

# Teck



**Bank of America**   
**Merrill Lynch**

## Global Metals, Mining & Steel Conference

May 14, 2013

# Forward Looking Information



Both these slides and the accompanying oral presentation contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) and comparable legislation in other provinces.

Forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variation of such words and phrases or state that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include statements relating to management’s expectations with respect to market and production trends, our future production targets, our strategy, costs of our selenium management program, the timing, cost and production projections regarding the Quintette coal mine, information presented regarding the Quebrada Blanca Phase II project, our production growth profile, mine lives and mineral and oil and gas reserves and resources, progress in development of mineral and oil sands properties, steel production rates, zinc mine closures, demand and market outlook for commodities.

These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially. These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, interest rates, the supply and demand for, inventories of, and the level and volatility of prices of coal, zinc, copper and gold and other primary metals and minerals produced by Teck as well as steel, oil, natural gas and petroleum, the outcome of engineering studies currently underway in connection with Teck’s development projects, the timing of receipt of regulatory and governmental approvals for Teck’s development projects and other operations, Teck’s costs of production and production and productivity levels, as well as those of its competitors, power prices, market competition, the accuracy of Teck’s reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, the resolution of environmental and other proceedings, our ongoing relations with our employees and partners and joint venturers, the availability of financing for development projects and the future operational and financial performance of the company generally. Our selenium management costs assume the application of biological treatment technology and that the relevant regulators will agree to site-specific downstream selenium concentrations in certain areas in excess of those in provincial water quality guidelines. The foregoing list of assumptions is not exhaustive.

# Forward Looking Information



Events or circumstances could cause actual results to differ materially. Factors that may cause actual results to vary include, but are not limited to: unanticipated developments in business and economic conditions in the principal markets for Teck's products or in the supply, demand, and prices for metals and other commodities to be produced, changes in power prices, changes in interest or currency exchange rates, inaccurate geological or metallurgical assumptions (including with respect to the size, grade and recoverability of mineral or oil and gas reserves and resources), changes in taxation laws or tax authority assessing practices, legal disputes or unanticipated outcomes of legal proceedings, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of permits or government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), decisions made by our partners or co-venturers, political events, social unrest, lack of available financing for Teck or its partners or co-venturers, and changes in general economic conditions or conditions in the financial markets. With respect to our selenium management costs, factors that may cause actual results to vary include, but are not limited to, biological treatment technology being less effective than expected and regulators imposing stricter water quality guidelines than our proposed draft valley-wide selenium management plan contemplates.

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

# Agenda



## Teck Overview and Markets

Steelmaking Coal

Copper

Zinc

Energy



# Canada's Largest Diversified Mining Company



**# 1 Producer of steelmaking coal in N. America**

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**# 2 Exporter of metallurgical coal in world**

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**# 3 Zinc miner in world<sup>(1)</sup>**

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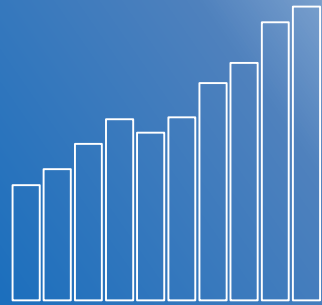
**Increased copper production**

*Note 1: Wood Mackenzie, 2012*

# ‘Stay the Course’ Strategy

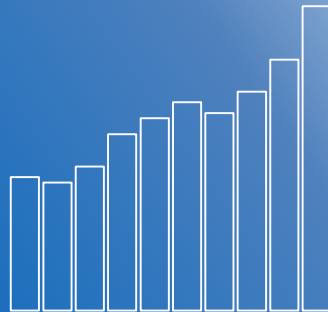


## Coal



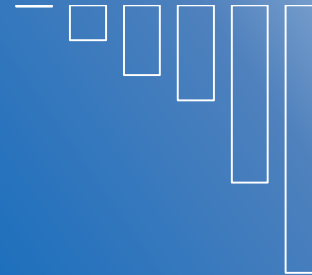
**Low-cost  
Incremental  
Growth**

## Copper



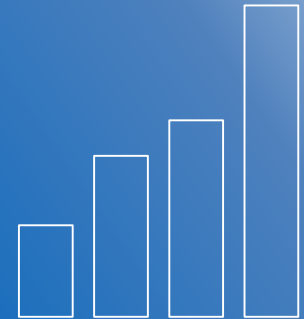
**Brownfield  
Expansion**

## Zinc



**Industry  
Closures  
Looming**

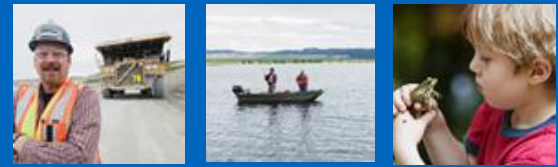
## Energy



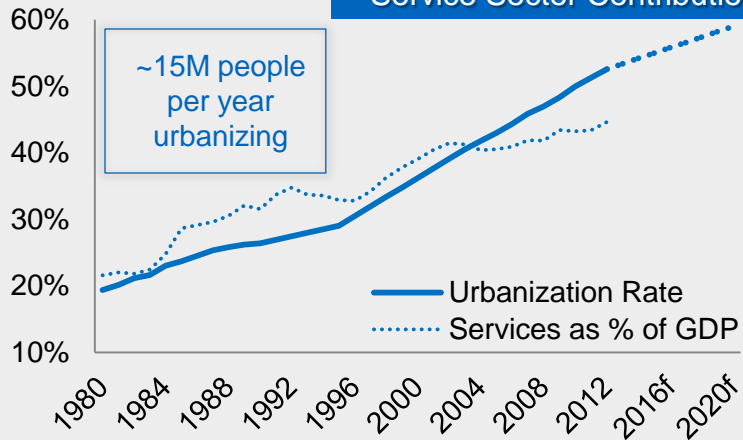
**Building  
Resources**

**Converting Resources to Cash Flow**

# China's Growth Continuing, But Changing

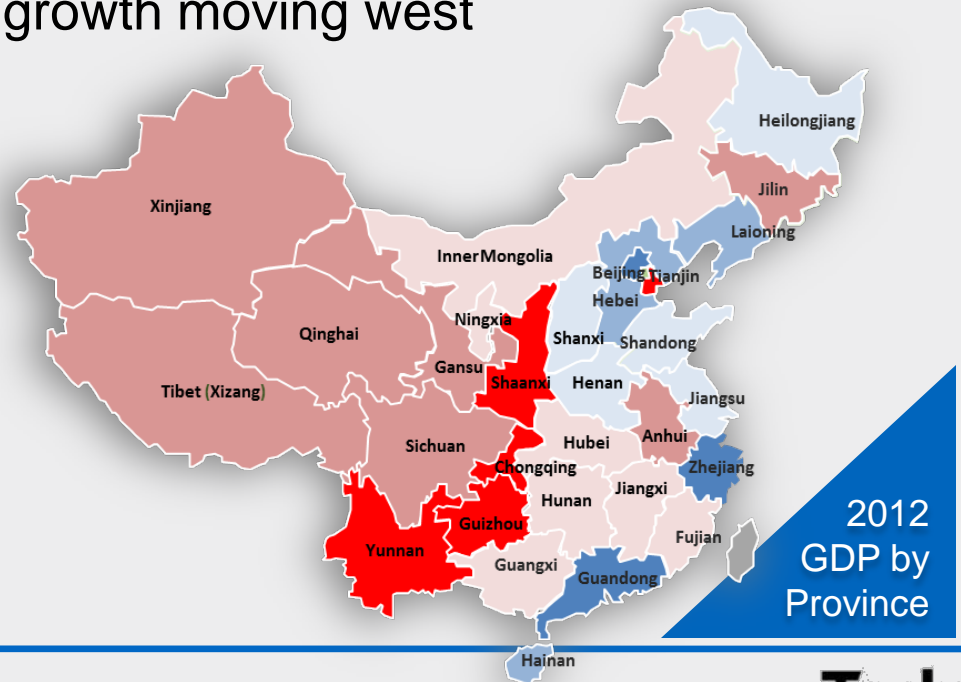
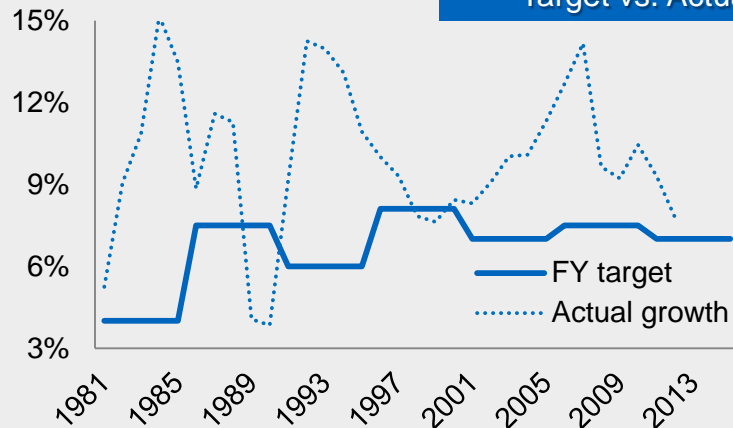


Urbanization Growth & Service Sector Contribution



- Urbanization continuing, services contribution to GDP growth increasing
- Lower rate / higher base = strong absolute growth
- Coastal provinces maturing, high GDP growth moving west

Real GDP Growth Target vs. Actual



# Steel Production in Most Markets Below Trend Growth



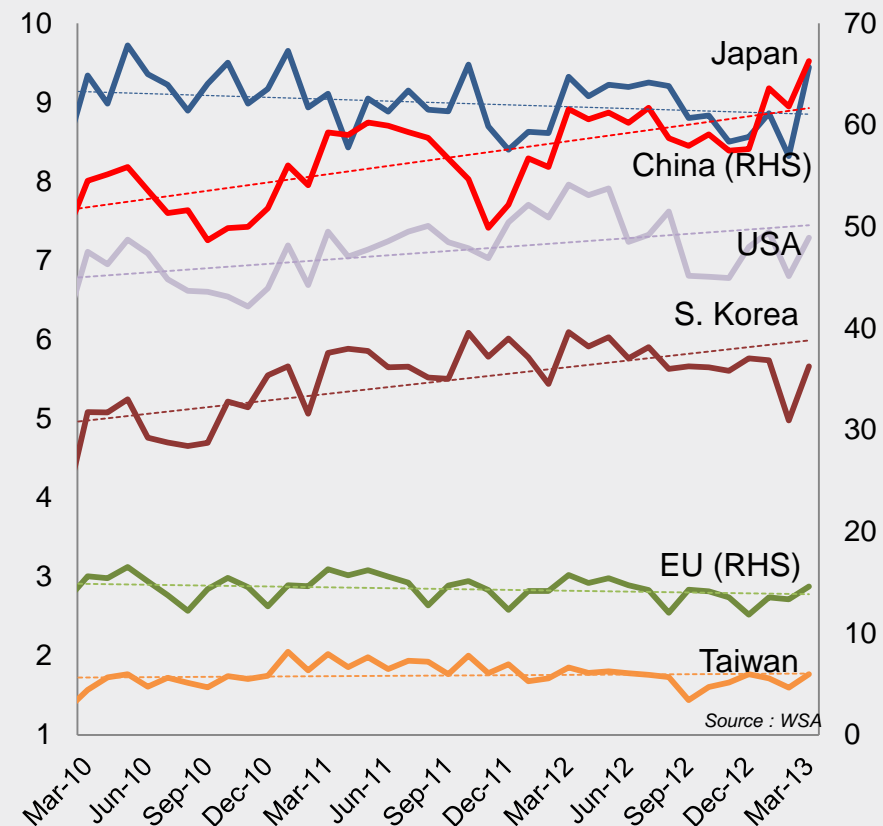
## Traditional Steel Markets:

- Most markets below trend growth
- Japan rebuild taking more time than anticipated

## Outside of Asia

- Production and utilization rates in Europe continue to be under pressure
- US production showing signs of improvement

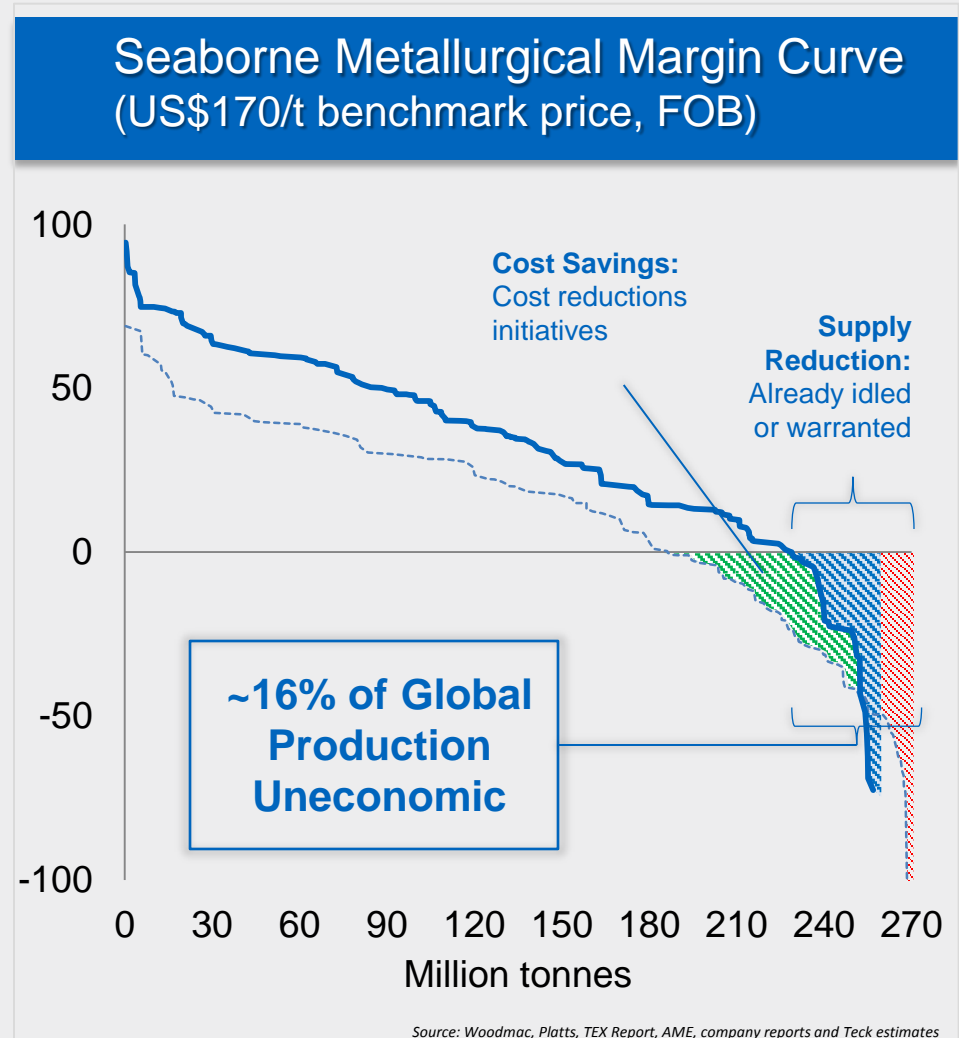
## Monthly Steel Production (million tonnes)



# Seaborne Steelmaking Coal Margin Curve is What Matters



- Margin curve highlights the importance of coal quality
- High cost, low quality coals should be eliminated first
- Realized cost savings and ongoing cost reduction initiatives are shifting margin curve
- US\$170/tonne benchmark price could impact **40-45mt** of seaborne metallurgical coal
- Total announced production cuts ~30Mt annualized

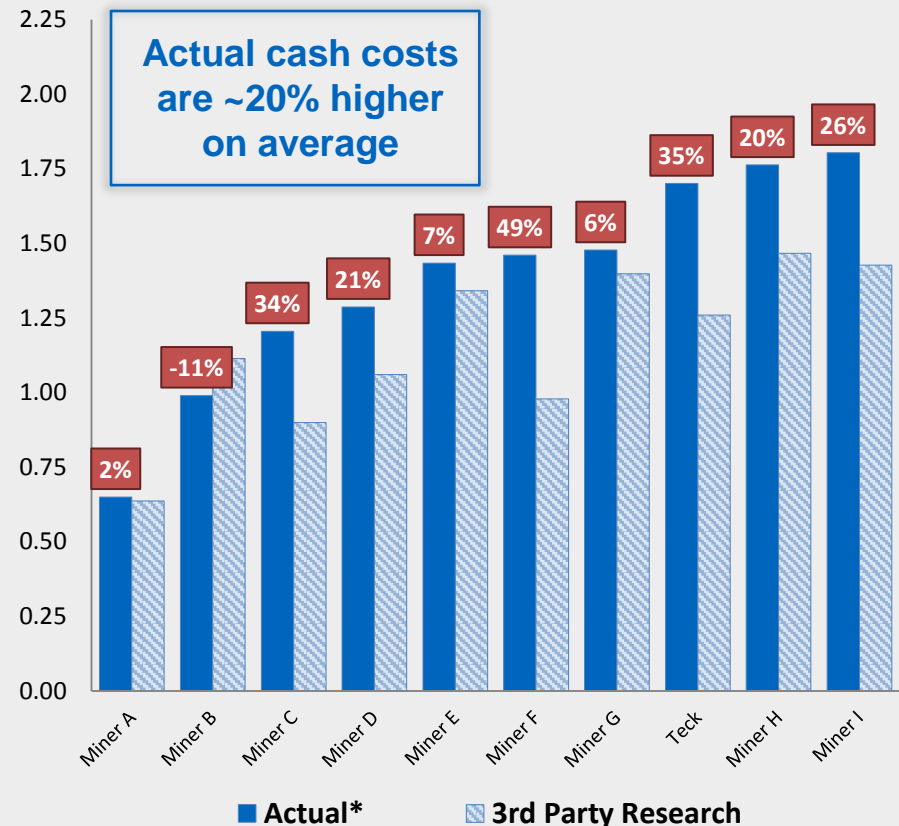


# Copper Cost Curves Not Reflecting Actual Production Costs



- **Generally, cost curves under-estimate current cash costs by approximately 20%**
- Impacts long term copper price views
- “All-in costs” including sustaining capital and deferred stripping also need to be considered

## Top 10 Copper Producers Costs – Actual vs. 3<sup>rd</sup> Party Research (US\$/lbs)



Source: Company reports & presentations, 3<sup>rd</sup> party research provider, Teck

\*note: costs back-calculated for miners who do not report C1/cash costs

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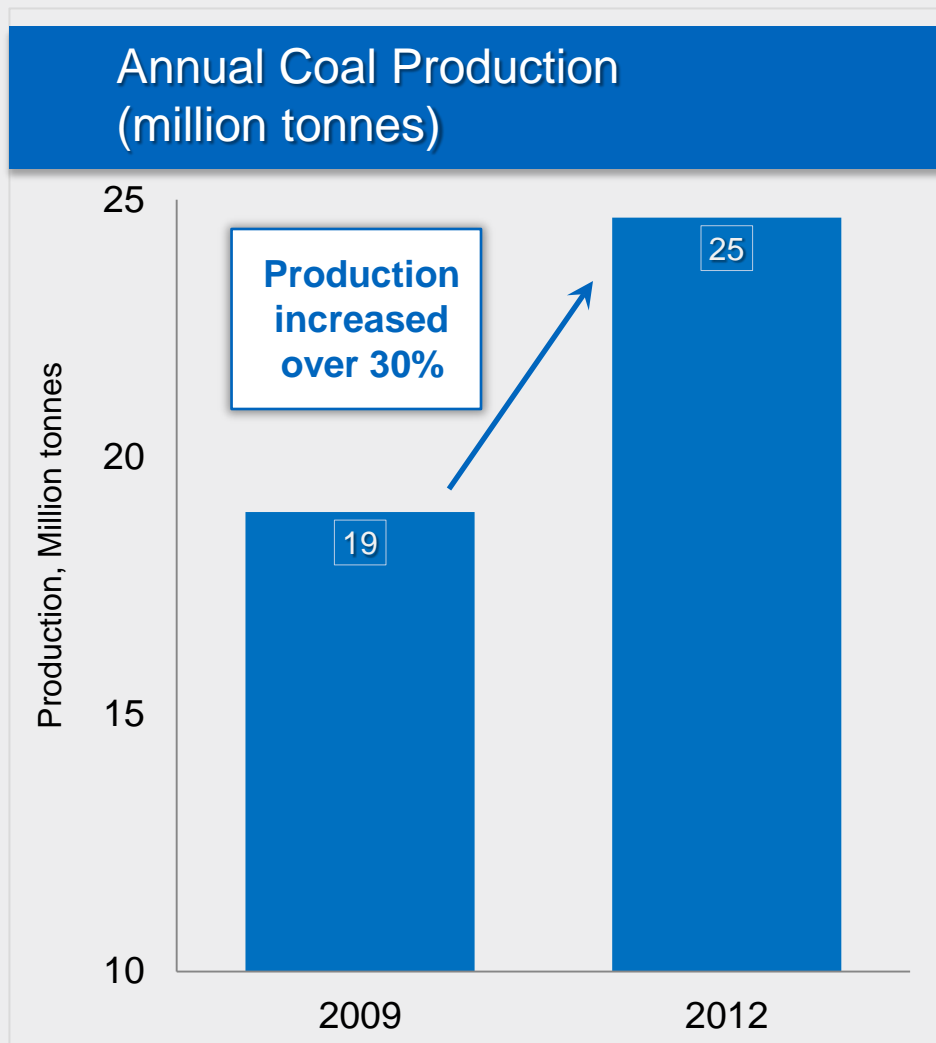
Energy



# Expanded Coal Production, Efficient Use of Capital



- **Expansion cost of approximately \$100/t of installed capacity**
- Current Annual Production Capacity of 27 Mt
- Increased fleet size, Modernized plant
- Stabilizing strip ratio
- Production ~10% < Capacity due to market constraints

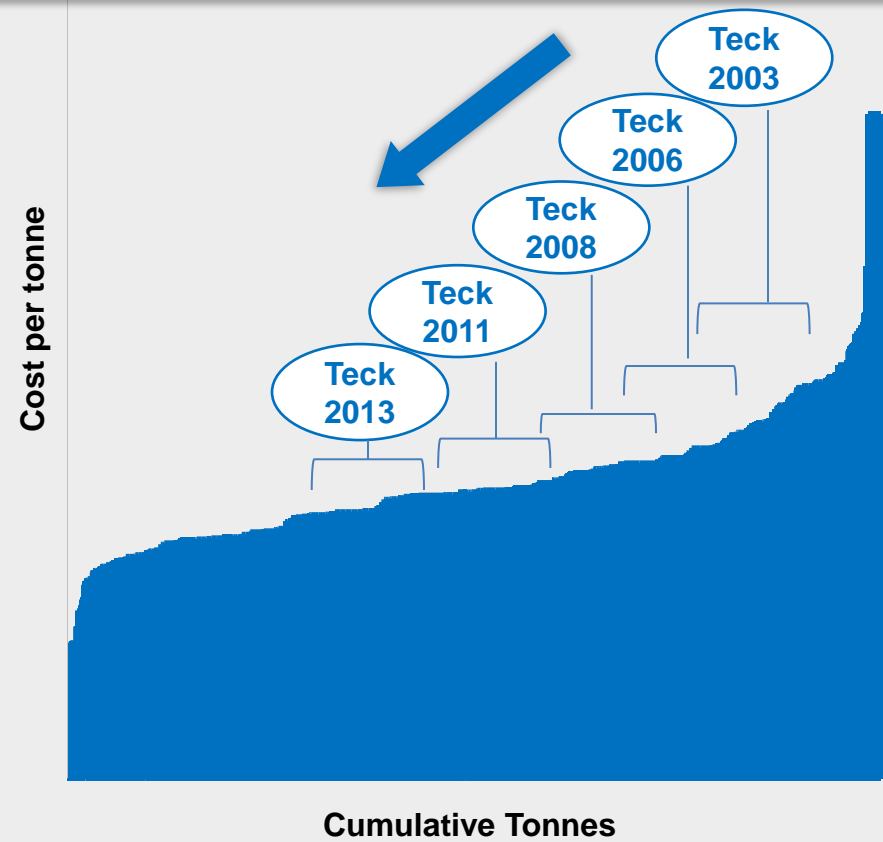


# Improved Relative Cost Position



- Truck fleet: larger, newer and more units
- Plant modernization: improved efficiency
- Improved productivity
- Rail: 10-year contract to 2021; no price participation
- Port: contracts tied to volume, increased flexibility and Neptune expansion

Global Seaborne Cash Cost Curve  
(million tonnes, US\$/tonne FOB)



Source: Wood Mackenzie Coal Supply Service, Feb 2013, AME & Teck Resources

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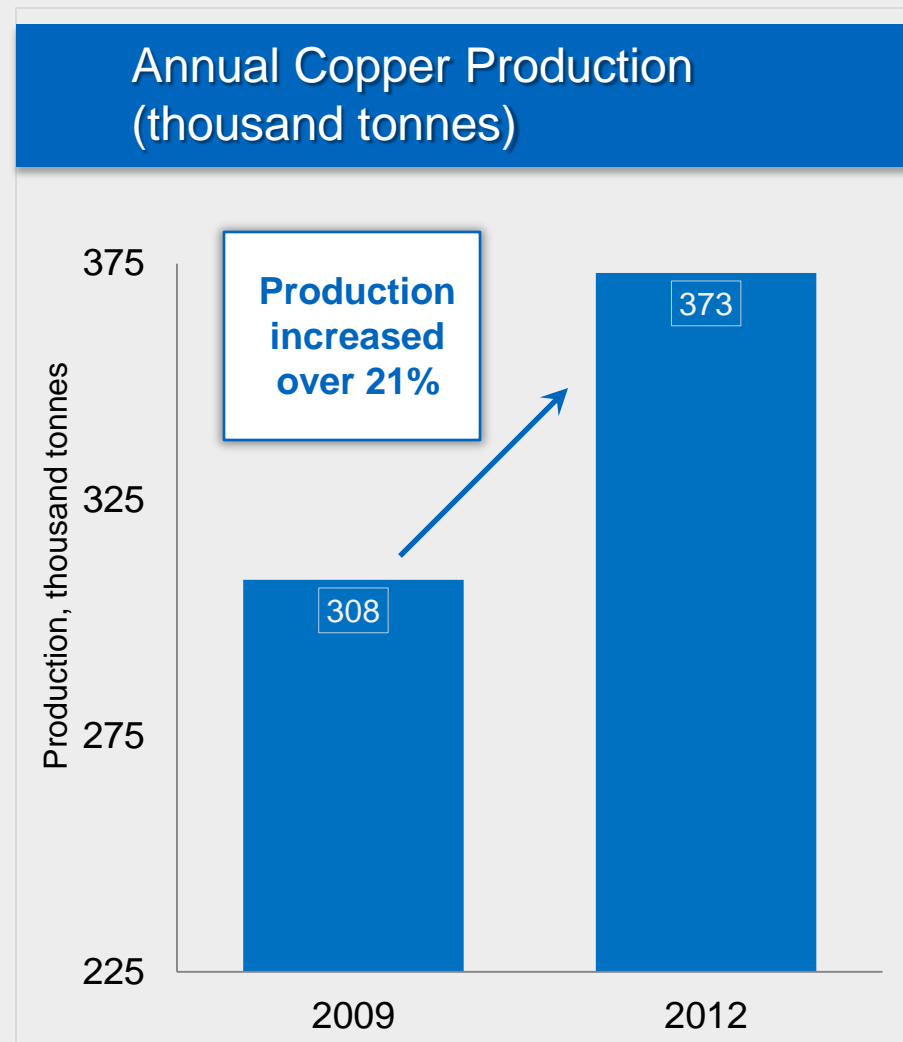
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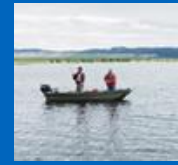
# Increased Copper Production, Efficient Use of Capital



- Highland Valley:
  - Production up 42% YoY from higher grades and recoveries
  - Mill Optimization Project to increase mill throughput ~10%
- Carmen de Andacollo:
  - Production increased ~7% YoY
  - YoY operating costs ~6% lower
- Antamina:
  - Expansion increased mill throughput ~30%

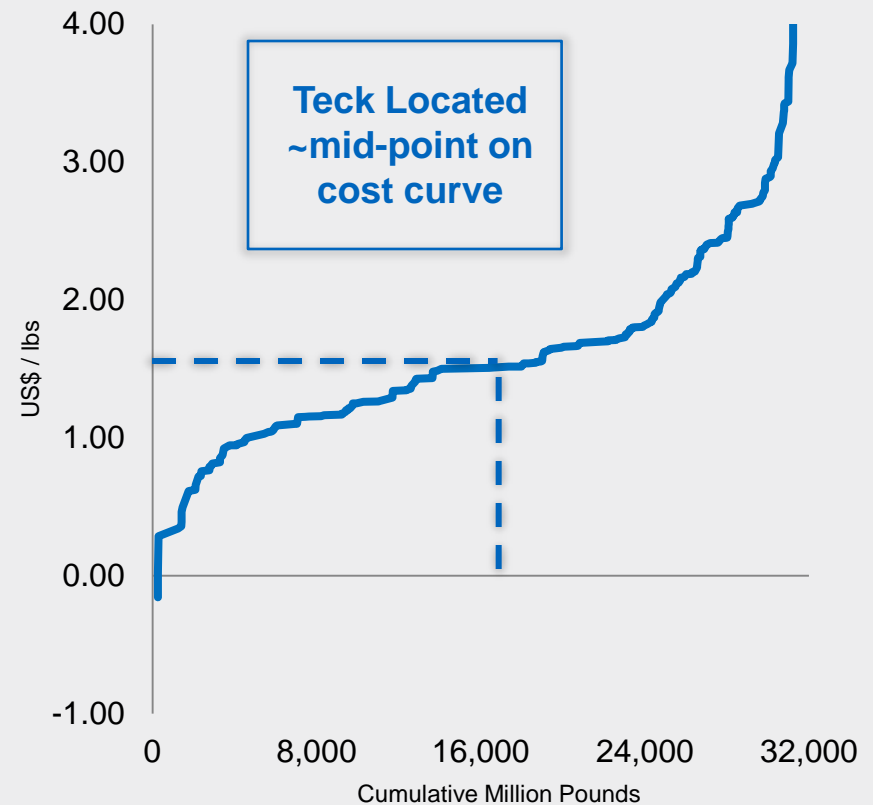


# Competitive Copper Cost Position



- Stable cost curve position over past several years
- Mid-point on industry cost curve
- 2012 weighted average cash cost of ~\$1.69/lbs
- 2013 costs decreasing

2012 Copper Cost Curve  
(C1 cash costs after by-products)



Source: Wood Mackenzie Q1 2013 dataset

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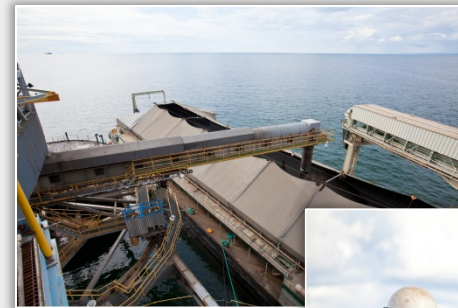
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# World Class Business, Disciplined Production



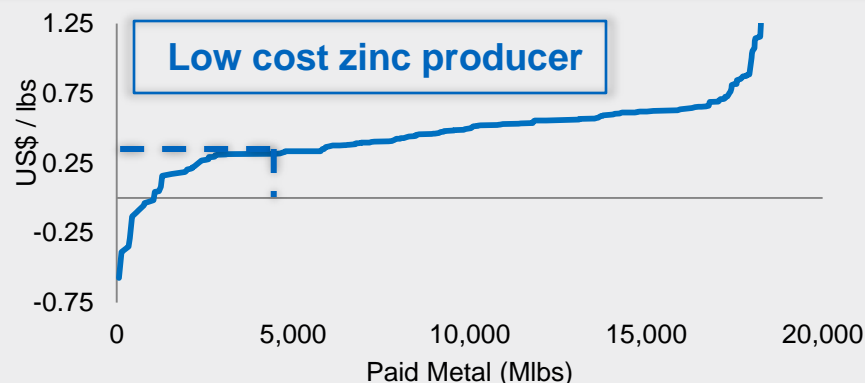
## Red Dog Mine

- Ranked 3<sup>rd</sup> largest global zinc producer
- Currently mining Aqqaluk pit
- High grade, large volume production
- Low quartile cost position

## Trail Metallurgical Operations

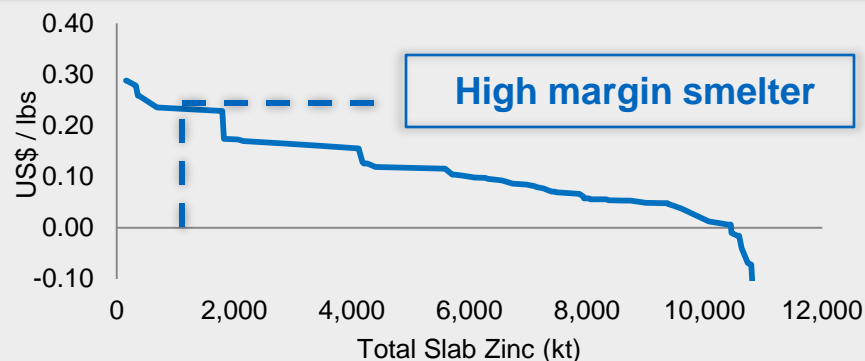
- Integrated smelting and refining complex
- Major products are refined zinc and lead

2012 Zinc Cost Curve  
(C1 cash costs after by-products)



Source: Wood Mackenzie Q2 2013 dataset

2012 Zinc Smelter Cash Margin  
(cash margin \$/lbs)



Source: Wood Mackenzie Q2 2013 dataset

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Teck Overview and Markets

Steelmaking Coal

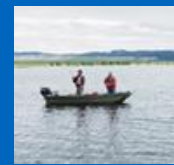
Copper

Zinc

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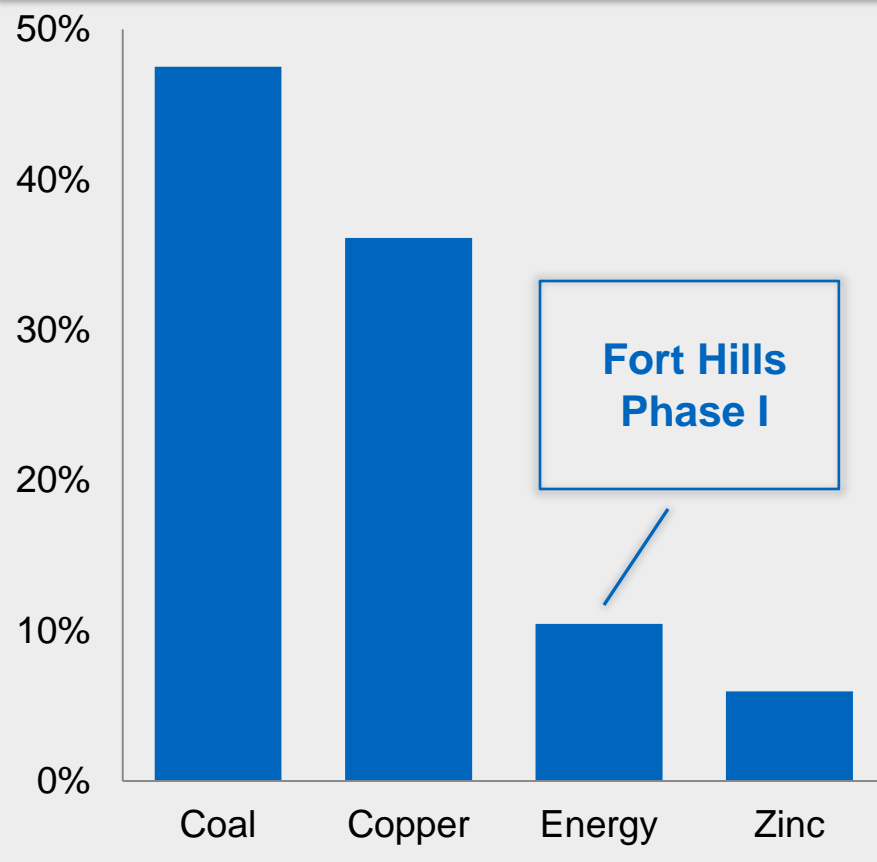
# Potential Cash Flow Contribution 2018



## Fort Hills Phase I

- 20% interest
- Mining project, no in-situ (truck and shovel)
- Project sanction decision expected H2 2013

Teck Energy, 5 Years from Today  
Strong Cash Flow Potential



# Teck Controls each Development Decision



## Copper

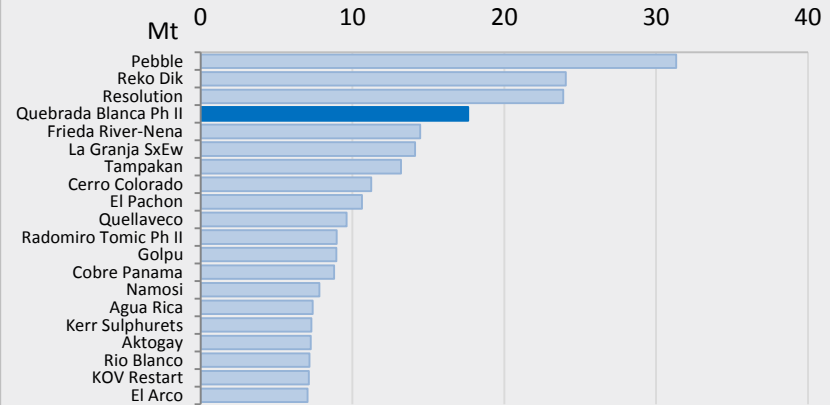
- Excellent brown/green field growth potential in Chile
- QB Hypogene: in permitting; ~250ktpy copper in concentrate at 1<sup>st</sup> quartile cash cost
- Relincho: FS nearing completion; ~200ktpy copper concentrate

## Coal

- 100+ year resource base in BC
- Quintette restart in permitting
- Further expansion possible

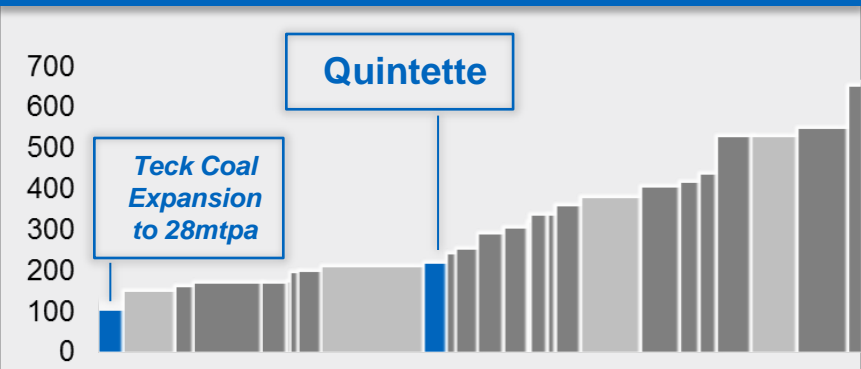
Market conditions and expected returns will dictate timing

### QB2 – Contained Copper Resources of Undeveloped Projects



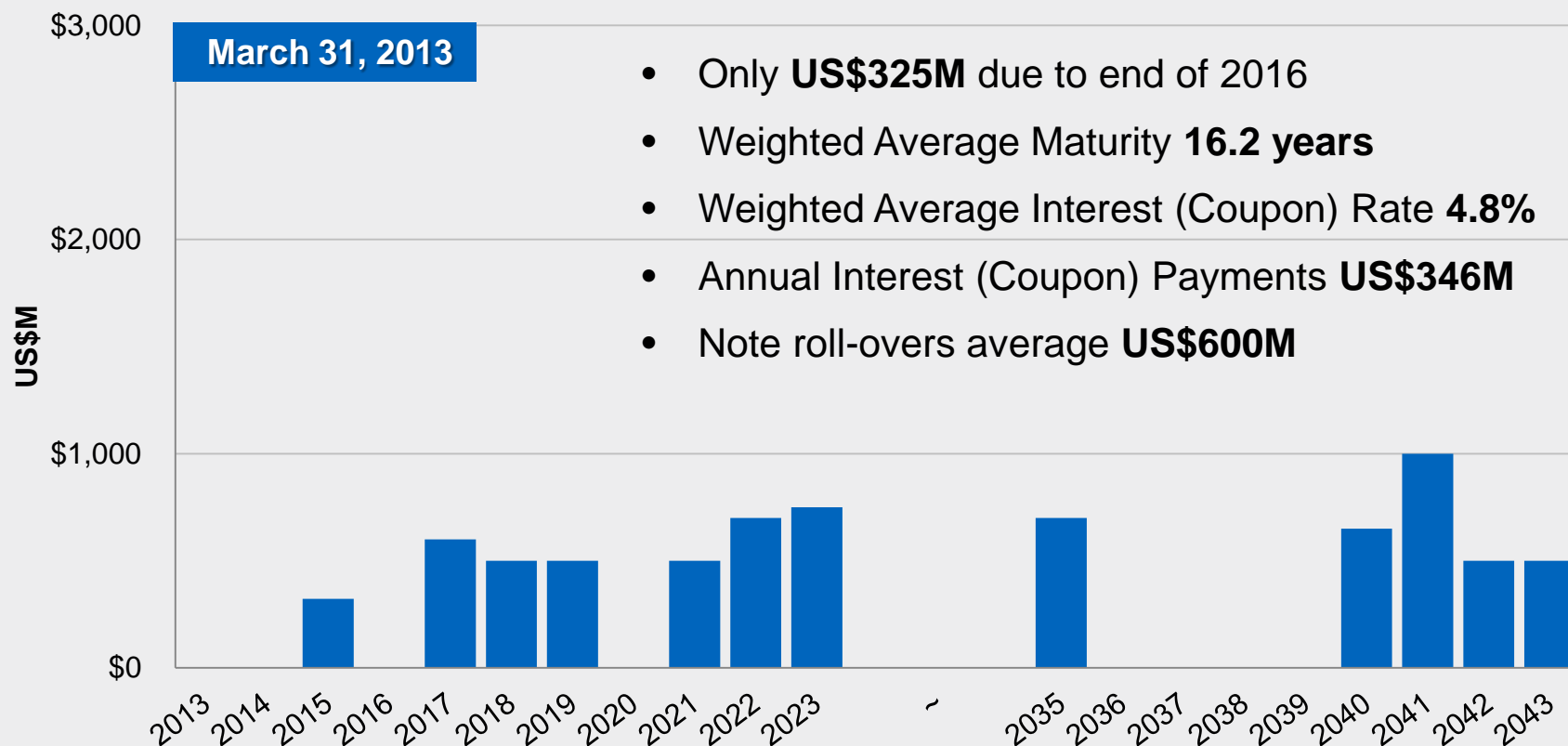
Source: Brook Hunt 2010 ye data, QB Teck April 2012

### Quintette – Capital Efficiency (US\$/tonne of installed capacity)





## Interest Expense Reduced by US\$250M

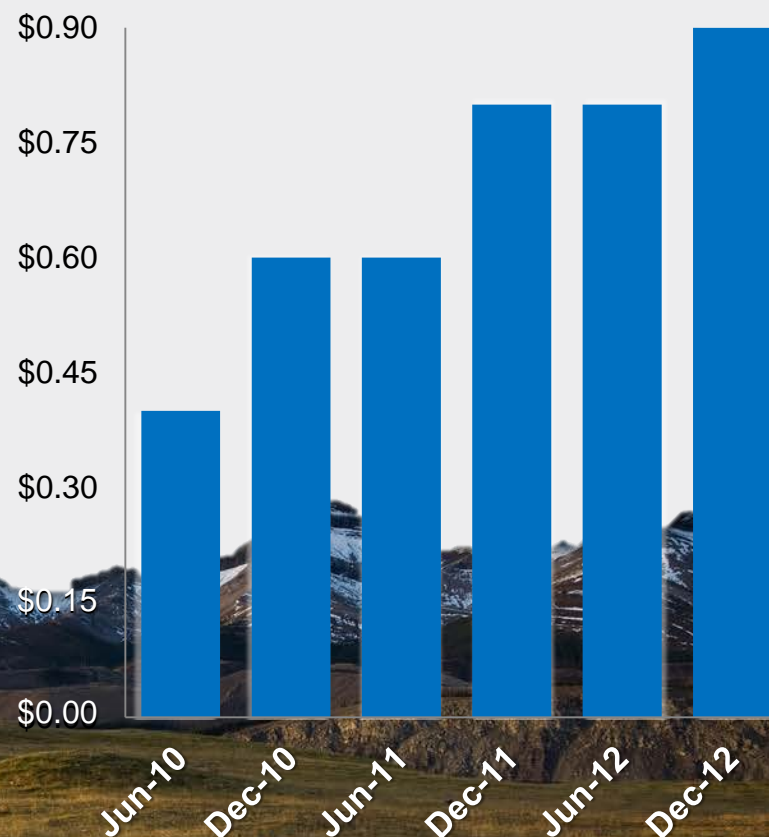


# Returns to Shareholders



- **Progressive dividend policy while maintaining adequate liquidity**
- **Repurchased 6 million shares as of April 2013**
- Vision of steady & sustainable growth
- Current dividend: semi-annual payment \$0.45

## Annualized Dividend Payout



# Canada's Largest Diversified Mining Company



- I. Expanded steelmaking coal production

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- II. Increased copper production

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- III. Disciplined capital allocation

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- IV. Prudent cost control and capital spend

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