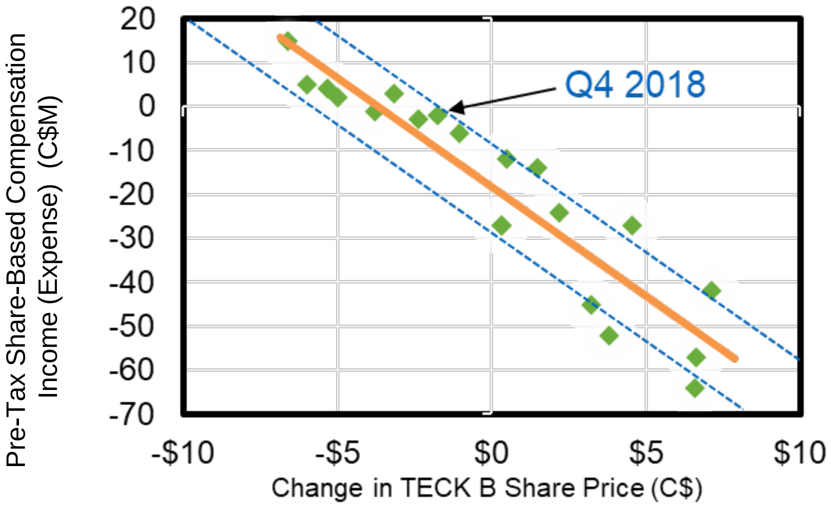
Other Operating Income (Expense)

Simplified Settlement Pricing Adjustment Model



Simplified Compensation Expense Model



	Outstanding at September 30, 2018		Outstanding at December 31, 2018		Quarterly Price Change	Pricing Adjustments
	Mlbs	US$/lb	Mlbs	US$/lb	US$/lb	C$M
Copper	81	2.80	93	2.70	(0.10)	(14)
Zinc	215	1.16	208	1.12	(0.04)	(11)
Other						(7)
TOTAL						**(32)**

	Closing Price September 30, 2018	Closing Price December 31, 2018	Quarterly Price Change	Share-Based Compensation Income (Expense)
	C$/share	C$/share	C$/share	C$M
Teck B	31.13	29.39	(1.74)	**(2)**

Notes

Slide 4: Strong 2018 Earnings

1. Gross profit before depreciation and amortization, 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 Q4 2018 press release for further information.

Slide 5: Earnings and Adjusted Earnings

1. Adjusted profit is adjusted profit attributable to shareholders. Adjusted profit attributable to shareholders, adjusted basic earnings per shares, adjusted diluted earnings per share and EBITDA are non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q4 2018 press release for further information.

Slide 6: Steelmaking Coal Business Unit

1. Steelmaking coal unit costs are reported in Canadian dollars per tonne and include site costs, transport costs, and other and does not include capitalized stripping or capital expenditures. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q4 2018 press release for further information.
2. Long-term steelmaking coal prices are calculated from January 1, 2008. Inflation-adjusted prices are based on Statistics Canada’s Consumer Price Index. Source: Argus, FIS, Teck. Plotted to February 12, 2019.

Slide 7: Copper Business Unit

1. 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 own 90% of these operations, because we fully consolidate their results in our financial statements. Copper production includes cathode production at Quebrada Blanca and Carmen de Andacollo. Production guidance for 2020 to 2022 excludes QB2.
2. Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper net cash costs after by-product margins include adjusted cash cost of sales, smelter processing charges and cash margin for by-products including co-products. Assumes a zinc price of US$1.30 per pound, a molybdenum price of US$12 per pound, a silver price of US$16 per ounce, a gold price of US$1,250 per ounce and a Canadian/U.S. dollar exchange rate of $1.30. Non-GAAP financial measures. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q4 2018 press release for further information.

Slide 8: Zinc Business Unit

1. Metal contained in concentrate.
2. Metal contained in concentrate. Total zinc production include co-product zinc production from our Copper business unit. We include 22.5% of production from Antamina, representing our proportionate ownership interest.
3. Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc total cash costs after by-product margins are mine costs including adjusted cash cost of sales, smelter processing charges and cash margin for by-products. Assumes a lead price of US$1.00 per pound, a silver price of US$16 per ounce and a Canadian/U.S. dollar exchange rate of $1.30. 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 Q4 2018 press release for further information.

Slide 9: Energy Business Unit

1. We include 21.31% of production from Fort Hills, representing our proportionate ownership interest. Results for 2018 are effective from June 1, 2018. The 2020-2022 production guidance does not include potential near term debottlenecking opportunities. For additional details see the “Energy Business Unit” section of the Q4 2018 press release.
2. Bitumen unit costs are reported in Canadian dollars per barrel. Adjusted operating cost represents costs for the Fort Hills mining and processing operations and do not include the cost of diluent, transportation, storage and blending. Non-GAAP financial measure. See “Non-GAAP Financial Measures” slides and “Use of Non-GAAP Financial Measures” section of the Q4 2018 press release for further information.
3. Source: CME Group. As at February 12, 2019.
4. Sources: Net Energy, CalRock and Link. As at February 12, 2019.

Notes

Slide 11: Solid Financial Position

1. As at February 12, 2018. Assumes a C$/US$ exchange rate of $1.33.
2. Public notes outstanding as at December 31, 2018.
3. On a go forward basis from January 1, 2019. Assumes US$2.5 billion in project finance loans without deduction of fees and interest during construction, and US$1.2 billion contribution from Sumitomo.
4. Assumes project finance facility available in Q2 2019, and US$1.2 billion of Sumitomo contributions associated with purchase price spent before first draw. Thereafter, project finance facility used to fund all capital costs until target debt : capital ratio achieved on a cumulative basis, after which point project finance and equity contributions are made ratably based on this same debt : capital ratio.
5. On a 100% go forward basis from January 1, 2019 in constant Q2 2017 dollars and a CLP:USD exchange rate of 625, not including escalation (estimated at US$300 - $470 million based on 2 - 3% per annum inflation), working capital or interest during construction. Includes approximately US$500 million in contingency. At current spot CLP/USD rate of approximately 675 capital would be reduced by approximately US$270 million.

Slide 12: Strong Track Record of Returning Cash to Shareholders

1. From January 1, 2003 to December 31, 2018. Free cash flow is a non-GAAP financial measure. See “Non-GAAP Financial Measures” slides.

Slide 13: Capital Expenditures Guidance

1. As at February 12, 2019. See Q4 2018 press release for further information.
2. For steelmaking coal, sustaining capital includes Teck’s share of water treatment charges of $57 million in 2018. Sustaining capital guidance includes Teck’s share of water treatment charges related to the Elk Valley Water Quality Plan, which are approximately $235 million in 2019. Steelmaking coal major enhancement capital guidance includes $175 million relating to the facility upgrade at Neptune Bulk Terminals that will be funded by Teck.
3. For copper, new mine development guidance for 2019 includes QB3 scoping, Zafranal, San Nicolás and Galore Creek.
4. Total estimated SMM and SC contributions are $1.77 billion. The difference will be in cash at December 31, 2019. Total estimated contributions are US$1.2 billion as disclosed and US$142 million for their share of expenditures from January 1, 2019 to March 31, 2019.
5. Total estimated Sumitomo contributions are $1,770 million. The difference will be in cash at year end. Total estimated contributions is US$1.2 billion as disclosed and their share of expenditures from January 1, 2019 to closing date.

Non-GAAP Financial Measures

EBITDA is profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA before the pre-tax effect of certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis. These adjustments to EBITDA highlight items and allow us and readers to analyze the rest of our results more clearly. EBITDA Margin for our operations as business units is EBITDA (as described above) for those operations and business units, divided by the revenue for the relevant operation or business unit for the year-to-date. We believe that disclosing these measures assist 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. Free cash flow is presented to provide a means to evaluate shareholder returns. Other non-GAAP financial measures, including those comparing our results to our diversified and North American peers, are presented to help the reader compare our performance with others in our industry. The measures described above 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 should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

In addition to these measures, we have presented certain other non-GAAP financial measures for our peers based on information or data published by Capital IQ or Bloomberg and identified in the footnotes to this presentation. Those non-GAAP financial measures are presented to provide readers with a comparison of Teck to certain peer groups over certain measures using independent third-party data.

Reconciliation of EBITDA Margin

(C$ in millions)	Twelve months ended December 31, 2018				
	Coal	**Copper**	**Red Dog**	**Other[1]**	**Teck**
Earnings before taxes per segmented note	2,951	575	780	204	4,510
Adjust non-controlling interest (NCI) for earnings attributable to shareholder	(43)	5	-	-	(38)
Depreciation & amortization	730	478	126	149	1,483
Net finance expense	47	47	30	95	219
EBITDA (A)	**3,685**	**1,105**	**936**	**488**	**6,174**
Revenue (B)	6,349	2,714	1,696	1,805	12,564
EBITDA Margin (A/B)	**58%**	**41%**	**55%**	**25%**	**49%**

1. Other includes Energy business unit, the Zinc business unit without Red Dog, and corporate.

Non-GAAP Financial Measures

Reconciliation of Basic Earnings Per Share to Adjusted Basic Earnings Per Share

(C$ in millions)	Twelve months ended December 31, 2018
Basic earnings per share	**$ 5.41**
Add (deduct):	
Debt purchase losses	0.03
Debt prepayment option loss (gain)	0.05
Asset sales	(1.40)
Foreign exchange loss (gain)	(0.01)
Environmental provisions	0.02
Asset impairments (reversals)	0.05
Other	(0.02)
Adjusted basic earnings per share	**$ 4.13**

Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

(C$ in millions)	Twelve months ended December 31, 2018
Diluted earnings per share	**$ 5.34**
Add (deduct):	
Debt purchase losses	0.03
Debt prepayment option loss (gain)	0.05
Asset sales	(1.39)
Foreign exchange loss (gain)	(0.01)
Environmental provisions	0.02
Asset impairments (reversals)	0.05
Other	(0.02)
Adjusted diluted earnings per share	**$ 4.07**

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Non-GAAP Financial Measures

Reconciliation of Net Debt-to-Adjusted EBITDA Ratio & Net Debt-to-Debt-Plus-Equity Ratio

(C$ in millions)		Twelve months ended December 31, 2018
EBITDA	(A)	$ 6,174
Adjusted EBITDA	(B)	5,390
Total debt at period end		5,519
Less: cash and cash equivalents at period end		(1,734)
Net debt	(C)	3,785
Equity	(D)	23,018
Net debt to EBITDA ratio	(C/A)	0.6
Net debt to adjusted EBITDA ratio	(C/B)	0.7
Net debt to net debt-plus-equity	(C/(C+D))	14%

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)	Twelve months ended December 31, 2018
Profit attributable to shareholders	$ 3,107
Finance expense net of finance income	219
Provision for income taxes	1,365
Depreciation and amortization	1,483
EBITDA	**$ 6,174**
Add (deduct):	
Debt purchase losses	26
Debt prepayment option loss (gain)	42
Asset sales	(885)
Foreign exchange loss (gain)	(16)
Environmental provisions	18
Asset impairments (reversals)	41
Other	(10)
Adjusted EBITDA	**$ 5,390**

Reconciliation of Free Cash Flow

(C$ in millions)	2003 to 2018
Cash Flow from Operations	**$43,313**
Debt interest and finance charges paid	(5,134)
Capital expenditures, including capitalized stripping costs	(21,683)
Payments to non-controlling interests (NCI)	(616)
Free Cash Flow	**$15,880**
Dividends paid	$4,270
Payout ratio	27%

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Non-GAAP Financial Measures

Reconciliation of Gross Profit Before Depreciation and Amortization

(C$ in millions)	Twelve months ended December 31, 2018
Gross profit	$ 4,621
Depreciation and amortization	1,483
Gross profit before depreciation and amortization	**$ 6,104**
Reported as:	
Steelmaking coal (A)	$ 3,770
Copper (B)	1,355
Zinc (C)	1,085
Energy (D)[1]	(106)
Gross profit before depreciation and amortization	**$ 6,104**

Reconciliation of Gross Profit Margins Before Depreciation

(C$ in millions)	Twelve months ended December 31, 2018
Revenue	
Steelmaking coal (E)	$ 6,349
Copper (F)	2,714
Zinc (G)	3,094
Energy (H)[1]	407
Total	$ 12,564
Gross profit margins before depreciation	
Steelmaking coal (A/E)	59%
Copper (B/F)	50%
Zinc (C/G)	35%
Energy (D/H)[1]	(26%)

1. Energy results for the year ended December 31, 2018 are effective from June 1, 2018.

Non-GAAP Financial Measures

Steelmaking Coal Unit Cost Reconciliation

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Cost of sales as reported	**$ 3,309**
Less:	
Transportation	(975)
Depreciation and amortization	(730)
Adjusted site cost of sales	$ 1,604
Tonnes sold (millions)	26.0
Per unit amounts (C$/t)	
Adjusted site cost of sales	$ 62
Transportation	37
Unit costs (C$/t)	$ 99
US$ AMOUNTS	
Average exchange rate (C$/US$)	$ 1.30
Per unit amounts (US$/t)[1]	
Adjusted site cost of sales	$ 47
Transportation	29
Unit costs (US$/t)	$ 76

Reconciliation of Coal Business Unit Adjusted EBITDA

(C$ in millions)	October 1, 2008 to December 31, 2018
Gross Profit	**$ 17,047**
Add back: Depreciation and amortization	6,337
Gross profit, before depreciation and amortization	**$ 23,384**
Deduct: Other costs	(468)
Adjusted EBITDA	**$ 22,916**

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

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Non-GAAP Financial Measures

Copper Unit Cost Reconciliation

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Revenue as reported	$ 2,714
By-product revenue (A)	(472)
Smelter processing charges (B)	157
Adjusted revenue	$ 2,399
Cost of sales as reported	$ 1,837
Less:	
Depreciation and amortization	(478)
Inventory (write-downs) provision reversal	(44)
Collective agreement charges	(5)
By-product cost of sales (C)	(61)
Adjusted cash cost of sales (D)	$ 1,249
Payable pounds sold (millions) (E)	622.9
Per unit amounts (C$/lb)	
Adjusted cash cost of sales (D/E)	$2.01
Smelter processing charges (B/E)	0.25
Total cash unit costs (C$/lb)	$2.26
Cash margin for by-products (C$/lb) ((A-C)/E)	(0.66)
Net cash unit costs (C$/lb)	$1.60

	Twelve months ended December 31, 2018
US$ AMOUNTS[1]	
Average exchange rate (C$/US$)	$ 1.30
Per unit amounts (US$/lb)	
Adjusted cash cost of sales	$ 1.55
Smelter processing charges	0.19
Total cash unit costs (US$/lb)	$ 1.74
Cash margin for by-products (US$/lb)	(0.51)
Net cash unit costs (US$/lb)	$1.23

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

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Non-GAAP Financial Measures

Zinc Unit Cost Reconciliation (Mining Operations)[1]

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Revenue as reported	$ 3,094
Less:	
Trail Operations revenue, as reported	(1,942)
Other revenues as reported	(8)
Add back: Intra-segment revenues as reported	650
	$ 1,794
By-product revenue (A)	(316)
Smelter processing charges (B)	255
Adjusted revenue	$ 1,733
Cost of sales as reported	$ 2,225
Less:	
Trail Operations cost of sales, as reported	(1,926)
Other costs of sales as reported	1
Add back: Intra-segment as reported	650
	$ 950
Less:	
Depreciation and amortization	(141)
Royalty costs	(328)
By-product cost of sales (C)	(70)
Adjusted cash cost of sales (D)	$ 411

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Payable pounds sold (millions) (E)	1,035.5
Per unit amounts (C$/lb)	
Adjusted cash cost of sales (D/E)	$ 0.40
Smelter processing charges (B/E)	0.25
Total cash unit costs (C$/lb)	$ 0.65
Cash margin for by-products (C$/lb) ((A-C)/B)	(0.24)
Net cash unit costs (C$/lb)[3]	$ 0.41
US$ AMOUNTS[2]	
Average exchange rate (C$/US$)	$ 1.30
Per unit amounts (US$/lb)	
Adjusted cash cost of sales	$ 0.30
Smelter processing charges	0.19
Total cash unit costs (US$/lb)	$ 0.49
Cash margin for by-products (US$/lb)	(0.18)
Net cash unit costs (US$/lb)	$0.31

1. *Red Dog and Pend Oreille.*
2. *Average period exchange rates are used to convert to US$ per pound equivalent.*

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Non-GAAP Financial Measures

Energy Operating Netback, Bitumen and Blended Bitumen Price Realized Reconciliations[1]

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Revenue as reported	**$ 407**
Less:	
Cost of diluent for blending	(181)
Non-proprietary product revenue	(18)
Add back: Crown royalties (D)	14
Adjusted revenue (A)	$ 222
Cost of sales as reported	$ 572
Less:	
Depreciation and amortization	(59)
Inventory write-downs	(34)
Cash cost of sales	$ 479
Less:	
Cost of diluent for blending	(181)
Cost of non-proprietary product purchased	(12)
Transportation for non-proprietary product purchased	(3)
Transportation costs for FRB (C)	60)
Adjusted operating costs (E)	$ 223

	Twelve months ended December 31, 2018
Blended bitumen barrels sold (000's)	8,746
Less: diluent barrels included in blended bitumen (000's)	(1,965)
Bitumen barrels sold (000's) (B)	6,781
Per barrel amounts (C$)	
Bitumen price realized (A/B)	$ 32.81
Crown royalties (D/B)	(2.04)
Transportation costs for FRB (C/B)	(8.83)
Adjusted operating costs (E/B)	(32.89)
Operating netback (C$/barrel)	**$ (10.95)**

1. Results for the year ended December 31, 2018 are effective from June 1, 2018.

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Non-GAAP Financial Measures

Blended Bitumen Price Realized Reconciliation[1]

(C$ in millions, except where noted)	Twelve months ended December 31, 2018
Revenue as reported	**$ 407**
Less: Non-proprietary product revenue	(18)
Add back: Crown royalties	14
Blended bitumen revenue (A)	$ 403
Blended bitumen barrels sold (000s) (B)	8,746
Blended bitumen price realized (C$) (A/B)=D[2]	$ 46.14
Average exchange rate (C$ per US$1) (C)	1.31
Blended bitumen price realized (US$/barrel) (D/C)[2]	$ 35.12

1. *Results for the year ended December 31, 2018 are effective from June 1, 2018.*
2. *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 the Fort Hills oil sands mining and processing operations 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. Calculated per unit amounts may differ due to rounding.*
3. *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.*

Fourth Quarter 2018 Results

February 13, 2019