

— PARTICIPANTS

Corporate Participants

H. Fraser Phillips – Senior Vice President, Investor Relations and Strategic Analysis, Teck Resources Ltd.

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

Ronald A. Millos – Chief Financial Officer & Senior VP-Finance, Teck Resources Ltd.

Robin B. Sheremeta – Senior Vice President-Coal Operations, Teck Resources Ltd.

Réal Foley – Vice President-Coal Marketing, Teck Resources Ltd.

Andrew A. Stonkus – Senior Vice President-Marketing and Logistics, Teck Resources Ltd.

Marcia M. Smith – Senior Vice President-Sustainability & External Affairs, Teck Resources Ltd.

Other Participants

Orest Wowkodaw – Analyst, Scotiabank

Matthew Korn – Analyst, Goldman Sachs & Co. LLC

Chris Terry – Analyst, Deutsche Bank Securities, Inc.

Curt Woodworth – Analyst, Credit Suisse

Jeremy Sussman – Analyst, Clarksons Platou Securities, Inc.

Oscar Cabrera – Analyst, CIBC World Markets, Inc.

Jackie Przybylowski – Analyst, BMO Capital Markets (Canada)

— MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck Resources Quarter Four 2018 Earnings Call. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. This conference call is being recorded on Wednesday, February 13, 2019.

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

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

Thanks, Kartria, very much, and good morning, everyone. Thank you for joining us for Teck's fourth quarter 2018 results conference call.

Before we begin, I would like to draw your attention to the caution regarding forward-looking statements 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.

Thank you, Fraser and good morning, everyone. I will begin on slide 3 with some highlights from our fourth quarter and our year-end results followed by Ron Millos, our CFO, who will provide additional color on our financial results as well. We will conclude with a Q&A session where Ron and I and several additional members of our senior management would be happy to answer any questions.

But before we get into the highlights, I would like to note that very sadly, there was a vehicle collision at our Elkview operation on November 18th that resulted in the death of an employee and we want to extend our deepest sympathies to the employee's family and friends and colleagues, and a full investigation into this incident is underway to ensure that we learn everything we can in order to prevent a recurrence.

Turning now to the highlights from our fourth quarter and 2018. For the full year, our financial performance was strong with record revenue, record EBITDA and record earnings. We had solid operating performance and average prices for our primary products increased from the prior year, particularly for steelmaking coal.

The Fort Hills plant start-up has exceeded expectations with respect to both production volumes and product quality, and it was fully commissioned by the fourth quarter, and, in fact, the plant achieved 201,000 barrels per day of production in December, which exceeds the design nameplate capacity.

Teck's board approved the Quebrada Blanca 2 project for full construction, and we announced a US\$1.2 billion partnering transaction with Sumitomo Metal Mining and Sumitomo Corporation, that we will refer to collectively as Sumitomo. And the partnering transaction with Sumitomo further confirms that QB2 is one of the world's premier undeveloped copper projects and it significantly de-risks Teck's investment in the project and greatly improves the project economics for Teck.

We are in very strong financial position, with CAD 6.6 billion in liquidity, which is after having already bought back \$1 billion in outstanding notes last year. And the QB2 partnering transaction dramatically reduces our equity requirements on the project to just US\$693 million, which excludes escalation with no cash required between the close of the transaction in late 2020.

Importantly, we are returning significant cash to shareholders. In 2018, we paid CAD 172 million in dividends and applied CAD 189 million to the purchase of Class B shares, which represents 6.3 million shares that have now been cancelled. In November, the board directed the management to apply CAD 400 million to the purchase and cancellation of shares and CAD 131 million was spent in the fourth quarter. The board will also consider additional returns to shareholders following the close of the partnering transaction with Sumitomo, which we now expect by the end of March.

We are happy that Moody's upgraded the company to investment grade in early January. Also, and this is very notable, we have agreed with Posco Canada to substantially increase the royalty that they pay on their 20% share of Greenhills coal production from January 1, 2019. And it's important to note that at current coal prices that increase will amount to about CAD 90 million annually. So, very significant.

Finally, we were honored to be named as one of Canada's top 100 employers in 2018 by Mediaworld and as one of the 2019 Global 100 Most Sustainable Corporations by Corporate Knights. Teck was the top-ranked company in the Metals and Mining category.

Turning to our financial results on slide 4. In the fourth quarter, revenues were CAD 3.2 billion and gross profit before depreciation and amortization was CAD 1.4 billion. After adjusting for unusual items, adjusted EBITDA was CAD 1.3 billion, and bottom-line adjusted profit attributable

shareholders was CAD 500 million, or CAD 0.87 per share, and that would be CAD 0.86 on a fully diluted basis.

For the full year, we achieved record revenues of CAD 12.6 billion, record EBITDA of CAD 6.2 billion and record earnings of CAD 3.1 billion.

Prices continued to be strong for our primary products, particularly for steelmaking coal. We also had solid operating results despite some challenges particularly at the beginning of the year. Bottom-line adjusted profit attributable to shareholders was CAD 2.4 billion, or CAD 4.13 per share or CAD 4.07 per share on a diluted basis.

Details of the quarter's earnings adjustments are on slide 5. On January 31, we announced that we expected to report earnings and EBITDA for the fourth quarter significantly below consensus estimates at that time. The bulk of the difference was due to three factors that we do not adjust for.

First was disappointing Q4 financial results from our energy business unit, which was negatively impacted by the decline in West Texas Intermediate and the dramatic widening of the Western Canadian Select differentials.

Second, disappointing Q4 financial results from Trail Operations, which was impacted by lower metal prices, historically low treatment charges, and a planned major maintenance shutdown.

Third, the decline in commodity prices during the quarter resulted in CAD 80 million in inventory write-down charges.

So together, these factors reduced earnings by CAD 0.30 a share and reduced EBITDA by CAD 195 million.

I will now run through the highlights by business units starting with steelmaking coal on slide 6. Global steel production and demand for seaborne steelmaking coal remains robust. Steelmaking coal prices remained strong with a spot price above CAD 200 – I think we hit CAD 209 this morning.

In the fourth quarter, we generated significant cash flow based on continued solid operating performance. Customer sales were strong and we achieved record high monthly sales in November. Steelmaking coal prices were significantly higher in the quarter than in Q4 of 2017, and we expect Q1 sales now of 6.1 million tonnes to 6.3 million tonnes, subject to the performance of our logistics chain.

We set a quarterly production record in Q4 of 7.3 million tonnes. We also achieved record material movement in the quarter and for the full year, which improves our operational flexibility for the future.

Operating costs increased in the fourth quarter relative to Q4, 2017, though they were lower than in Q3, 2018. This reflects the decisions to capture additional margin, given the current strong prices, including hauling a portion of Elkview raw steelmaking coal to Coal Mountain's plant.

Looking forward to 2019, we expect steelmaking coal production to be similar to 2018 in the range of 26 million tonnes to 26.5 million tonnes.

We expect our site unit cost to be higher in the range of CAD 62 per tonne to CAD 65 per tonne, and this reflects the advancement of mining in new areas to compensate for the closure of Coal Mountain, which you'll recall was very low cost, and it maintains total production over time and a capacity of approximately 27 million tonnes. We also expect transportation costs to remain consistent in the range of CAD 37 per tonne to CAD 39 per tonne.

As I mentioned earlier, we've agreed with Posco Canada to substantially increase the royalty that they pay on their 20% share of Greenhills coal production from January 1. At current coal prices, that increase will amount to approximately CAD 90 million annually.

Turning to our copper business unit, our Q4 results are summarized on slide 7. Copper fundamentals remained strong with global exchange stocks falling 58% in the second half of 2018. Overall, in the fourth quarter, gross profit before depreciation and amortization was down CAD 166 million from the same period in 2017, mainly due to lower copper sales and lower prices for copper and zinc.

Copper production was down primarily due to lower copper ore grades at Highland Valley, which was anticipated in the mine plan. Copper grades at Highland Valley are expected to gradually improve from early 2019.

Antamina achieved record annual combined copper and zinc concentrate production. Also Carmen de Andacollo set a new quarterly record for mill throughput. And lower copper prices in Q4 resulted in \$41 million in inventory write-downs.

The big news in the fourth quarter of course was that the board approved the QB2 project for full construction and the announcement of the partnering transaction with Sumitomo. At the same time, we advanced activities to prepare for construction, enhance operational readiness of the project; earthworks activities are fully underway, we also continue to focus on detailed engineering, procurement and other contracting activities. We now expect the partnering transaction with Sumitomo to close by the end of March, rather than the end of April, which we had earlier indicated.

Looking forward to our guidance for 2019, we expect slightly higher copper production of 290,000 tonnes to 310,000 tonnes for the full year. Net cash unit costs are expected to increase to US\$1.45 to US\$1.55 per pound due to lower by-product price and volume assumptions.

Our zinc business unit results are summarized on slide 8. As a reminder, Antamina's zinc-related financial results are reported in our copper business unit. The zinc market remains tight. Reported exchange zinc inventories remained at their lowest levels since 2008 like the last 11 years. Reported zinc stocks held on the LME and the Shanghai exchanges are now estimated at 3.8 days of global consumption, compared with the 25-year average of 22.3 days.

Again, the exchanges' inventories are estimated at only 3.8 days global consumption compared with the 25-year average or 22.3 days. That's a tight market.

In Q4, contained zinc sales for Red Dog were 4,300 tonnes lower than our guidance due to timing of consignment sales. We expect Q1 sales for Red Dog to be in the range of 125,000 tonnes to 130,000 tonnes, reflecting our normal seasonal pattern.

Red Dog had strong operational performance in the fourth quarter with higher than planned throughput resulting in higher zinc and lead production compared with Q4, 2017.

As noted earlier, Trail Operations' profit was impacted by lower metal prices, historically low treatment and refining charges and the KIVCET maintenance shutdown that started in mid-September and ended in early November.

Looking forward to 2019, we expect zinc and cost rate production to be in the range of 620,000 tonnes to 650,000 tonnes, including co-product zinc production from our copper business unit. We expect Trail refined zinc production to be in the range of 305,000 tonnes to 310,000 tonnes. And on the cost side, we expect mined zinc net cash unit cost to be higher in the range of US\$0.35 to

US\$0.40 cents per pound, with higher cost in the first half of the year due to the normal Red Dog seasonality.

Our energy business unit results are summarized on slide 9. As a reminder, commercial production was achieved in Fort Hills on June 1, 2018.

Our realized prices and Q4 results in our energy business unit were negatively impacted by the decline in the WTI price and the dramatic widening of WCS differentials. In addition, costs associated with diluent increased significantly during the fourth quarter, due to a seasonal increase in diluent consumption and the unusual widening in the spread between diluent and WCS. As a result of this decline in prices, we recorded inventory write-downs during the fourth quarter of approximately \$34 million.

On the other hand, the Fort Hills plant start-up has exceeded expectations with respect to both production volumes and product quality, and it was fully commissioned by year-end. The plant was successfully tested and ran to full design nameplate capacity for much of the fourth quarter and in fact in December, production exceeded design nameplate capacity at 201,000 barrels per day. Unit operating cost averaged CAD 26.91 per barrel in Q4, and it's important to note that they continue to improve to below CAD 23 per barrel in December, as production exceeded nameplate capacity.

Our sales of blended bitumen were 4.5 million barrels in Q4. Looking forward to 2019, we expect our share of bitumen production to increase to the range of 12 million barrels to 14 million barrels, and that is including the impact of the mandatory production curtailments announced by the government of Alberta. The high end of our production guidance reflects curtailments being lifted in the second quarter, so we'll have to see whether that fact occurs.

We also expect to have our adjusted operating costs to be in the range of CAD 26 per barrel to CAD 29 per barrel, and note that we expect production to be lower and operating costs to be higher in the first half of the year given those production curtailments. But the second half of the year we should go back to something more normal.

Finally, I would note that in the first quarter of 2019, Western Canada Select differentials at Hardisty, materially narrowed on increased demand and rail takeaway capacity, as well as the Government of Alberta's mandated production curtailment. For the first quarter of 2019, we estimate market indices for WCS will settle at approximately US\$12.50 per barrel versus US\$39.45 per barrel in the fourth quarter of 2018, obviously quite a significant difference.

And with that, I will pass it over to Ron Millos for some comments on the financial side.

Ronald A. Millos, Chief Financial Officer & Senior VP-Finance, Teck Resources Ltd.

Thanks, Don.

I'm moving on to slide 10 and I'll start with a summary of changes in our cash during the fourth quarter. So we generated almost CAD 1.4 billion in cash flow from operations and we spent CAD 666 million on capital projects, and our capitalized stripping costs were CAD 173 million.

We purchased CAD 131 million in Class B shares, which were canceled, as Don mentioned earlier. We paid CAD 86 million in dividends, including the regular quarterly base dividend of CAD 0.05 per share, and the CAD 0.10 per share supplemental dividend. We also paid CAD 75 million in interest and finance charges.

After these and other minor items, we ended the quarter with a cash and short-term investments of around CAD 1.7 billion, and our current cash balance is now CAD 1.3 billion.

Moving on to slide 11. I'll just point out a typo on the slide in the second bullet where we say we purchased US\$1 billion of near-term debt maturities in 2019 that was actually done in 2018. So we apologize for that mistake.

Our liquidity is currently around CAD 6.6 billion. That includes the CAD 1.3 billion in cash and the US\$4 billion of undrawn committed credit facilities that we have. And in November, we increased our primary credit facility from US\$3 billion to US\$4 billion, and we extended its maturity date to November 2023.

Importantly, our capital requirements on QB2 are dramatically reduced by our partnership transaction with Sumitomo Metal Mining and Sumitomo Corporation and the financing plan which will reduce our remaining equity capital before escalation to roughly US\$693 million, which Don mentioned earlier.

No contributions are required from Teck after closing of the transaction until late 2020 and looking at the chart on the top right, we have no significant debt maturities prior to 2024.

And as Don mentioned earlier, we were very pleased to be upgraded to investment grade by Moody's in January to Baa3 with a stable outlook. Both Fitch and S&P have our credit ratings at BB+ with a positive outlook. That's one notch below the investment grade category.

Moving on to the next slide, we have a strong record of returning cash to shareholders, having returned around CAD 5.7 billion since 2003. Of that total, CAD 4.3 billion was dividend, or around 27% of our free cash flow. We've also applied 1.4 billion to share buybacks or around 9% of our free cash flow.

Most recently, we paid the dividend of CAD 0.15 per share in December, including the regular quarterly dividend, CAD 0.05, and CAD 0.10 per share as a supplemental dividend. And yesterday, we announced that we will pay our next regular quarterly dividend of CAD 0.05 per share on March 29.

And in November, we announced that our board directed us to purchase CAD 400 million of Class-B shares under our normal course issuer bid. As of yesterday, we have purchased CAD 247 million in shares, about 8.5 million shares. And as indicated, when we announce the QB2 transaction back in December, our board will consider an additional return of capital to shareholders following closing of the transaction, which we now expect by the end of March.

Moving on to slide 13, summarizes our capital expenditure guidance. Excluding capitalized stripping and spending on QB2, our capital expenditures are expected to be around CAD 1.8 billion compared with CAD 1.5 billion in 2018.

Our sustaining capital is expected to be higher in 2019 with increases in steelmaking coal and in copper. The largest increase is in steelmaking coal, which is expected to have CAD 540 million sustaining capital. CAD 305 million is for mining and processing equipment largely related to reinvestment in our equipment fleet. Water treatment charges related to the Elk Valley Water Quality Plan are expected to be CAD 235 million. For copper, our sustaining capital is expected to be higher, and primarily due to increased spending related to tailings construction costs and one-time water management cost at QB related to the QB1 operation. Equipment replacements and investments related to our autonomous hauling system roll-out at Highland Valley are also included in the copper spending.

So our major enhancement capital is also expected to be higher. Spending at coal largely relates to the development costs of new mining areas in the Elk Valley and increasing the plant capacity at Elkview Operations, and all this is being done to increase our long-term production capacity and

mitigate the reduced production following the closure of the Coal Mountain operation. It also includes the CAD 210 million related to the expansion at Neptune. Excluding Neptune, steelmaking coal's major enhancement is expected to be slightly lower than last year. Copper is primarily the additional ball mill at Highland Valley, to increase the grinding circuit capacity, and then the major enhancements at zinc is mainly the mill upgrade project at Red Dog which is expected to increase average mill throughput by about 15% over the remaining life of the operation. Energy includes items such as tailings management, new mining equipment and autonomous haul systems at Fort Hill2.

The new mine development excluding QB2 is expected to fall by more than half as Fort Hills construction was completed in 2018. Energy primarily includes spending for permitting at our Frontier property. Copper is our share of spending on the Satellite projects as well as early scoping studies for QB3.

And you should note that capitalized stripping is expected to be lower, primarily driven by coal.

Turning to the QB2 project, total project capital spending is expected to be CAD 1.9 billion in 2019 and the contributions from Sumitomo Metal Mining and Sumitomo Corporation are estimated at about CAD 1.585 billion. The actual funding is a little bit higher than that, but all of the cash will not be spent by the end of the year. We are currently in advanced discussions with the lenders on the US\$2.5 billion project financing. Teck's spend in 2019 will be limited to expenditures prior to the close of the transaction which we anticipate by the end of March.

And with that, I'll now turn it back over to Don for some closing comments.

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

Thanks, Ron.

I want to wrap up by looking forward over the next year to some key catalysts or valuation milestones that are coming up. First, we expect to close the partnering transaction with Sumitomo and QB by the end of March.

On Zafranal, we aim to complete the feasibility study and submit to SEIA in the first half of this year. We also plan to start up the additional ball mill at Highland Valley in Q3. We're also aiming to complete the feasibility study and submit the SEIA on NuevaUnión in the second half of this year. We expect to complete the pre-feasibility study for San Nicolás in Q4; so there's lots to look forward to over the next year and beyond.

And with that, we'd be happy to answer your questions and as I usually say, please note that some of our management teams are calling in from different locations so there may be a brief pause after you ask your question while we sort out who will answer. And back to you, operator.

QUESTION AND ANSWER SECTION

Operator: Thank you, Mr. Lindsay. We will now take questions from the telephone lines. [Operator Instructions] And our first question comes from Orest Wowkodaw from Scotiabank. Please go ahead.

<Q – Orest Wowkodaw – Scotiabank>: Hi, good morning. I was hoping we could get some more color on the costs in the steelmaking coal business. Specifically, last quarter, I guess in Q3, the cost spiked up and there was a lot sort of suggested that costs – there was some one-time stuff there and the costs were going to trend down. Yet, when we look at the guidance here for 2019 of the costs of \$99 to \$104 a tonne, I mean, that would suggest that the Q4 kind of cost could be sustained here. Should we think of this 2019 guidance as the new run rate for the coal business or is there anything that would make that come down beyond 2019?

<A – Don Lindsay – Teck Resources Ltd.>: Okay. Over to Robin.

<A – Rob Sheremeta – Teck Resources Ltd.>: Yeah. I think – it's not the forward run rate. The change that's occurring in 2019 is an increase in strip ratio. I'll try to give you enough context to understand this, but it's part of the plan to bring our production rate up at least to 27 million tonnes, possibly north of that, primarily at Elkview. And so, two things, we want to get that production up which means we need to strip more, but we also want to get that production up as soon as possible. We're going to have plant capacity by 2020 to take advantage of that.

Right now, as you know, our costs are affected by hauling some of that excess raw inventory we have to the Coal Mountain operation, so that's increasing our costs and as we get Elkview ready, those costs will come down as we can process that coal then at Elkview. So in anticipation of that opportunity, we have to move more material in 2019 in order to set up for that. So 2019, you'll see a strip ratio closer to 11:2. The long term, well, the five-year strip ratio is still around 10:1. So you're seeing a short-term increase in strip ratio through 2019 setting up for the next four years after that.

<Q – Orest Wowkodaw – Scotiabank>: And should we see improvement in costs beginning as early as 2020 or is that likely later?

<A – Rob Sheremeta – Teck Resources Ltd.>: We should see – we'll see our production rates increase from 2019 into 2020. That's about the start of the increase in full, I guess, conversion away from Coal Mountain. So that will certainly help costs, having higher production, and then again, we won't be doing a coal haul, things like that, that we're currently doing, to take advantage of the margin now. So those things come into alignment in 2020.

Operator: And our next question comes from Matthew Korn with Goldman Sachs. Please go ahead.

<Q – Matthew Korn – Goldman Sachs & Co. LLC>: Hey, good morning, everyone. I'm wondering given recent events down in Brazil, your views on the coal market and whether you could see any additive coal demand expected, whether high grades or et cetera, in response to the shift upward in iron ore prices that we've seen after the shock.

<A – Don Lindsay – Teck Resources Ltd.>: So, we just want to clarify your question. You're referencing events in Brazil which were in iron ore and asking about how that affects the coal market? Is that the question?

<Q – Matthew Korn – Goldman Sachs & Co. LLC>: Yeah. I guess I'm trying to figure out – we know that these steelmakers have a lot of flexibility in terms of how they charge their furnaces. We've seen them respond previously in changing the mix, changing the ratios, changing grades, and respond to changes in raw material costs. This has led to a pretty big shock in iron ore pricing.

And I'm wondering if you see that there's any over – any carryover effect that you could see when we're thinking about the coal side?

<A – Don Lindsay – Teck Resources Ltd.>: I'll turn it over to Réal Foley.

<A – Réal Foley – Teck Resources Ltd.>: All right. Thanks, Don. So, we're continuing to see strong demand for steelmaking coal, and specifically high-grade steelmaking coal. That's why spot prices today are still north of US\$207 and the average for the first quarter lagged by one month is just under US\$210. We've seen the increase in iron ore prices like everybody has seen, but, again, steel production continues to be strong. 2018 crude steel production increased by over 4.5% and demand continues to be strong especially in India and in Southeast Asia.

The steel pricing – the steelmakers are also trying to increase steel prices right now to cover some of the increase in iron ore prices. So, this is all positive. And when we look at our own sales book, it remains strong going into Q1, and as far as we can see.

Operator: Our next question comes from Chris Terry with Deutsche Bank. Please go ahead.

<Q – Chris Terry – Deutsche Bank Securities, Inc.>: Hi, Don and team. Just a couple from me; firstly, on the zinc market, any views on the recent flooding in Queensland, and what that might mean for zinc prices and how that could help out Teck. Secondly, just quickly on the capital management side, I assume that when you're talking about the end of March closure for the QB2 deal that you would likely then extend the buyback beyond the current period is most likely? Maybe you could just comment on that.

And then lastly, just on the on the coal division, in terms of the CapEx, the CAD 950 million for 2019, I know there's some one-off items there in terms of water management and also Coal Mountain transition. Just trying to get a better feel for what that number should be on a going forward basis further out. Thanks.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. We'll do this in a different order. I'll address the buyback question first, then over to Andrew Stonkus on the zinc and Queensland flooding question, and back to Robin on the coal question.

So on the buyback, what we've said is that the board will consider additional capital returns to shareholders. We didn't specify whether it was dividend or buyback, but we certainly had a lot of feedback from shareholders they would prefer buyback, and that we would do that once the deal closed. At that stage, we thought it was going to close around the end of April, and that the project finance would close right around the same time. As it turns out, things are going very smoothly and the transaction, it may close sooner.

And so – but I think the timing of when the board would make a decision would be still after the project finance had closed as well. So we're at that point where there's no more capital required from Teck for QB2 for a couple of years, so quite some time. That's the point at which we'd make that decision and the board would look at the factors at that time – how the market looks, what our cash requirements are and that sort of stuff, but clearly we'd be in a very healthy position that – at that time, which is why we said the board would consider it. So, that's about all we can tell on that one. Over to Andrew Stonkus on the zinc conclusion.

<A – Andrew Stonkus – Teck Resources Ltd.>: Thanks, Don. Chris, the information that we've been able to see in the public domain is the severe flooding in Australia is impacting a number of mines in that region and the estimate is about 75,000 tonnes for our contained zinc per month is going to be impacted, including about 40,000 tonnes of lead content per month as well. When that will be – when will the floodwaters recede and the rail lines repaired, if you've seen the video and the pictures, it's pretty significant.

So, time will tell how long we'll be impacted, but the key point is there's some significant impacts on those mines. We believe approximately a significant amount – a significant amount of that production goes into the export market, so we're starting to see the impacts of those curtailments of impacts in the market in the weeks ahead.

<A – Don Lindsay – Teck Resources Ltd.>: Okay. And back to Robin on the third question.

<A – Rob Sheremeta – Teck Resources Ltd.>: Okay. I'll kind of walk through this in three components. So if I just look at the sustaining capital spend and excluding water for the moment, it's about CAD 75 million higher than in 2018. And this really is driven by just reinvestment in equipment coming out of the previous downturn a couple of years ago. It's a peak year in terms of that cycle, and we should see reinvestment in equipment – your standard shovels and trucks that kind of mining reinvestments starting to decrease then over the next five years.

Spending on the sustaining water side is quite a bit higher obviously in 2018 because we're into full construction now on the Fording River South active water treatment facility, so that capital spending that we've been guiding to over that five-year period is now in full swing. So that's pretty much the difference on that. And then on the major enhancement side we're – as Ron had mentioned, we're investing in several new pits, Swift, Baldy Ridge Extension, Castle, et cetera, so there's a number of different projects that are on track to secure the 27 million tonne long-term capacity.

Many of those projects now are nearing completion. Swift is almost complete. Baldy Ridge is sort of in the middle to tail end of that spend. So that spend on major enhancement will also come down in time. We're just on the verge of having many of these things in place. So, 2019 is a high year for coal in terms of those three components.

<A – Don Lindsay – Teck Resources Ltd.>: Maybe I could just add some color both on this issue and the earlier questions on cost guidance for 2019, and this is more of a big-picture philosophical question. We have a lot of confidence in the outlook for the coal price and although it's a little bit over US\$200 now, I would remind people that it is just above the 10-year average coal price. So it's not actually a really high coal price. It's above the 10-year average on an inflation-adjusted basis. That number is US\$197.

And with that kind of confidence in the inherent cost structure of our business, there's a lot of margin to be captured. So we have deliberately taken the decision in several cases to incur higher operating costs and sometimes as much as CAD 10 a tonne higher, in order to capture an additional CAD 100 a tonne of margin. So we are running the business to maximize earnings and cash flow rather than to run the business just to minimize the costs.

If there was a downturn, we have enormous flexibility to bring those costs sharply down as we did last time when there was a significant downturn. We have a lot of flexibility built in to do that, but for the moment, we're maximizing earnings and cash flow and that will affect – cost a few dollars a tonne in order to capture CAD 100 tonne of margin.

Okay. Back to you, operator.

Operator: Thank you. And our next question comes from Curt Woodworth with Credit Suisse. Please go ahead.

<Q – Curt Woodworth – Credit Suisse>: Yeah. Good morning, everyone. Don, I just wanted to drill down a little bit more into the unit cost guidance for coal. So, last quarter you talked about roughly CAD 3 a tonne of headwinds on pit development, CAD 2 a tonne of headwind on contractor usage, and then another CAD 2 a tonne for the plant shutdowns you had at Fording and Elkview. But I would think that as you go through this year, some of those costs would reverse. You talked

about pit development being nearly complete. I assume you don't have as much shutdown costs, but I hear you on the strip ratio.

So, how do I think about – I guess those moving pieces specifically and then as you get into 2020, is it feasible that your cost structure could revert closer to where you thought it would be mid-2018 which is the CAD 56 to CAD 60 range or are there structural things that have evolved the last six months?

<A – Don Lindsay – Teck Resources Ltd.>: I'll make two quick comments before turning over to Robin. You did see our costs drop from Q3 to Q4 and some of those things that you just itemized were the reasons that they occurred in Q3 and Q4. And then we do have to remind ourselves that as we switch over from Coal Mountain, which was structurally much lower cost operation to getting the tonnage from the four larger mines in the Valley, there's two factors. One is that it does change the ongoing cost, but also gives us a higher quality product which gets more revenue. So that we're still sort of coming out of the transition there.

Robin, back to you.

<A – Rob Sheremeta – Teck Resources Ltd.>: Yeah. And there's – you know there's a number of things that are in play right now and 2018 and 2019 were the two years that would, for us would be most difficult to get through in terms of availability of raw coal given the closure of Cold Mountain and simply setting up for the next five years. Coming out of 2019, strip ratios come down. We've reinvested in a lot of our operating equipment, which means the operating costs of that equipment will come down. We've been using contract miners and contract labor and maintenance quite substantially through these two years, again as Don said, to capture this margin.

So, those kind of levers then, in that sense, will start to come off. We'll see – we were increasing our contract labor internally, so we'll start to see a benefit from that in terms of operating costs. So all of these things are coming together to give us a more stable lower cost base going into 2020. But 2019 is somewhat of a transition year both in terms of capital reinvestment and some of the operating costs that we are purposely, I guess, incurring to continue to get the margin we earn off a US\$200 price of coal.

<Q – Curt Woodwort – Credit Suisse>: Okay. And then...

<A – Don Lindsay – Teck Resources Ltd.>: We're well over an extra CAD 100 million by doing it last year and the second half production was quite extraordinary, albeit, with using contractors and that sort of stuff, but the shareholders made a lot more money.

<A – Rob Sheremeta – Teck Resources Ltd.>: It was a CAD 29 million tonne annual pace in the fourth quarter.

<A – Don Lindsay – Teck Resources Ltd.>: Yeah.

<Q – Curt Woodwort – Credit Suisse>: Great. And then just on capital return options, I mean, it seems like from a physical perspective on supply demand, you know, base metals and coking coal looks very healthy from where you said, but the market seems to be more concerned on macro risk, trade war risk. So, can you talk to, I guess, magnitude of capital return options like, you have a ton of liquidity, cash, how aggressive would you like to get, given the value you see in your stock relative to the physical fundamentals you're facing?

<A – Don Lindsay – Teck Resources Ltd.>: I hate to say it, but I think I've already answered that question to the full extent that I can. It's a board decision and I couldn't comment on how aggressive. I certainly believe that we're distinctly undervalued and I recently increased my own

shareholdings by 100,000 shares that you may have noticed. So, I'm putting my money where my mouth is, so to speak, but it's a board decision at the end of the day.

Operator: And our next question comes from Jeremy Sussman with Clarksons. Please go ahead.

<Q – Jeremy Sussman – Clarksons Platou Securities, Inc.>: Yeah. Hi. Thank you very much for taking my questions. I guess on the coal front, can you remind us how much you're sending through Neptune today and how much you'd planned to spend – send I should say, when the expansion is complete? And more importantly, perhaps from an annual cost perspective, what type of savings could we see for this?

<A – Don Lindsay – Teck Resources Ltd.>: Andrew Stonkus, and he will answer carefully.

<A – Andrew Stonkus – Teck Resources Ltd.>: Thanks, Don. Yeah. Certainly, we...

<A – Don Lindsay – Teck Resources Ltd.>: A reason I say – some of these things we don't want to disclose and they're important competitive information, but over to you, Andrew.

<A – Andrew Stonkus – Teck Resources Ltd.>: Currently, we ship approximately 7 million tonnes or so through Neptune. The project upgrade will take us to a capacity of 18.5 million tonnes and that's the plan that we have at this point in time. And in terms of the cost savings, all I would add is that would be a significant cost saving once the project is completed and we put the appropriate tonnages through the Neptune facility.

<A – Don Lindsay – Teck Resources Ltd.>: Thank you, Andrew. Very significant cost savings and for a long time.

<Q – Jeremy Sussman – Clarksons Platou Securities, Inc.>: Appreciate that. And just as a quick follow-up, I guess on the Fort Hills side, obviously, pricing was a bit down in Q4, but you reached above nameplate capacity in December which was great to see. I mean, should we still think of this as a core area for Teck? And if current market conditions hold, is it safe to say that you generate positive free cash there in 2019?

<A – Don Lindsay – Teck Resources Ltd.>: We would think that the prices in Q4 were more than a bit down differentials hit over US\$50, at one stage it was pretty extreme. But yes, certainly a current Western Canada Select prices, Fort Hills will obviously do much, much better than what happened in Q4, and we expect it to be positive. We still of course would like to see and frankly need to see pipeline capacity and we don't anticipate that until 2021 at the earliest in 2022, and if and when that does occur and you have long-term differentials at more normalized levels, then Fort Hills should be significantly profitable. And clearly, it's running extremely well. We were very, very impressed with what Suncor has been able to achieve.

Operator: And our next question comes from Oscar Cabrera with CIBC. Please go ahead.

<Q – Oscar Cabrera – CIBC World Markets, Inc.>: Thank you, operator. Good morning, everyone. Don, capital allocation, I know you've already got few of these questions, but if I look at your multiple catalyst and there are some strong projects in this list, how do you view this compared to returning cash to shareholders? What's the priority for the company? And then I'm just trying to get my – I have a follow-up, please.

<A – Don Lindsay – Teck Resources Ltd.>: No. Go ahead, go ahead.

<Q – Oscar Cabrera – CIBC World Markets, Inc.>: No, I'm just going to say, I think in the Elk Valley water management update that you've provided, I think, in the questions that you're getting, I think, I hope it's not lost on people that you could save about CAD 250 million. So the question is

as follows; so, you spend about CAD 300 million in a period from 2018 to 2022. You said it could be to CAD 900 million. So, if you get the permits for the new systems, when do you think that this saving can start to take place, i.e., so you spend CAD 200 million and again almost CAD 300 million. You would be, you needed to spend another CAD 300 million; over what period of time would that be?

<A – Don Lindsay – Teck Resources Ltd.>: Okay. I'm going to suggest we answer that question first because there is a swing of some CAD 500 million between one scenario and another. So I'll have Robin talk about that, then I'll come back to the other catalyst, I guess, that we call them and capital allocations. Robin, over to you.

<A – Rob Sheremeta – Teck Resources Ltd.>: Yeah, and I think I need to walk you through just a little bit in terms of the process that's in play right now. So, we had an extraordinary year last year in managing through the SRF, the saturated rock fill project that we had in Elkview. So, that by the end of the year had delivered exactly what we hoped it would deliver, which was virtually removal of all selenium, all nitrate and no speciation issues at what is arguably a capital cost of about 20% of what an active water treatment would be, and it would operate at about 50% of the operating costs of an active water treatment. So, both economically and functionally, it's a very, very strong viable alternative now, proven scientifically, for us to go forward with.

The process is, we need to be able to demonstrate that to our regulators, to the stakeholders, and they need to then work through a process of review and understanding what the technical basis for that – for those assumptions are and that kind of thing. And we are currently in that process so, so we have to – it will take some time before, I think, we work through that and understand whether or not if there is an acceptance that SRFs will in fact be a viable alternative.

The immediate challenge for us is that we're running, in a sense, in parallel, a development of the next active water treatment facility at Elkview. At the same time, we have a viable saturated rock fill that's working right beside it. So, our desire is to not build the Elkview water treatment facility. That's where the savings of CAD 250 million would come in. It's the offset in those two. We are building the Fording River South, and that will happen. So that's a big piece of the capital spend that's going to occur over the next two years.

And the third piece in this puzzle would then be the Fording River North, so the second Fording River active water treatment facility, and that's the one that we would like to start to develop a strategy if SRFs do get accepted and if they become accepted as a viable alternative, then that treatment facility then comes into play and we may be able to replace that as well with an SRF. So there's a lot of moving parts right now and a lot of this hinges on getting through the regulatory process to review the work we've done and to come to a conclusion on where that will lead us.

<A – Don Lindsay – Teck Resources Ltd.>: And so, maybe just to summarize, with SRF, we think we now have the long-term solution to the selenium problem. We think it works better. We think it can be implemented faster and the capital cost is about 20% of building active water treatment plants and the operating cost is about 50% of that. Now, it is not approved and there's no guarantee that it will be approved and we're in dialogue with the regulators and we're showing them all the facts and the results and we do hope it does get approved because we think that's the best long-term solution.

Now, back to the capital allocation question, Oscar, that I think you originally think that was related to catalysts and then we do have a number of catalysts and the fact is that we have a rich portfolio, particularly in copper, where we have as many as six projects that are ahead of us of different stages of prefeasibility and feasibility. Now, one of the developments that I talked about in December when we announced the sanctioning of QB2 was the development, the potential for QB3 and what – when we did the extra drilling and increased the resource at QB and, of course, it continues to increase, we think it's going to increase significantly from what we've announced so

far, that gave us the opportunity to start working on the scoping study for QB3 and QB3 will be much more capital efficient than QB2 because it takes advantage of a lot of the infrastructure. This is already going to be in place.

And so, QB3 becomes then our most attractive project and all the other projects move down a notch. And, in a sense, we get more flexibility on how we want to realize value from them. And so, whereas before we might have looked at building one or two, or partnering by rolling them into another company, having them build it and retaining some upside, now it's – because QB3 is so exciting, now we probably have a bit more motivation to realize value by doing some sort of a transaction with another sort of mid-cap company and that sort of thing. So 2019 should be an interesting year for those kind of discussions as we go forward.

That doesn't necessarily mean that we'll sell them for cash because we don't really need any cash because once the QB2 deal closes with Sumitomo and the project finance closes, we have no obligations to QB2 till the end of 2020 at the earliest. And so, and at these prices of course we have very strong cash flows. So, we'd probably do something where we would retain some upside in some form, but someone else would be building them.

But we then look at our financial picture say, well what capacity does that give us to return capital to shareholder, well it should give us a lot of capacity unless commodity prices were to turn down dramatically and we don't see that. We think the world's been in risk-off for a while now and we're hopeful that trade wars are resolved and those kind of things and that our risk-off turns to risk-on, but at current prices, we would generate at cost should be able to return capital to shareholders.

We won't decide that, as I mentioned earlier, till the QB2 deal and the project financing are closed. So that would either be in our April board meeting, which is the third week in April, if the project finance has closed by then, which it probably wouldn't. It was originally scheduled to the end of April I think, then it would be the board meeting at the end of May. So one of those board meetings we would then make a decision on how much to return and what form that would be. So, sorry for the long answer, but that's how we think about it.

Operator: And our next question is from Jackie Przybylowski with BMO Capital Markets. Please go ahead.

<Q – Jackie Przybylowski – BMO Capital Markets (Canada)>: Thanks very much. I just have two questions. So I guess the first one would be the follow-on on Oscar's question on saturated rock fill, and maybe if Robin could go into a little bit more detail on the timing of whether that is – the timing of the government decision to allow saturated rock fill or not would be helpful, if there's any sort of milestones or things we can watch for.

And then the second question would be on coal prices. Your realized coal price in the quarter was actually really high, it looks like, compared with the benchmark coal price, so congrats on that. And I was wondering if you could give us a little bit of color on why it was higher than it has been in the last couple of quarters, if that's a function of the coal markets or if that's a function of the product mix that you sold into the markets. Thanks.

<A – Don Lindsay – Teck Resources Ltd.>: On saturated rock fill timing, we're actually quite hopeful. We've just – we just completed two workshops with our regulators to explore the technical data and we're quite hopeful that we'll have an answer by the second quarter of this year.

<A – Ron Millos – Teck Resources Ltd.>: That's fairly quick.

<A – Don Lindsay – Teck Resources Ltd.>: Yeah. Jackie, does that cover what you're looking for?

Operator: And our next question is from Piyush Sood, please go ahead, with Morgan Stanley.

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

<A – Réal Foley – Teck Resources Ltd.>: There was a question, Jackie, on the realized coal prices in Q4. So as we've said before, our realized coal price – quarterly coal price can be quite volatile. If you look at – since Q2, 2010, it's ranged from a low of 75% to a high of 104% – 75% to 104% and remember that when you're looking at realized price, there's a number of factors that influence what our realized price is, including the differential between the quarterly index pricing, the direction of those daily price assessments, the Chinese arbitrage, the differential between the high grade and the lower grade coking coals.

So those are all factors to watch, and of course, timing of shipment also impacts the price that we realize. And overall, I agree with you, our realized price was very good in Q4 and we're continuing to see coal releases supporting the strong realized coal prices going forward and that is also supported by the strong end market.

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

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

Operator, I'd like to actually turn to a question that hasn't been asked as yet because we only have a few minutes left, but I think it's a very important question, so we're going to ask ourselves it, and that is to talk about how we manage our tailings facilities, both active and inactive. I'd like to make some opening comments on this and then I'll turn it over to Marcia Smith, our Senior Vice President of Sustainability and External Affairs, to go through some further details.

First of all, I do want to say on behalf of all of us at Teck, how very sad we were to learn of the tragic incident at Vale's Brumadinho tailings facility in Brazil. This is clearly an area that's of critical importance for our whole industry and I can tell you that the International Council on Mining and Metals, of which I am currently the chair, has been very, very active subsequent to the tragedy.

So, I want to provide a bit of an overview of how we, at Teck, manage our tailings facilities. First, Teck manages 16 active tailings facilities at our operations, and 39 tailings facilities that are closed and no longer receiving tailings, for a total of 55 tailings facilities. This includes 15 dry stack facilities at our steelmaking coal mines and 20 legacy property tailings facilities elsewhere. On top of this, of course, we also have non-operated joint venture interests in tailings dams at Antamina in Peru and Fort Hills in Alberta.

With respect to upstream dams, which a lot of people learned about in the last couple of weeks, of the tailings facilities that we manage, we have one active tailings facility that utilizes upstream construction and that's at our Elkview steelmaking coal operation. We have eight closed tailings facilities that utilize upstream or partial upstream construction, and five of these are relatively small facilities at the former Sullivan Mine in Kimberley, B.C.

Our tailings facilities are operated and maintained to meet global best practices for safety, including industry-leading protocols established by the Mining Association of Canada's TSM or Towards Sustainable Mining program and the Canadian Dam Association.

And with that, I want to turn it over to Marcia to take us through some of our other policies and further details.

Marcia M. Smith, Senior Vice President-Sustainability & External Affairs, Teck Resources Ltd.

Great. Thank you, Don.

We have been getting a number of questions, so, I'm going to give a little bit of a – maybe details beyond what we might normally do. But, first of all, Teck has comprehensive systems and procedures in place and those are organized around six levels of protection. So, the first, monitoring using subsurface and surface instrumentation technology. Second, we have staff inspections often as frequently as several times a day. We do annual dam safety inspections, which are known as DSIs, those are conducted by the engineer on record. We have more detailed dam safety reviews or DSRs, which are conducted periodically by a different third-party engineer. We have tailings review boards in place and those are comprised of independent experts, which meet regularly to conduct additional reviews on design, operation and maintenance of our facilities. And finally, Teck has its own corporate tailings working group and we do internal audits and governments reviews through that group.

And I will say that the most recent annual dam safety inspections for all of our facilities confirm that they are stable and secure, and that our monitoring and surveillance practices are robust. You can review these reports for our British Columbia operations on our website; they are also available on the B.C. government's website, and those are changes that the regulators from British Columbia put into place following the Mount Polley incident. We are actually just now in the process of actually putting up all of our dam safety protections for our non-Canadian tailings facility on our website as well.

Relevant facilities also have full emergency preparedness plans in place and those are reviewed with local stakeholders and we have also undertaken community meetings and we hold emergency drills with communities to actually walk through these plans with stakeholders.

As Don said, with respect to upstream dams, I just wanted to make one comment. We do have the one active up stream tailings facility at our Elkview operation. Of the eight closed facilities that utilize upstream or partial upstream, as Don mentioned, five of those are at the Sullivan Mine, and those are now actually – they have been closed for over 25 years and those facilities are now really essentially drained landforms.

In each case, the dam construction methods that we utilized are based on a number of factors such as site condition, type of materials being stored. Based on what we know of the Vale situation at this point, there do appear to be some specific risk factors that are not – that were present in their facilities that are not present in ours. And as I've said earlier, these facilities are formerly inspected on a regular basis, subject to the procedures that I outlined.

And maybe finally, I will just say that while we are confident in the safety and security of our Australian facilities, obviously nothing is more important to us than the safety of the people, the community and the environment, so we are taking this opportunity now to go out and conduct a special review of our tailings facilities and procedures, and this review will include both internal experts from the company but also external experts. And we hope that through that process, we will continue to learn and continue to improve our facilities.

And I would just finally say that Fraser and I had a number of questions. We know that this is a very complex area and so if you have additional technical questions, we're happy to take those offline and have further discussions with you.

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

Very much so, and once again, there will be full transparency, the information is posted both on our website and on the government's website. So that it is 9:00 o'clock, and so we're going to have to move on. I want to thank everybody for their participation today and we look forward to talking to you again in April. Thanks very much.

Operator: The conference has ended. Please disconnect your lines at this time and thank you for your participation.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2019. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.