

— PARTICIPANTS

Corporate Participants

H. Fraser Phillips – Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Ltd.
Donald R. Lindsay – President, Chief Executive Officer & Director, Teck Resources Ltd.
Jonathan Price – Senior Vice President & Chief Financial Officer, Teck Resources Ltd.
Harry Milton Conger – Executive Vice President & Chief Operating Officer, Teck Resources Ltd.
Robin B. Sheremeta – Senior Vice President-Coal, Teck Resources Ltd.
Réal Foley – Senior Vice President-Marketing & Logistics, Teck Resources Ltd.

Other Participants

Orest Wowkodaw – Analyst, Scotiabank
Matthew Murphy – Analyst, Barclays Capital Canada, Inc.
Greg Barnes – Analyst, TD Securities, Inc.
Lucas N. Pipes – Analyst, B. Riley Securities, Inc.
Carlos F. De Alba – Analyst, Morgan Stanley & Co. LLC
Abhishek Agarwal – Analyst, Deutsche Bank
Brian MacArthur – Analyst, Raymond James Ltd.

— MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's Second Quarter 2021 Earnings Release 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 Tuesday, July 27, 2021.

I would now like to turn the conference call over to Fraser Phillips, Senior Vice President-Investor Relations and Strategic Analysis. Please go ahead.

H. Fraser Phillips, Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Ltd.

Thanks very much, Laurie. Good morning, everyone and thanks for joining us for Teck second quarter 2021 call. Before we begin, I would like to draw your attention to the caution regarding forward-looking statements that's on slide 2. This presentation contains forward-looking statements regarding our business. This slide describes the assumptions underlying those statements. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward-looking statement.

I would also like to point out that we use various non-GAAP measures in this presentation. You can find explanations and reconciliations regarding these measures in the Appendix. With that, I will turn the call over to Don Lindsay, our President and CEO.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Well, thank you, Fraser, and good morning, everyone. I will begin on slide 3 with our second quarter highlights followed by Jonathan Price, our CFO who will provide an additional color on our

financial results and we'll then conclude with a Q&A session where Jonathan and myself and several additional members of our senior team will be happy to answer any questions.

So, solid performance at our operations and our priority projects against the backdrop of improving market conditions made for a very positive second quarter of 2021. At our QB2 project we had our best quarterly progress to-date and this is despite the largest COVID-19 case surge so far in Chile.

Let me review a few numbers just to describe how it was. During the second quarter, the number of COVID-19 cases skyrocketed to a high of around 8,900 per day in Chile. Thankfully, recently the number of cases has declined, is now averaging about 1,500 per day. Critical care bed occupancy is still high though at 88%. But it is down from the peak of 99%. And in the Tarapacá region where QB2 is located, that number is 49%. And there is currently a daily average of 30 cases compared with a high of 251.

Chile has done a very commendable job with their vaccination program. Of its total population of 19 million people, around 85% have had their first dose and 74% have had their second dose. And at QB2 itself, more than 60% of the project workforce is fully vaccinated with over 80% of the workers having received at least one dose.

Most recent wave of the pandemic has had a much larger impact on QB2 than the first wave. When construction restarted last year following the temporary suspension, we had nowhere near the challenges that we have had in these past three months. All of the restrictions, protocols, and testing that had been so important in the prevention of the spread of COVID-19 are also a large burden that has put the QB2 team to the test. But our team has risen to that challenge. The substantial progress in second quarter has been hard won and is remarkable under these challenging conditions.

Just a bit more color on what it's like for those of you who may be sitting in an investment center, perhaps in New York where it's wide open, what we're dealing with now is when an individual has symptoms, that they're taken off their project and they're taken to hotels on the coast where we've secured them permanently for quarantine purposes. They are PCR-tested. The results returned in about four days. They are then contact traced and the contact individuals are also taken off the project and put in quarantine hotels. And they are PCR-tested. If they test negative, they are to return to work. They test positive, they quarantine for 14 days.

At the peak in Q2, we had 350 individuals in quarantine and monthly averages were very high. So you can imagine what that does to your crew consistency, to your productivity and the construction weekly plans, especially when the affected individuals are mission critical people like supervisors or crane operators or welders. And when you combine that with absenteeism running at 12% during the quarter, it is a huge challenge. And so that is why we are immensely proud of the progress that we made during that quarter. And now we are very excited because just in the last couple of weeks, we've now got things down to just about three active cases and we are able – already putting three people to a room and increasing resources on site and finally getting a chance to go to full strength. So this will be a tale of two projects, the project up to-date heavily influenced by COVID; and we hope for the next 12 months an entirely different project where we can make full progress.

We continue to expect first production at QB2 in the second half of 2022 which is next year. And QB2 is expected to double our consolidated copper production by 2023. At the same time, our Neptune facility upgrade is ramping up to full capacity across the site. The equipment there is performing according to or better than plan. I was there week before last. It is exciting to see. And this upgrade is a key component of securing a long-term, low cost – much, much lower cost and reliable supply chain for our steelmaking coal business.

We saw a significant improvement in our financial results in the second quarter, reflecting spot price increases in all of our key commodities. Adjusted EBITDA was up 104% compared with Q2 last

year. Our operations performed well during the second quarter. Production was in line with plan across our business units and we met our quarterly sales guidance in steelmaking coal and in zinc.

At the very end of the quarter though, our rail logistics were impacted by the wildfires in British Columbia. And the situation remains very difficult and the provincial government declared a state of emergency last week. We extend our deepest condolences to all those who have been directly affected.

While the wildfires did not impact our second quarter results they are currently impacting transportation at our operations in BC. Rail services have been disrupted which is expected to negatively impact our steelmaking coal business. Our third quarter steelmaking coal sales are now expected to be reduced by 500,000 to 800,000 tonnes with guidance revised to 5.7 million to 6.1 million tonnes for the quarter.

Our annual production guidance has – that range has been lowered by 500,000 tonnes to between 25 million and 26 million tonnes. And we have increased our annual transportation cost guidance range by CAD 3 per tonne to CAD 39 to CAD 42 per tonne. And I think it's important to view that increase in context in our transportation costs, so that's a result of the wildfires within the context of current steelmaking coal prices. While we're raising our cost guidance range by CAD 3, the Australian FOB price during the quarter rose by \$100 dollars. So, that's just a little bit of context for you. And it is due to the wildfires, the cost increase.

We do contracts in place to ship to all three West Coast ports and that gives us the flexibility to divert some trains and vessels to Ridley terminal, which is clearly very economic for us. At the same time, like others in the industry we are seeing signs of cost inflation across the business more generally. We have noted increases in the costs of certain key supplies including mining equipment, fuel, tires, and explosives, driven largely by price increases for underlying commodities such as steel, crude oil, and natural gas. For our operations the largest impact is on our fuel costs.

While the impact on our second quarter results was slight as we delivered an adjusted EBITDA margin of 39%, we expect these price increases to put modest upward pressure on our cash unit costs in the second half of the year. Despite this, we have not changed our guidance for the full-year total cash unit costs in copper and zinc, and adjusted site cash costs of sales in steelmaking coal, and we have lowered our guidance for full-year net cash unit costs in zinc.

Finally, we were very proud to be named to the best 50 corporate citizens in Canada which is the 15th consecutive year that we have been ranked as one of the top 50 companies in Canada for corporate citizenship.

Now turning to an overview of our second quarter 2021 financial results on slide 4, our financial results are significantly improved compared to Q2 last year supported by improved commodity prices. Copper prices reached all-time record highs in the quarter with average prices 81% higher than in Q2 last year. Our realized steelmaking coal prices benefited from around 2 million tonnes of sales to customers in China that were priced at premium CFR China prices.

Revenues were up by almost 50% from a year ago to CAD 2.6 billion. Profitability improved even more with adjusted EBITDA increasing 104% to CAD 989 million and bottom-line adjusted profit attributable to shareholders increased 281% to CAD 339 million, which is CAD 0.63 per share on a diluted basis. And Jonathan will review our financial results in more detail in a few minutes.

I'll run through some second quarter highlights by business unit starting with copper on slide 5. Our copper business unit had a strong Q2 with a 385% increase in EBITDA compared to the same period last year driven by substantially higher copper prices. Production was higher than in the same period last year when Antamina had temporarily suspended operations due to COVID-19.

Total cash unit costs were a \$1.80 per pound which was \$0.23 per pound higher than a year ago. But the increase in cost is primarily due to higher workers' participation in royalty expense resulting from increased profitability at Antamina. And this had a \$0.20 per pound impact compared to a year ago as well as higher consumables costs and the strengthening of the Canadian dollar.

Despite those cost pressures, we delivered an adjusted EBITDA margin for the copper business unit of 67%. We've maintained our annual production and operating cost guidance in copper.

Turning to an update on our QB2 project on slide 6. As I mentioned earlier, the project has continued to effectively advance construction with the best quarter of progress to-date despite the significant ongoing wave of COVID-19 in Chile. We continue to maintain and enhance our extensive COVID-19 protocols in order to protect the health and safety of our workers and the communities in which we operate. Pre-screening and onsite testing have been key to our success in managing COVID. And in fact we have screened out 1,300 positive cases, more than 1,300 positive cases that otherwise would have gone to site. Additionally, in coordination with the government, we've successfully rolled out a vaccination campaign for our workers right on site.

With COVID-19 cases in Chile declining coupled with the country's and the project workforce's high rates of vaccination, we are aggressively ramping up towards peak workforce levels. The critical path which is the grinding circuit remains on plan and we are still on track for first production in the second half of next year. Based on the solid pace of construction through that last quarter, we expect to achieve 60% overall completion in early August, so in either next week or in very early part of the week after. Our capital cost estimate remains at \$5.26 billion including contingency and escalation and our estimate for COVID-19 capital impacts which are tracked separately has been updated to \$600 million as a result of the forecasted impacts of the second wave of COVID-19.

Slide 7 provides an aerial view of the concentrator area where we are making strong weekly construction progress. The grinding lines shown in the background remain the critical or the longest path for the project and we have made significant progress here with all six mills now in place. And behind that, you can see the tower for the coarse ore stacker that has been erected where the stockpile dome will go up. And we continue to advance the structural steel of the grinding building and the mechanical installation of the stage flotation reactor cells which you can see in the middle left of the photo in green, just to the left of the 14 large 650 cubic meter flotation cells in blue.

In the foreground, you can see where we've advanced construction and mechanical installation of the copper and bulk concentrator thickeners and the regrinding facilities. And lastly in the middle right, you can see the advanced stage of the onsite power substation.

Slide 8 shows the starter dam of the tailings management facility where we have raised the dam elevation significantly in the quarter. We are continuing to utilize the Teck mine fleet and some of our new fleet of CAT 794s which are performing well.

Slide 9 shows our progress in advancing the jetty from the onshore work front. And we have two additional offshore work fronts now to advance the jetty from a jack-up barge and temporary island where we've commenced pile driving.

As the pipeline right-of-way and platform development is now effectively complete, we are focused on advancing the pipe stringing, welding placement and backfill. And slide 9 shows the pipeline trench, the welded water pipe on the right and the string concentrate pipeline on the left, ready for welding. In the back right you'll see our port workings.

To see more of the latest progress on QB2, I encourage you to watch a video of the project and view our latest quarterly photo gallery which we have posted with our quarterly conference call materials in the investor section of teck.com. And you will find links to them in our Q2 press release.

Next, our zinc business unit results for the second quarter are summarized on slide 11. And as a reminder, Antamina zinc-related financial results are reported in our copper business unit. Red Dog has strong performance in the quarter with production increasing by 67% compared with the same period last year, and as we had previously flagged, lower 2020 production volumes at Red Dog resulted in lower material available for sale and higher unit cash costs of sales for our zinc mining operations in the first half of this year. We are now through that.

Red Dog sale of zinc and concentrate were 39,000 tonnes, which was in line with our guidance, and total cash unit cost of \$0.61 per pound reflect higher treatment charges and a higher cost of inventory for sale related to the lower 2020 production volumes. At Trail, we were impacted by longer-than-planned annual zinc roaster maintenance which is now behind us.

Looking forward, Red Dog shipping season commenced on July 19 and our Q3 sales guidance for the Red Dog zinc and concentrate is 180,000 tonnes to 200,000 tonnes. For 2021 we expect higher production at Red Dog. We've increased our full year zinc in concentrate production guidance range by 20,000 tonnes to 605,000 tonnes to 630,000 tonnes. And we've lowered our full year net cash unit cost guidance range by \$0.05 per pound to \$0.35 to \$0.40 per pound. We've also lowered our full-year refined zinc production guidance range for Trail by 10,000 tonnes to 290,000 tonnes to 300,000 tonnes due to lower availability of quality zinc concentrate feed sources and the longer-than-planned roaster maintenance shutdown during the quarter.

Turning to our steelmaking coal business on slide 12, and if you still remain on mute, that would be appreciated. In the second quarter sales were 6.2 million tonnes, in line with our guidance range, and our average realized price includes around 2 million tonnes of sales to Chinese customers, similar to the first quarter at high CFR China prices. And just as a reminder, the CFR China prices are around \$314 to \$315 a tonne. And our Elkview operations set a new all-time quarterly production record, thanks to the expansion that we did last year.

Adjusted site cash cost of sales were CAD 64 per tonne, which was at the high end of our guidance range, as anticipated, and CAD 4 per tonne lower than a year ago.

Our transportation costs of CAD 42 per tonne were above our full-year guidance range, which was expected, and higher than a year ago as a result of higher fuel surcharges and tariffs. As we mentioned earlier, wildfires are currently impacting our operations in BC. Rail services have been disrupted, which is expected to negatively impact our third quarter sales volumes and our annual production volumes and annual transportation costs in steelmaking coal.

Our third quarter steelmaking coal sales are now expected to be reduced by 500,000 to 800,000 tonnes and we expect 5.7 million tonnes to 6.1 million tonnes of sales in the third quarter. We will continue to prioritize available spot sales volumes to China which is expected to continue to result in favorable price realizations. We continue to target 7.5 million tonnes of sales to China in 2021 and that is unchanged from previous guidance.

Our annual production guidance range has been lowered by 500,000 tonnes to 25 million to 26 million tonnes. And we have increased our annual transportation cost guidance range by CAD 3 per tonne to between CAD 39 and CAD 42. Again, it is important to view this cost increase in the context of current steelmaking coal prices which have risen by CAD 100 during the quarter.

We have not increased our adjusted site cash cost to sales guidance for the full year. However, upward pressure on input costs due to cost inflation and the impact of the BC wildfires are expected to result in costs coming in at the higher end of the range. In the second quarter, our steelmaking coal business unit delivered an adjusted EBITDA margin of 41% and in the third quarter, we expect our financial performance to reflect the sharp increase in prices that occurred in the latter half of Q2.

Slide 13, as I indicated earlier, our Neptune Port Project is in the ramp-up phase and since the first steelmaking coal was unloaded using the new double rail car dumper on April 19, where work continued on fully commissioning the double dumper and then moved on to the site wide ramp-up, August and September are anticipated to be big months for train handling and vessel loading. We are seeing excellent train handling times at Neptune with the combination of the double and single dumper, indicating that the terminal will be capable of processing in excess of 18.5 million tonnes per annum.

Terminal throughput paused for the first two weeks of July as a result of the rail disruption due to wildfires. This should not affect the site wide ramp-up. And the pause gave us the opportunity to complete preventative maintenance.

Slide 14 shows a photo of the new indexer for the double dumper, which is used to position advanced trains in the dumper. And you can see the drive system and the arm that comes down between the cars which is world class technology.

Slide 15 shows the largest capesize vessel ever loaded at Neptune Terminal, which is 300 meters long and loads up to 200,000 tonnes. And a bunch of us went to see it and climb up on it and watch the loading. It was very exciting. We're really pleased to see the project move into the site-wide ramp up phase with Neptune as a key component of our long term low-cost and reliable supply chain for our steelmaking coal business.

And to see more of the latest progress at our Neptune Upgrade project, we have posted our latest quarterly photo gallery with our quarterly conference call materials in the investor section of teck.com, with a link to it in our Q2 press release.

Turning to our energy business unit results for the second quarter which are summarized on slide 16, our realized price and results reflected material improvement in Western Canadian Select prices compared with Q2 of last year. However this was partially offset by higher unit operating costs and lower production due to operational issues in the mine. There has been a slower than planned ramp up of contract overburden stripping as well as challenges around managing groundwater inflow from deep subsurface aquifers. And subsequent to the end of the quarter in July, we encountered additional challenges that will require mining a shallower mine slope than planned, resulting in lost ore and the need for additional overburden stripping. The ramp-up to two train operation has therefore been delayed until 2022.

As a result of the operational issues and the mining challenges we have lowered our 2021 production guidance range by 2 million to 4 million barrels to 6.8 million to 8.1 million barrels for the year. We've also increased our 2021 adjusted operating cost guidance range by CAD 12 per barrel to CAD 40 to CAD 44 per barrel.

And with that, I'll pass over to Jonathan for some comments on our financial results.

Jonathan Price, Senior Vice President & Chief Financial Officer, Teck Resources Ltd.

Thanks, Don. I will start by addressing the details of the second quarter's earnings adjustments on slide 17. The most significant adjustment is a CAD 44 million in environmental costs on an after-tax basis. This primarily relates to a decrease in the rates used to discount our decommissioning and restoration provisions for closed operations due to a tightening of our credit spreads.

Share-based compensation expense was CAD 24 million in the quarter and commodity derivatives were CAD 20 million.

After these and other minor adjustments, bottomline adjusted profit attributable to shareholders was CAD 339 million in the quarter, which is CAD 0.63 per share on a diluted basis.

Now the changes in our cash position during the second quarter are on slide 18. We generated CAD 575 million in cash flow from operations, which is a significant increase compared with CAD 300 million a year ago, reflecting higher commodity prices. We spent CAD 1 billion on sustaining and growth capital including CAD 666 million on QB2, CAD 138 million on the Neptune port upgrade project and CAD 203 million in sustaining capital.

Capitalized stripping was CAD 175 million primarily related to the advancement of pits for future production at our steelmaking coal operations. This was higher than a year ago primarily due to decreased stripping activities in Q2 2020 as a result of COVID-19.

Debt proceeds net of repayments on our \$2.5 billion project financing facility for QB2 were CAD 272 million in the quarter. And we also drew a net CAD 337 million on our \$4 billion revolving credit facility. We paid CAD 77 million in interest and finance charges and CAD 26 million in respect of our regular quarterly-based dividend of CAD 0.05 per share. After these and other minor items, we ended the quarter with cash and short-term investments of CAD 312 million.

And now turning to our financial position on slide 19. We've maintained our strong financial position with current liquidity of CAD 6.1 billion including our current cash and the amounts available on our \$5 billion of committed revolving credit facilities. \$3.5 billion is available on our \$4 billion facility that matures in Q4 2024, and our \$1 billion sidecar that matures in Q2 2022 remains undrawn.

Both facilities do not have any earnings or cash flow based financial covenants, do not include a credit rating trigger, and do not include a general material adverse effect borrowing condition. In fact, the only financial covenant is a net debt to capitalization ratio that cannot exceed 60% and at June 30, that ratio was 27%.

Of our \$2.5 billion limited recourse project financing facility for the QB2 project, we have drawn \$1.8 billion as of June 30 of which \$224 million was drawn in the second quarter.

Antamina entered into a new \$1 billion term loan agreement in July of which our 22.5% share would be \$225 million if fully drawn. The loan is non-recourse to us and matures in July 2026. We have no significant loan maturities prior to 2030 and investment grade credit ratings from all four credit rating agencies. Importantly, we have significant potential for EBITDA generation from current steelmaking coal prices. Every \$50 per tonne increase in the quarterly index lagged by one month is estimated to increase our annualized EBITDA by almost CAD 1.5 billion.

With that, I will pass it back to Don for closing comments.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Thanks Jonathan. In closing, we remain focused on our corporate growth strategy and on delivering strong operating results and strong free cash flow in the current favorable commodity price environment. We believe Teck is one of the best positioned companies globally to capitalize on the strong demand growth we see for copper with one of the very best copper production growth profiles in the industry.

Accelerating copper growth is the cornerstone of our strategy. In the process, we expect to continue to reduce carbon as a proportion of our total business while continuing to produce the high quality steelmaking coal required for the low carbon transition. We're also continuing to strengthen our existing high quality low carbon assets through our RACE21 technology and innovation program which is harnessing cutting edge technologies to drive a step change improvements in

productivity, efficiency, safety, and sustainability. And at the same time, we strive to maintain the highest standards of sustainability and safety and operational excellence in everything we do. And we have a leadership team with the right mix of skills and experience to deliver on our strategy.

And with that, we'd be happy to answer your questions. Like many of you, most of us are on phone lines from home or other locations. So please bear with us if there is a delay while we sort out who will answer your question. With that operator, over to you.

QUESTION AND ANSWER SECTION

Operator: Thank you Mr. Lindsay. [Operator Instructions] And the first question is from Orest Wowkodaw from Scotiabank. Please go ahead. Your line is now open.

<Q – Orest Wowkodaw – Scotiabank>: Hi. Good morning. Nice to see the solid progress of QB2. I was just curious, did I hear correctly that you're now able to take the head count up from 10,000 approximately up to the planned 12,000? And then I'm wondering if that is the case how we should think about the COVID-related escalation costs at QB2. I mean they were a CAD 150 million higher this quarter. Is that – I'm just wondering if we should anticipate those coming down materially. Any color would be very helpful.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. Thank you, Orest. And I see you've done it again getting first in line, well done. So the first part of your question, the answer is yes, that too but I'm going to turn over it to Red Conger for details. Red, over to you.

<A – Red Conger – Teck Resources Ltd.>: Good morning, Orest. Appreciate the question. We are absolutely aggressively increasing the head count at site. We're going to three to a room as Don had mentioned, so that had been a constraint up until now. And as we're able to change the work rules associated with all of that protocols etcetera, we're going to have less and less effect from the pandemic that you saw in the second quarter.

So, the better we can manage all of that and then the higher vaccination rates etcetera, then the less additional COVID expenses we will have. So we're very optimistic that we've seen the peak of those protocols that we've had to take that have affected cost and productivity.

And just to add one thing to Don's comments earlier, he showed a picture of the pipelines, the small one for the concentrate, the big one for the water. One of the things that our team has done to keep us on schedule during this unprecedented second quarter that we just came through we've – when people report off and we have those problems that Don described, we reconstitute the crews to keep working on the most critical items.

And so in that particular photo, the most critical item is the water pipe, not the concentrate pipe. We've got to get the water pipe complete so we can do commissioning, hydro testing etcetera and we can finish the concentrate pipeline later. So that's just one example of how our team has flexed and responded during this. And now with more head count on site, more consistent work crews etcetera, we can do that work in parallel again we had originally planned to do.

<Q – Orest Wowkodaw – Scotiabank>: Thanks. Thanks, Red. Just to clarify. So are you allowed to take the head count up to the maximum planned sort of peak levels now?

<A – Red Conger – Teck Resources Ltd.>: Here's the way we should think about it. Don mentioned the multiple projects. So we are now setting up work plans for the remainder of the construction that take into account all of the things that have changed since we made the plan just three or four short months ago.

And so that that plan will have the maximum employment levels possible that we can deploy, take advantage of every work front possible, and that may be a slightly different head count than what we had cited earlier. And with good effort and a little bit of luck, could be – it could even be higher than what we had planned before. But for sure, it will be their maximum amount of people that we can deploy.

Again, I'll just remind you some of the forward-looking things that the team has done. When we added the extra camp space when the pandemic first hit, that now allows us to do some different

things with a three to a room. And like I said we're going to take full advantage of all of that, be very creative with these work plans.

<Q – Orest Wowkodaw – Scotiabank>: Okay. And just finally any guidance you can give us, Red, on sort of a run rate of COVID cost increases moving forward as you ramp up?

<A – Red Conger – Teck Resources Ltd.>: Look, Orest. The forecast that we've provided you now is our very best estimate of what we think it's going to be at completion.

<Q – Orest Wowkodaw – Scotiabank>: So, that CAD 150 million is to completion. That's not just a catch up?

<A – Red Conger – Teck Resources Ltd.>: No. We're – the forecast that we have given you we believe will be the total cost at completion.

<Q – Orest Wowkodaw – Scotiabank>: Great. Thank you, Red.

Operator: Thank you. The next question is from Matthew Murphy from Barclays. Please go ahead. Your line is now open.

<Q – Matthew Murphy – Barclays Capital Canada, Inc.>: Hi. Just a follow up on that last one, the \$600 million estimate, how much of that would have been realized to-date and how much are you leaving for the rest of the project?

<A – Red Conger – Teck Resources Ltd.>: Yeah, Matthew, the lion's share of that has not been incurred. So those are our estimates of how this is going to be played out.

<Q – Matthew Murphy – Barclays Capital Canada, Inc.>: Okay. Okay. So yet – mostly yet to be realized. Okay. And I'm just wondering when you talk about the 60% complete, that's physical progress? And from here on, I mean, how does the pace of the project compare to your original pre-COVID budget?

<A – Red Conger – Teck Resources Ltd.>: Yeah. So that's total progress for the entire project, the 60% number. So that includes engineering and everything.

And again just to reiterate what Don said, the pace of this will be different here forward than it has been. So, we intend to increase the pace of construction and completion. So it's – and a good example of that, Matthew, the second quarter that we just completed was the best pace project to date. That was our best quarter for construction completion to-date and we intend to continue to beat those. This third quarter that we're in now will be better than the second and we'll get a peak here in the fourth quarter, fourth quarter to early next year.

<Q – Matthew Murphy – Barclays Capital Canada, Inc.>: Okay. Thank you.

Operator: Thank you. The next question is from Greg Barnes from TD Securities. Please go ahead. Your line is now open.

<Q – Greg Barnes – TD Securities, Inc.>: Yeah. Thank you. I'm going to go back to you again, Red. Just from a pace of completion, obviously it's a critical point to get the project done by the second half of next year. Just easy numbers, you have to achieve about 3% to 3.5% completion rate to a month from August on. Does that sound about right? And I guess what was the number for Q2?

<A – Red Conger – Teck Resources Ltd.>: Well, but here's the way to think about it. What we've been able to do is maintain the critical path through the grinding lines on schedule.

So again, just using that same example I used on the two pipelines a minute ago, when we had all of these report off issues, quarantine issues, critical personnel not present particularly in the last quarter, we made sure that we re-consisted, reconstituted crews to do everything possible on the critical paths. So those – that critical path through the grinding lines has maintained the schedule.

And so, now, when I mentioned the increasing head count, other work fronts that we can open up, etcetera, that will be picking up those other pieces that we very appropriately de-prioritized if you will during these challenges. So it's not just what is the percent complete because like you said, that's kind of a mathematical thing. This has all been very targeted. Okay, we're going to get the first grinding line of the concentrator running in the second half of 2022 and the second one right after that and that's the program. That's how we're doing it and that's why we're making such a big deal about keeping the critical path on schedule.

<Q – Greg Barnes – TD Securities, Inc.>: Okay. So maybe it's a bit unfair, Red, but what is the target completion date for the first grinding line then?

<A – Red Conger – Teck Resources Ltd.>: Second half of 2022.

<Q – Greg Barnes – TD Securities, Inc.>: Don, can I switch back to you? Just the pace of inflation that you're seeing, cost inflation on consumables, reagents, equipment, from what you're seeing is this cyclical or is it – or is there a structural element to this going on?

<A – Don Lindsay – Teck Resources Ltd.>: I would say it's cyclical. I mean, as I said in my comments, the source of this is the underlying increase in different commodities that make up things. So steel and fuel oil, of course driven by your WTI price. The kind of costs that I would think of in the structural category might be for example if you had labor agreements that were locked in for several years at numbers that were a dramatic change, and the good news is we've just settled at our two largest mines for six years in a reasonable range, higher than last time, the worker's benefit, but in a way that we think would be quite productive and have stability for six years. So yeah, the short answer, I would say it's cyclical.

<Q – Greg Barnes – TD Securities, Inc.>: So you're not too concerned about 2022. I know it's early, but you're not too concerned about higher costs at this point next year?

<A – Don Lindsay – Teck Resources Ltd.>: Not really because we'll still be benefiting from the investments that we made at Elkview, shutting down Cardinal River, Neptune running at full capacity which is a significant benefit. So those are strong positives that should help balance the increases in other inputs.

<Q – Greg Barnes – TD Securities, Inc.>: Okay. Great. Thank you.

Operator: Thank you. The next question is from Lucas Pipes from B. Riley Securities. Please go ahead. Your line is now open.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Hey, good morning, everyone. And while it is tempting to continue to ask questions on QB2, I'll try to switch the topic.

First on met coal, one, it's kind of shorter term question and then my follow up will be a longer term one. But in the short term, when I look at your year-to-date production figures, sales figures, it looks like a midpoint of guidance is baking in a ramp up in the second half of the year. And is that a kind of stretch goal given what's going on in the province, or do you have a pretty good line of sight to get to those levels? Thank you very much for that.

<A – Don Lindsay – Teck Resources Ltd.>: It's a good question. I'm going to ask both Réal Foley and Robin Sheremeta to give answers. But we have to take that in the context with the dramatic effect of the wildfires in the last two or three weeks. And that's a big factor and we're not completely through that yet. So it's anyone's guess when that will be past us. But Robin, why don't you start?

<A – Robin Sheremeta – Teck Resources Ltd.>: Sure. And just to reiterate that the wildfires are certainly causing us some uncertainty. I mean on the bright side, as we came into this period we actually had considerable room at the sites. Logistics was strong through the first half, so we were able to move most of our raw – or sorry, clean coal to port.

So that gives us some flexibility to get through this period. We can't run as fast when we're running to ground. So as we stockpile we have to slow production rates down a little bit.

But the majority of our shutdowns are behind us now. There are some left to go in Q3, but we're well over half done through the maintenance process here through the first half. So we're in really good shape from an operational point of view. It's really just a matter of what kind of logistics constraints we see going forward now with rail. But we're in good shape to hit our new guidance range of 25 million to 26 million tonnes.

<A – Don Lindsay – Teck Resources Ltd.>: Thanks, Robin. And Réal, do you want to add any market color for the second half of the year?

<A – Réal Foley – Teck Resources Ltd.>: Yeah. I'm very happy to do that, Don. So, yeah, Lucas, we're continuing to see the market really strong, whether it's demand in China can be – they have their own supply issues with both domestic mines and in Mongolia. And on the markets outside of China, demand is extremely strong as well. Steel prices are running at record levels. Steel production, hot metal production is back to pre-pandemic levels. So we're continuing to see strong demand across the board for our products.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Very, very helpful. Thank you all for your perspectives. Don, on my follow-up I mentioned a longer-term question on the met coal market. And in the past, it seems like we – seems like a lifetime ago we spent more time thinking about what is a reasonable met coal price. And Don, as you kind of survey that market from both the supply and demand vantage point, what's your view today, what is a reasonable price to underwrite as you do your internal planning or in conversations with investors? Thank you very much for your perspective.

<A – Don Lindsay – Teck Resources Ltd.>: Yeah. So we always start and say, well, where has it been in the last 10 or 12 years? And the average price is actually in the \$170 to \$180 range depending on whether you're using an inflation adjusted number or not. In today's pricing terms, it would be \$180.

And then we say well what's going to happen in the next 10 years on the supply and demand. It's pretty clear that there are constraints on investment in new supply and not just capital providers' willingness to provide capital but also permitting issues. And we've seen it right here in Canada where, recently, a project proposal even though they've done all the hard work for six years and so on, but it was turned down and we've seen the same in Australia as well. So I have a view that there'll be less supply, but roughly the same demand.

And the reason why we say that is while each of us has been bombarded in the last year or so with research reports two or three a week on green steel and hydrogen based technologies and so on, it's pretty clear that it's going to take a long, long time for that to have a meaningful impact on the total volume of steel produced globally and remember it's about a 2 billion tonne market and that kind of investment it would take to make a material impact on that size of industry. It's trillions of dollars and we just don't think it's going to happen for quite a while.

So meanwhile our core customers in Japan and Korea and China and India are seeing strong demand. India's steel industry of course is planned by the government to basically triple in the next 10 years. So, we think that the outlook from a price point of view is actually quite strong. We're thankfully seeing the recirculation in the market that we had the disruption between China and Australia and that whole issue and it took a while to sort that out in the global markets, but seems to have done that now.

So it's much more stable for an Australian FOB price. And I think we can collect the cash now and see some stability. There's always going to be volatility in commodity markets. Met coal is no exception. But for our planning purposes, we're at the higher numbers and we're not planning to grow our steelmaking coal business either, right. So we don't see that happening at our major competitors and new projects get just difficult to permit. So I think supply is going to be tight, if that helps.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Very helpful. Really appreciate it and best of luck.

<A – Don Lindsay – Teck Resources Ltd.>: Thank you.

Operator: Thank you. The next question is from Carlos De Alba from Morgan Stanley. Please go ahead. Your line is now open.

<Q – Carlos De Alba – Morgan Stanley & Co. LLC>: Hi. Great. Thank you. Thank you very much. Good morning, everyone. So on the coal production, we heard about the temporary mining ban this weekend in BC. So I wonder if that adds any additional incremental risk to coal volumes in the third quarter or if that is in a way already incorporated in your latest guidance.

And on the cost front there but related to the water treatment, so we saw an increase of CAD 100 million per year you expected between 2021 and 2030. What drove that and what should we expect going forward?

And then finally, I guess on the other end of the coal business, on Neptune, to what extent is Neptune helping you offset the higher coal transport cost? Because we also read in the release that you expect to see a little bit reduced throughput through Neptune and that is contributing to the higher cost transportation guidance?

<A – Don Lindsay – Teck Resources Ltd.>: Okay. I think we'll go to the first two parts of the question to Robin Sheremeta and I believe the last part for Réal Foley or – yeah, I guess Réal Foley. Thanks.

<A – Robin Sheremeta – Teck Resources Ltd.>: Thanks, Carlos. Just on the first question around production pretty much the same answer I walked through that really we've got to get through this fire situation and see how we come out the other side. But we've tried to reflect that in the guidance of 25 million to 26 million tonnes. So we did reduce the guidance by about 0.5 million. So that's pretty much the issue.

On water treatment, the main reason for the increase in water CapEx over that – over the period of 2022 to 2024 is really just a change in project timelines. So we're advancing some water treatment strategies as a result of consultation and some that can actually enhance our mine planning options.

So just for an example, Elkview Phase 3 of the SRF that we've got there, we've advanced that from 2025 to 2023. So we've pulled in earlier and that supports potentially lower cost boiling options over that time period. So it's really just a shift in the timeline on those developments.

<A – Réal Foley – Teck Resources Ltd.>: All right. Then, Carlos, your question on Neptune, so the increase in the transportation cost is really due mainly to the forest fires in BC. So, as a result of this, the train service to Vancouver was completely halted for over two weeks and it's starting to come back to normal now.

So what we did during that period is we diverted trains and vessels to Ridley terminals in order to continue delivering our coal to market. The fact that we have capacity through the three West Coast ports actually allowed us to do that and to capture the high price that we see in the market now with FOB above \$200 and CFR China above \$300.

And overall when you look at Neptune, yes, the site is ramping up. It is doing well. We are expecting that by the end of Q3, we'll be running at about 18.5 million tonnes of capacity and as such, delivering the cost savings that we're expecting to see going forward for the long term.

<Q – Carlos De Alba – Morgan Stanley & Co. LLC>: All right. Thank you. That's very clear. And I appreciate the color.

Operator: Thank you. The next question is from Abhi Agarwal from Deutsche Bank. Please go ahead. Your line is now open.

<Q – Abhi Agarwal – Deutsche Bank>: Morning. Morning all. Thanks a lot for the call. I have a couple of questions, please. The first one's on Neptune. As Réal just mentioned, the transportation costs for the second half have been impacted by the ongoing wildfires. But post that, once the situation has normalized, is it fair to assume that transportation costs stepped down over the course of next year to the lower end of the CAD 35 to CAD 40 per tonne range?

<A – Don Lindsay – Teck Resources Ltd.>: Go ahead, Réal.

<A – Réal Foley – Teck Resources Ltd.>: Yeah, so if you look at the previous guidance that we had, it was at CAD 36 to CAD 39 for this year. We're expecting it to be at least in that range for next year and possibly lower as the volume going through Neptune will be much higher than what we will have seen this year.

To put this in perspective, we're expecting volume through Neptune this year to still be somewhere around 13 million to 14 million tonnes range. Next year should be above 18.5 million tonnes. So we will see the benefits of the fact that Neptune is the cost of throughput as opposed to a commercial rate that we're paying at other ports.

<Q – Abhi Agarwal – Deutsche Bank>: Got it. Thanks a lot, Réal. The next one is also on the steelmaking coal division. Can you give us a bit more color on the gross CapEx and the stripping CapEx increase at the – for the division? And regarding the RACE21 CapEx uplift, is it possible for you to quantify the quantum of improvement in productivity and the reduction on costs going forward? Thank you.

<A – Don Lindsay – Teck Resources Ltd.>: Robin, over to you.

<A – Robin Sheremeta – Teck Resources Ltd.>: Just want to – I think you were talking about capitalized stripping on the first part of the question. Just that simply – again, it's just the timing of mine sequence activities. So on occasion, we mine in higher strip ratio areas and it sets us up for future production. So that's really just the change in capitalized stripping. And then, apologize, what was the – the second part of your question was around quantifying RACE21 benefits?

<Q – Abhi Agarwal – Deutsche Bank>: Yes.

<A – Robin Sheremeta – Teck Resources Ltd.>: Abhi, it's a little difficult to give you a quantification in any kind of specifics because it's across a broad, very broad range of initiatives. So I can tell you that everything that we have invested from the capital side is actually quite short-term and strong economic benefit.

And maybe the one way to illustrate it is we've maintained our cost guidance despite a number of different inflationary pressures with fuel and things like that and some of the reduction in production. And yet, we're still seeing strong cost performance. And I think when you roll all that up that's in a large part a reflection on the RACE21 initiatives that are in play right now. So we are seeing good response on those. But I can't break that down into any kind of detail for you.

<A – Don Lindsay – Teck Resources Ltd.>: What I would add...

<Q – Abhi Agarwal – Deutsche Bank>: Got it. Thank you very much.

<A – Don Lindsay – Teck Resources Ltd.>: What I would add on that one is at the beginning of the year 2021 we were reporting the incremental EBITDA gains quarter-to-quarter, but it became difficult to do that during – first of all with the COVID effects and having to take some pretty dramatic action in the initial stages of the pandemic and then the volatility of the prices. And so, we're really focused on all the different projects themselves and we will report on the incremental benefits at year-end at the commodity prices at that time, so that you can get a good feel for the value that is brought to the table. But, suffice it to say that people have been pretty excited by the progress we've made.

<Q – Abhi Agarwal – Deutsche Bank>: Thank you. Thanks a lot for the color.

Operator: Thank you. The next question is from Brian MacArthur from Raymond James. Please go ahead. Your line is now open.

<Q – Brian MacArthur – Raymond James Ltd.>: Hi. Good morning. Sorry, can I just go back to the capitalized stripping on the coal that's up CAD 105 million this year? Is that you're just being proactive because you have to ramp back production because of the sales and you're trying to get ahead of the game and that'll benefit us next two years? Or is there anything structurally really changed, because we sort of got the stripping down to a lower level? If you could just elaborate on that. And second, Don, I don't know if you can make any comments on Project Satellite.

<A – Don Lindsay – Teck Resources Ltd.>: Sure. Robin, you go ahead and I'll come back on Satellite.

<A – Robin Sheremeta – Teck Resources Ltd.>: Yeah. You bet. There's nothing structural has changed. We're still operating right around that 10 to 1 strip ratio and really the situation, we're little lower on production. We've got strong raw coal inventories. And so this allows us to do stripping in areas that don't release as much coal at the front-end, but are going to set us up very strongly over the next couple of years. So it's really just shifting some of the stripping around.

<Q – Brian MacArthur – Raymond James Ltd.>: So can we expect, I mean, that'll be one of the things that help offset, I assume, cap our cost inflation going forward. Is that sort of how you're looking at it right now?

<Q – Brian MacArthur – Raymond James Ltd.>: Sorry. Go ahead.

<A – Robin Sheremeta – Teck Resources Ltd.>: Well, just anytime you can you can get ahead on stripping to some extent and set yourself up with that kind of flexibility on the mine planning side is, it just puts you in a much stronger position in the future. So we have that capability and it's allowed us to make that kind of move.

<Q – Brian MacArthur – Raymond James Ltd.>: Thank you.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. And then, back on Satellite which we're really internally starting to think of it more as a copper growth division, Satellite of course has five projects in it and on top of that, we have QB3 and NU.

And so, in the last major investor conference, we did publish some details and IRRs and and so on, on the key projects. So if you look in the appendix of our IR presentation to get those, we divided it into near term, medium term and longer term options. The two near-term ones of course are Zafranal and San Nicolás. And on Zafranal's case, as we said before, we needed to wait to see how things landed in Peru. We now know that Castillo is President and we still need to wait to see as his cabinet gets appointed and confirmed.

So we don't think we'll be in a position to move forward in whichever direction probably until the fall, some time, as we see how things go in Peru. We own 80% of that project. One thing's for sure is that if we partner in some way, that we'll be doing it in such a way that we retain an interest in that copper exposure, whether it's by taking back shares or selling less than 80% that's one thing.

But that projects – that process is all ready to go. But it's also clear that you can't start it yet until Peru gets a little further along in their transition.

And then San Nicolás, obviously, you'll see the numbers is a very high quality project. We've had a lot of interest. It's very exciting and we're sorting that – sorted through that now, dealing with different parties and their proposals. So you'll see more of that in the second half of the year.

And then QB3 as well, we're making good progress there. And I would hope that we would be reporting to the market that we'll have narrowed the options for that project and give us more detail on it between now and the end of the year as well. So you could see incremental decisions on all three of those between now and the end of the year.

And I think, Fraser, if I'm not mistaken that's the last question. We're past the hour, is that right?

H. Fraser Phillips, Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Ltd.

Yes, Don. You can give some closing remarks if you'd like.

Donald R. Lindsay, President, Chief Executive Officer & Director, Teck Resources Ltd.

Okay. I do want to draw people's attention that we will be holding our Annual Investor and Analyst Day. It will be a virtual session on September 21. So please mark the date on your calendar and then we look forward to joining us. We will send out Save the Date notices shortly and a press release with further details will be issued closer to the date.

And just as a final comment I have to tell you that last week, Red and I visited five of our sites and we are at Neptune the week before and we took a number of people with us. And I can only say I wish all of you could have been with us to see the exciting projects that are going on. We have so much talent, so many really bright hardworking people who are so passionate about what they're doing. It was just inspiring to be there and see all the progress we're making.

So we hope to share that with you on Investor Day, and we look forward to speaking with you on September 21. Thanks very much, everybody, for joining today. Bye now.

Operator: Thank you. Once again, the conference has now ended. Please disconnect your lines at this time and we thank you for your participation.

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