

— PARTICIPANTS

Corporate Participants

H. Fraser Phillips – Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Limited
Jonathan Price – Chief Executive Officer & Director, Teck Resources Limited
Crystal Prystai – Senior Vice President & Chief Financial Officer, Teck Resources Limited
Harry M. Conger – President, Chief Operating Officer & Director, Teck Resources Limited
Shehzad Bharmal – Senior Vice President-Base Metals, Teck Resources Limited
Tyler Mitchelson – Senior Vice President-Copper Growth, Teck Resources Limited

Other Participants

Orest Wowkodaw – Analyst, Scotiabank
Liam Fitzpatrick – Analyst, Deutsche Bank AG (UK)
Dalton Baretto – Analyst, Canaccord Genuity Corp.
Christopher LaFemina – Analyst, Jefferies LLC
Bryce Adams – Analyst, CIBC World Markets, Inc.
Bill Peterson – Analyst, JPMorgan Securities LLC
Brian MacArthur – Analyst, Raymond James Ltd.

— MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's Third Quarter 2023 Earnings Release Conference Call. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions] This conference is being recorded on Tuesday, October 24, 2023.

I would now like to turn the conference 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 Limited

Thanks, Charyse. Good morning, everyone, and thank you for joining us for Teck's Third Quarter 2023 Conference Call. Please note today's call contains forward-looking statements. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward-looking statements. Please refer to slide 2 for the assumptions underlying our forward-looking statements.

In addition, we'll reference various non-GAAP measures throughout this call. Explanations and reconciliations regarding these measures can be found in our MD&A and the latest press release on our website.

Jonathan Price, our CEO, will begin today's call with highlights from our third quarter results; Crystal Prystai, our CFO, will follow with additional color on the quarter; Jonathan will conclude today's session with a brief update on our value creation strategy before we open the lines to questions.

With that, I'll turn the call over to Jonathan.

Jonathan Price, Chief Executive Officer & Director, Teck Resources Limited

Thank you, Fraser, and good morning, everyone. I'm speaking to you today from Iquique in the Tarapaca Region of Northern Chile, where we're gathering this week to celebrate the opening of our flagship QB2 operation. This is a momentous event for Teck, with Quebrada Blanca as the cornerstone of our copper growth strategy, more on that later.

So, starting on slide 4. Our positive financial performance in the third quarter reflects continued strong pricing for copper and steelmaking coal, in addition to higher base metal sales volumes. Adjusted EBITDA of CAD 1.2 billion reflects lower than expected steelmaking coal sales in the quarter and a localized geotechnical event at Highland Valley in August. During the quarter, we made significant progress to unlock the value of our industry-leading copper portfolio. Our QB2 project continues to ramp up and is expected to achieve design throughput and recovery rates by year-end. The assets are performing well and we are pleased with the strong operational performance we have seen to date.

We have a line of sight to double our consolidated copper production when QB2 reaches full capacity, and we continue to advance our actionable portfolio development options to position Teck for our next phase of copper growth. Importantly, we ended the quarter in a strong financial position, with CAD 7 billion of liquidity, included CAD 1.5 billion in cash, and we returned CAD 65 million to shareholders through the payment of our quarterly base dividend.

In the third quarter, we continue to make steady progress against our sustainability goals. We announced an agreement with Norden to reduce emissions in our steelmaking coal supply chain. The agreement is expected to reduce annual emissions from Teck shipments handled by Norden by 25%, and our reported High Potential Incident Frequency remained low at a rate of 0.13.

Now, turning to QB2 on slide 5. We made solid progress on the ramp-up during the quarter. And as I just mentioned, we're seeing strong asset performance with the QB2 plant performing well. At the end of the third quarter, it had been operating consistently at 70% of design capacity. Both Line 1 and Line 2 are operating well. Success so far with Line 2 reflects a faster and more effective commissioning as a result of leveraging the learnings from Line 1. As a result, we generated our first quarterly gross operating profit at QB2. Though modest, it is a key milestone in the development of the project.

While we are pleased with the performance of the asset so far, we are not pleased with what we have had to increase capital guidance to \$8.6 billion to \$8.8 billion from \$8 billion to \$8.2 billion previously. The increase was driven by delays in construction of both the molybdenum plant and the port offshore facilities, as well as costs associated with contract claims and slower than planned demobilization. The last two outstanding pieces of construction at QB2 are the moly plant and the port offshore facilities. The moly plant will be completed by the end of the fourth quarter and the port will be complete in the first quarter of 2024 and significant efforts are ongoing to mitigate risks and cost pressures. Importantly, we continue to expect to be operating at design throughput and recovery rates by year-end, although we expect to be near the lower end of QB2's 2023 annual copper production guidance range of 80,000 tonnes to 100,000 tonnes.

Turning to slide 6, where we outline a summary of our key 2023 operational guidance updates. In our copper business unit, we decreased our annual production guidance for Highland Valley by 10,000 tonnes to reflect the impact of the localized geotechnical event in August. We do not expect any impact of this event to carry beyond 2023 and our unit cost guidance remains unchanged. Copper capitalized stripping guidance was revised to CAD 395 million, up from CAD 295 million. The increase reflects additional stripping at QB2, while the concentrator was in ramp up, as well as

additional stripping at Antamina and the change in the mine plan at Highland Valley due to the localized geotechnical event.

And in steelmaking coal, we lowered our 2023 production guidance to 23 million tonnes to 23.5 million tonnes, down from 24 million tonnes to 26 million tonnes to reflect the intermittent plant challenges we've experienced this year. Our unit cost guidance remains unchanged.

With major maintenance activities completed and the implementation of our plant improvement initiative, we saw an improvement in plant reliability in the third quarter relative to the first half of this year. Our steelmaking coal operations are well positioned in the fourth quarter and into 2024. Strong raw coal inventories are also expected to provide additional product flexibility and optionality going forward.

Across our businesses, we remain laser focused on execution. We intently manage our key business drivers and continuously enhance our operating practices while rigorously managing our controllable costs. For external risks outside of our control, we have solid mitigation plans such as supply chain recovery and strategic sourcing to mitigate inflationary cost pressures. However, our focus is to drive reliable operational performance and maintain our competitive low-cost position.

With that, I will now hand it over to Crystal for additional color on the quarter.

Crystal Prystai, Senior Vice President & Chief Financial Officer, Teck Resources Limited

Thank you, Jonathan. Starting with an overview of our third quarter financial results on slide 8. We generated CAD 1.2 billion in adjusted EBITDA or CAD 0.76 of adjusted diluted EPS with contributions from each of our business units. However, we fell short of consensus analyst estimates for adjusted EBITDA and EPS in the quarter. The variance was primarily driven by the localized geotechnical event at Highland Valley, consensus expectations for QB2's ramp-up profile, the impact of lower steelmaking coal sales volumes, and higher than consensus corporate costs. This is partially offset by strong sales at Red Dog in the quarter.

Looking forward, we are well-positioned for strong fourth quarter results for a number of reasons. First, steelmaking coal prices remain robust, driven by supply constraints and strong demand, particularly from India and China. Prices rose through the third quarter and into October and FOB premium spot prices currently stand at \$343 per tonne. As a result of pricing, plant reliability improvements, and inventory levels, our high-margin steelmaking coal business unit is well positioned to deliver strong financial performance in Q4. And at current copper prices, we expect QB2 to generate a gross profit in the fourth quarter as the ramp-up continues in production rates.

Turning to the key drivers for our financial performance on slide 9. Adjusted EBITDA in the third quarter decreased compared to the same period last year, primarily driven by considerably lower commodity prices for steelmaking coal and zinc, reduced sales volumes of steelmaking coal, as well as copper at Highland Valley, and higher operating costs. These items were partially offset by higher copper prices, positive pricing adjustments, and a weaker Canadian dollar. We continue to experience inflationary pressures in the cost of key supplies, including mining equipment, tires, labor, and contractors despite the decline in diesel and other fuel cost compared to the same period last year. This is reflected in our sustaining capital expenditures and full-year unit cost guidance ranges, which are both unchanged. Our underlying mining drivers remain relatively stable, and we remain highly focused on managing our controllable operating expenditures.

Turning to each of our business units in more detail and starting with copper on slide 11. Copper prices were up 8% year-over-year. Copper production volumes in the third quarter, including QB2, increased by 8%, while sales volumes including QB2 increased by 3% compared to last year. At QB2, we produced 18,300 tonnes of copper in concentrate, more than half of which was produced

in the month of September. Sales volumes of 14,300 tonnes drove our first quarterly gross profit before depreciation and amortization for QB2 of CAD 19 million, in line with our expectation. However, as mentioned earlier, production at Highland Valley was impacted by a localized geotechnical event in the south end of the Valley pit in August, which required processing of lower grade stockpiled ore for the remainder of the quarter. In early October, the Valley pit was safely reopened and mining of higher grade ore recommenced.

A complete analysis of the failure resulted in a revised mine plan to mitigate production losses for the fourth quarter. Production at Andacollo was also impacted by a 14-day unplanned shutdown in August, which was due to a conveyor failure. Copper net cash unit costs increased as a result of lower production at Highland Valley and Carmen de Andacollo, an overall increase in maintenance and repair costs, as well as lower zinc and moly cash margins for byproducts. Despite this, our full-year operating cost guidance for our copper business unit is unchanged.

Looking forward, we decreased our 2023 copper production guidance for Highland Valley to 100,000 tonnes to 108,000 tonnes to reflect the impact of the localized geotechnical event in August. QB2 production guidance is unchanged at 80,000 tonnes to 100,000 tonnes, although we expect to be at the lower end of this range. We have also lowered our total molybdenum production guidance for the full year due to the delay in construction of the QB2 moly plant.

For QB2, as a result of recent changes to IFRS, we are required to recognize sales proceeds and related costs associated with products sold during the ramp-up and commissioning phase through our earnings rather than capitalizing these amounts. In addition, as QB2 continues to ramp up production, we incur costs that are capitalized because they relate to bringing the asset to its design capacity operating level. These costs are referred to as capitalized ramp-up costs. We have capitalized CAD 561 million of these costs as of September 30. For the fourth quarter, we expect capitalized ramp-up costs to be lower than those capitalized in the third quarter. As mentioned earlier, we expect QB2 to generate a gross profit in the fourth quarter as ramp-up continues and at current copper prices.

Moving to zinc on slide 11. Profitability was impacted by zinc prices, which were 26% lower compared with the same period last year. This was partially offset by higher zinc premiums on our contracted refined zinc sales. Red Dog has had a strong shipping season this year and zinc in concentrate sales increased 14% year-over-year to 269,700 tonnes, which was within our guidance range. However, Red Dog zinc concentrate production was driven by reduced mill throughput as a result of equipment failure. At Trail Operations, refined zinc production was impacted by reduced concentrate supply and refined lead production continued to be impacted by the KIVCET furnace that is nearing the end of its life. A replacement is slated for 2024.

Looking forward, we expect Red Dog Q4 zinc sales of 130,000 tonnes to 150,000 tonnes, reflecting the normal seasonal pattern. And while our overall full-year zinc production guidance remains unchanged, we made minor revisions to our site guidance. A 5,000-tonne decrease in Red Dog's guidance due to production issues is offset by a corresponding increase in Antamina's guidance due to higher than expected zinc production.

Turning now to steelmaking coal on slide 12. While prices for the quarter were lower than the particularly strong third quarter last year, prices remain robust and are well above historical averages. Production was impacted by planned maintenance outages at two of our operations, including Fording River, our largest operation. Sales of 5.2 million tonnes were below our guidance range of 5.6 million tonnes to 6 million tonnes, due to a slower than anticipated supply chain recovery following the impact of B.C. wildfires, the labor disruptions at B.C. ports, and intermittent plant challenges. Adjusted site cash cost of sales per tonne was impacted by lower sales volumes and increased maintenance activities associated with the planned outages, while transportation costs reflect higher demurrage and port charges related to lingering impacts from the labor disruption at B.C. ports and the B.C. wildfires.

Looking forward, we expect Q4 sales to be between 5.8 million tonnes to 6.2 million tonnes, maximizing use of available inventories. And as mentioned earlier, we lowered our annual coal production guidance to 23 million tonnes to 23.5 million tonnes for the remainder of the year. This lower level of production is expected to put upward pressure on our adjusted site cost of sales and transportation unit costs, and we now expect both to be at the upper end of our guidance ranges for the full year. Overall, our steelmaking coal business is well positioned to continue delivering strong financial performance for the remainder of the year, with average steelmaking coal prices above \$355 per tonne month to date, plant reliability improvements, and current inventory levels.

Our financial position remains strong, as shown on slide 13. Our liquidity is currently CAD 7 billion, including CAD 1.5 billion of cash and we continue to maintain investment grade credit ratings from S&P, Moody's, and Fitch. We have no note maturities due until 2030. In the third quarter, we paid our quarterly base dividend of CAD 0.125 per share. Year-to-date and in accordance with our capital allocation framework, we have paid CAD 451 million in dividends, purchased CAD 85 million in Class B shares, and advanced our ongoing deleveraging with debt repayment of CAD 457 million. We remain focused on balancing our investment in growth against returning capital to shareholders while maintaining a strong balance sheet.

With that, I'll turn it back over to Jonathan.

Jonathan Price, Chief Executive Officer & Director, Teck Resources Limited

Thanks, Crystal. Before I wrap up, I want to provide an update on separation. With responsible value creation as our north star, we continue to engage with a number of parties that have expressed interest in our steelmaking coal business. We're evaluating a range of potential options guided by several objectives.

Based on extensive shareholder feedback throughout this process, one of our core objectives is to achieve a full separation of our base metals and steelmaking coal businesses. This is key to unlocking the value of our unrivaled copper growth portfolio. We will ensure Teck is well-capitalized and positioned to pursue our copper growth potential and deliver strong returns to shareholders while maintaining a strong balance sheet. At the same time, we aim to realize the full value of our steelmaking coal business for our shareholders.

An important consideration will be the certainty of achieving separation, including receipt of the required regulatory approvals. And it is also critical that the transaction allows us to maintain social and environmental commitments to stakeholders in the Elk Valley. Overall, the board and special committee are pleased with the progress we have been making. Separation remains a priority and we are moving through the processes expeditiously as possible.

Driving organic growth through development of our copper project pipeline remains central to our value creation journey. Looking at slide 16, we have made meaningful progress on our near-term development projects during the quarter. We furthered the feasibility studies for San Nicolás and the Quebrada Blanca Mill Expansion project, and we completed the feasibility study for HVC 2040 in Q3, with the submission of the project Environmental Assessment in October. Looking forward, we are targeting key milestones for these projects in the fourth quarter, including completion of the feasibility study for QBME, submission of the MIA-R permit application for San Nicolás, and commencement of detailed engineering for Zafranal.

As shown on slide 17, we have an unrivaled suite of copper growth opportunities, diversified by geography, scale, and time to development. There is significant work underway to advance the development of each of these projects, including resource definition, engineering and design, permitting, and stakeholder engagement. And we have derisked project delivery financially and

operationally through a partnership approach such as in the case of San Nicolás. The projects we have in place double our copper production in the near term with the potential to deliver 1 million tonnes of annual production by the end of the decade to drive substantial new intrinsic value.

In prioritizing our growth options, we take into consideration multiple investment criteria, including strong financial returns, balance sheet capacity and financing options, project readiness, project development capacity, and the social, political, and environmental context. And importantly, each of these projects will have to compete for capital with the rest of the business and generate strong returns. While permitting is a major gating factor in determining potential sanction dates, we are largely in control of project timing, and we will continue to apply our disciplined capital allocation framework that balances growth with returns to shareholders.

In closing, on slide 18, this is a very exciting time for Teck as we continue our pursuit of responsible value creation for our shareholders. We are continuing to evaluate options for a separation that would realize fair value for our world-class steelmaking coal business and unlock the full potential of our base metals business. And we continue to make significant progress against our copper growth strategy with the ramp-up of QB2 and advancements in our near-term development projects. Guided by our capital allocation framework, we are committed to balancing our opportunities for growth with financial resilience while providing cash returns to shareholders. At the same time, we are focused on execution and ensuring we pursue responsible value creation for shareholders.

Thank you. Operator, please open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Certainly. [Operator Instructions] The first question comes from Orest Wowkodaw with Scotiabank. Please go ahead.

<Q – Orest Wowkodaw – Scotiabank>: Hi, good morning. Jonathan, two follow-up questions, if I could, on the planned coal separation. I mean, obviously, this has been going on now for some time. Can you give us a better idea of where you are in that process? Like, are we close to the finish line or do you think this could just take a lot longer given more interested parties coming to the table? And could it spill into next year?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Hi, Orest. Thanks for the question. Look, we're making very good progress here. I'm very happy as to where we are at present. We have a competitive process, which is the most important thing here to ensure we have options ahead of us to realize a good outcome. As I've mentioned a couple of times recently, I believe we'll be in a position to make a decision before the end of the year. That hasn't changed. The key thing for us is to ensure we make the best decision here possible rather than rush the process. But as I said, we're well positioned right now where we're happy with the level of competition we have and I'm confident we can get a good outcome for shareholders.

<Q – Orest Wowkodaw – Scotiabank>: Okay. And just as a follow-up, you spoke to the fact that certainty of achieving separation is a key criteria here, including regulatory approval. Do you think that a partial sale would be easier from a regulatory approval perspective than a full sale?

<A – Jonathan Price – Teck Resources Limited>: Look, I think every different option here has its unique characteristics in terms of what that means from an approvals perspective. The overarching focus here is on the delivery of shareholder value – that has to come first and foremost. In considering that delivery of shareholder value, of course, we have to consider the certainty of execution and the risks associated with any transaction. The requirement for regulatory or other approvals is a function of the nature of any transaction, and ultimately, we will do what we believe is in the best interest of our shareholders having regard for those regulatory and approval requirements.

<Q – Orest Wowkodaw – Scotiabank>: Okay. Thank you. And one more, if I could squeeze it in. Just if you decide to do the partial sale option, would it be your goal to put control of EVR into the public market or control with an owner?

<A – Jonathan Price – Teck Resources Limited>: Look, I won't be specific on that, Orest, at this point in time. I mean, I think, we've discussed the range of options that we have before us here with a full sale at one end of the spectrum and a partial sale and a spin at the other end of the spectrum, with the latter providing ongoing exposure to our shareholders in respect of both the steelmaking coal market, the fundamentals of which look very attractive going forward and of course, a quality high-margin business like EVR. Ultimately, the specifics of any transaction will be a subject of the conclusion of this process. So, I won't say more on that now other than, as I mentioned before, we're happy with the options in front of us, and we believe we're well set to drive a competitive outcome.

<Q – Orest Wowkodaw – Scotiabank>: Thank you very much.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Orest.

Operator: The next question comes from Liam Fitzpatrick with Deutsche Bank. Please go ahead.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Morning, Jonathan. Just a couple on QB2. It's clearly a hefty CapEx increase, given you only re-guided earlier this year and we're only talking

about a three-month delay for two parts of the project. So, the question is, were these issues not largely known about earlier in the year? And can you outline what the major component is behind this increase? And the follow-up kind of links to that and your future growth strategy because clearly a lot of it is based around the next crop of copper projects. So, what sort of changes are you making or have you made to ensure that we're not going to be faced with similar issues in the future? Thank you.

<A – Jonathan Price – Teck Resources Limited>: Thanks for the questions, Liam. I'll come back to the second question in a moment and I'll hand off the first question to Red Conger, our President and Chief Operating Officer. Just to preface that, I will say the issues that have caused us to re-guide the QB2 CapEx, as we have done today, are issues that arose in the third quarter and there're issues that created impacts to both schedule and costs.

But I'll hand over to Red to unpack that in greater detail.

<A – Red Conger – Teck Resources Limited>: Yeah. Morning, Liam. We are focusing on delivering reliable and robust copper circuit. I mean, that is first and foremost in our actions and several unknowns presented themselves during the third quarter. Let me give you a couple examples of those and what we had to do to address them. We commissioned the tailings return water facility early in the third quarter and we found that all 16 of these huge tailing water return pumps had an internal manufacturing defect that evidenced only when they were operating at full load with all the pre-ops testing, et cetera, was unable to detect this default. So, once we got them up and running at full load, they were overheating. So, we had to do discovery work to understand what that was. We had two responses there. We had to run them at lower rated capacity to prevent the overheating.

And then once we discovered what the defect was in the original casing, we had to take out each, send it down to a machine shop, have it modified per design specs, then bring it back up to the site, get them installed again. And I'm happy to say they're all running appropriately now so that, that fix has cured the problem. But there's a major system where you essentially had to build it twice and do some of the manufacturing on the pumps that should have arrived to us in working order and ready to go. So, that was a major unplanned piece of work for us. And, of course, you take resources off of other planned work that you had during the quarter to do that rework. So, that's one example of something that we discovered and addressed and successfully completed.

Additionally, the [ph] blast jetty (00:29:48) pile that we're drilling out in the port area, the drill bit failed subsurface in the ocean floor, took us two months to get that unit out of the ground and out of our way. We were unable to drill the pile in an alternate location because of the critical nature of the load-bearing requirements there. So, that – that was just something that you had to power through and get done – no way we could forecast that or know that that was going to occur. And that has delayed the port from completion from the end of this fourth quarter into the end of first quarter of next year. We've hired two additional contractors to work on completion of other offshore areas, mooring buoys, et cetera, offshore. So, those – again, those are scheduled delays, overhead continues. You have to hire more contractors to cover in behind and significant cost increases associated with that.

And then, we have a variety of claims that contractors have submitted that are associated with costs that they believe they've incurred due to owner-directed changes in work plans. So, we've got a significant amount of work that we need to do to review all of those claims, reconcile those, and determine what settlements are appropriate in order for us to be complete and truly assess the full impact of that. We've put all of those claim figures into the forecast now, even though we know some of them may not be settled for exactly what was applied for. This is – all of this rework, et cetera, has intentionally delayed the moly plant so that again in preference to the reliability of the copper circuit, that approach has served us very well. We're seeing substantial improvements

month-to-month in plant throughput and performance and really very excited about how the plant is performing, what the future holds for the performance of that plant.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks, Red. And just to sort of reiterate there, Liam, as we've said, the only major areas of construction outstanding now are the moly plant and the port. In the guidance that we provided today, we have included all known risks as Red has said, and we've included those risks pre any mitigation and, of course, we've included some allowance in here for unknown risks. So, we do believe that the guidance we've put forward today will capture all remaining CapEx through to the completion of the project at this stage.

To your second question on future growth and implications here, firstly, of course, we will undertake a detailed lessons learned process from the QB2 experience and make sure that those lessons and assumptions are carried forward to future projects, both in terms of the capital assumptions we make, but also the – how those projects are delivered. One example we've referenced many times through the course of this project has been the challenges we've had with labor productivity. Now, some of that, of course, could be a function of COVID and the hangover from COVID. And some of that, of course, could be a function of the environment in which this project has been built – and at 4,400 meters it's a challenging place to deliver a major project. But we will take those assumptions forward and make sure that they're reflected in future projects.

Otherwise, I think if you look at the projects in our portfolio, it's worth noting that they are an order of magnitude simpler in terms of their complexity, in terms of their scale, and in terms of their scope. When you look at QB2 and the full scope of that, it's really five or six major projects rolled into one with port, diesel, pipelines, mine, concentrator, tailings, all at world-class scale. The other projects you see in the pipeline here, some of them with capital costs closer to CAD 1 billion reflect a very different proposition for the company. But that said, there's a lot to learn for QB2. We'll make sure we understand those lessons well before we sanction our next project.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Thank you for the color. If I'm allowed, a very brief follow-up just on your EVR comments. I just wanted to make sure I'm understanding it correctly because you mentioned execution risk was key. Is kind of what's being implied here is that a kind of, I guess, a spin of some form is the lower execution routes or are you just kind of outlining that it's basically a call between the execution risk on a spin versus a sale to a single party?

<A – Jonathan Price – Teck Resources Limited>: No. Look, I think, Liam, it's intended to be a general comment. It's not intended to point at anything – anything specific here. When assessing the creation of value for shareholders, you've got to sort of look at that in the broader sense. And, of course, the certainty or the risk to delivery of that value is a key consideration. And risks and approvals and those sorts of things can manifest in a number of ways. So, it's not intended to be a direct comment to favor one option over another just to sort of give some color to the thought process here that headline price and headline value is important, but as is the certainty of the delivery of that value.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Understood. Thank you.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Liam.

Operator: And the next question comes from Dalton Baretto with Canaccord Genuity. Please go ahead.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Thank you. Good morning, Jonathan and team. I want to stay on that separation topic of conversation there. And I guess my first question, Jonathan, is given where coal prices are as well as the implied valuation on the BHP-Whitehaven deal, has the thinking on valuation between you and your potential buyers changed at all relative to what was on the table earlier this year?

<A – Jonathan Price – Teck Resources Limited>: Thanks for the question, Dalton. Look, I mean, it's fair to say that I think the view of the market has evolved since February when we announced our prior separation. The outlook for steelmaking coal has definitely improved. I think a recognition here of the favorable structure for that market going forward with now I think a greater understanding of the long-term need for the role of blast furnaces in the production of steel and limited new met coal supply expected to come to the market and, of course, the growth of blast furnace capacity in India as well is something that is particularly interesting for those structural dynamics.

So, I think the view of the market has changed long term. Whilst the spot price is very encouraging right now, we look through that and we looked at the long-term assumptions here that underpin the business. I think as well post the discussions we had earlier in the year regarding separation, the appreciation for EVR as a long-life high-margin producer of very high quality hard coking coal has increased in the market as well. So, look, I think there has been a move in expectations over the last six months or eight months as a result of those two factors. And, of course, in discussions with our shareholders, which have been ongoing throughout that period, they convey to us their expectations here as well. And that's something, of course, we take onboard as we think through the options in front of us.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Great. Thanks for that, Jonathan. And then just maybe as a follow-up. In terms of getting a deal done before year-end, if you do opt for a partial sale as well as a spin-co, do you anticipate those happening together or could we see an announcement on a partial sale by year-end and then just some sort of a lag on the spin-co that would allow you to kind of recoup some of these high coal prices?

<A – Jonathan Price – Teck Resources Limited>: I think, Dalton, our proposal here is, if and when we step forward with a transaction, we would expect to step forward with a complete solution for the separation of EVR from the base metals business.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Great. Thanks for that. And just maybe one last one on QB2. As you wrap it up, do you – where is the bottleneck currently? Is it at the mine? Is it at the mill? Is it at the supporting infrastructure? And what is the primary hurdle to get to full design capacity?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Dalton, I'll hand you over to Shehzad Bharmal, our SVP of the copper business unit here, who is responsible for the ramp-up and future operation of QB2.

<A – Shehzad Bharmal – Teck Resources Limited>: Thanks, Jonathan. As Red mentioned, we are very pleased with the plant design and the robustness of the design and the performance so far. And the insights and lessons from Line 1, we translated that to Line 2 and as we started feeding Line 2 in August, we were up and making copper within – in less than a month. So, very excited about that part.

And as part of the commissioning, when we took Line 2 down to re-torque the mills, check the gap and the air sheddings on the motors, we also took the opportunity to make some adjustments to the plant and that conveyors and chutes and everything else. And it's that reliability of the little things that has been our focus, not the design and the throughput of each of the units in the plant. So, we don't see anything that prevents us from getting to design rates. And in fact, after we started up after that shutdown, we have hit above design rates on each of the lines and of the plants together over 140,000 tonnes, 143,000 tonnes a day. We have achieved that. And so, really to answer your question, it is the reliability and making sure that the small shutdowns are avoided and we are making great progress on that.

With respect to mine operations, we have hit our target numbers regularly. So, really, the autonomous fleet is operating really well. The crushers is not a bottleneck at all. And as Red mentioned on the tailing side, the return water system, which is part of the water recovery and the dilution water for sands is operating really well. The sand quality, quantity is within spec and we're – that's been derisked as well. So, the team is really energized, we're hitting records. Every regularly we make another record on our journey towards full ramp-up and it's this reliable delivery that we hope to achieve by year-end.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Great. Thank you for taking my questions.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Dalton.

Operator: The next question comes from Chris LaFemina with Jefferies. Please go ahead.

<Q – Chris LaFemina – Jefferies LLC>: Hi, hi. Thanks for taking my question. I just wanted to ask about, sorry, back on QB2 on the CapEx budget there. So, the CAD 8.6 billion to CAD 8.8 billion CapEx guidances for the project and then you have this ramp-up CapEx and then you also have the operating costs and presumably, the copper sales that you're making in the normal course of business, the offsetting cost, they are expensed and not capitalized. So, I'm trying to first understand exactly what is included in the ramp-up CapEx? And secondly, do you have a guidance what that ramp-up CapEx would be before all the costs are ultimately expensed? Because I'm not sure if that ramp-up CapEx was ever guided to earlier on in the project. It seems like that sort of came out of nowhere and it's adding to the overall CapEx for the project. So, just to understand what comprises that and what that number should ultimately get to before it ends? Thank you.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks for the question, Chris. I'm going to hand you over to Crystal on this one given the relation to the IFRS treatment of these costs during ramp-up. So, over to you, Crystal.

<A – Crystal Prystai – Teck Resources Limited>: Thanks, Chris. I think, maybe I'll take your question in a couple pieces as you sort of framed. I think the first just being the change in IFRS that now requires us to obviously recognize pass-through earnings as we sell products. So, we've done that in the third quarter as we've had sales volume come through so that those amounts are in the P&L and you can see what our margins are and you can see the breakdown in our mine operations reporting that we concluded in the MD&A.

And then in the context of the ramp-up capital, during a time where we're ramping up operational rates to designed capacity, we're trying to get to a minimum threshold. And at that time, we're incurring costs to operate the assets, but we aren't producing at the levels where we expect to be producing. And so, during that time, we capitalized those costs. If we were producing at higher levels, those costs would be going into inventory and then going through the P&L. We haven't guided to that amount just given that obviously the ramp-up is ongoing and it's a hard number to predict. But I can say that as we get to higher levels of production, the amounts that we capitalize in that ramp-up capital bucket are lower. And so, I expect them to come down in the fourth quarter compared to what was capitalized in the third quarter. And as we get to the end of the year and we're at full production rates, we won't be seeing any further amounts capitalized in that bucket. So, that amount has peaked and I expect it's going to come down over the rest of the year.

Does that answer your question?

<Q – Chris LaFemina – Jefferies LLC>: So, if – well, I guess, sort of. So, if you're operating in the asset and you're selling copper, I'm not...

[indiscernible] (00:44:42)

<Q – Chris LaFemina – Jefferies LLC>: I'm a little bit confused as to why expenses would then be capitalized if they're not – if they're associated with actually operating the asset and selling copper. I mean, what exactly comprises that CapEx? Is it stripping? Is it investment in the infrastructure? What exactly is going to that bucket?

<A – Crystal Prystai – Teck Resources Limited>: It's all the costs of operating those assets until you reach a minimum operational threshold. So, any costs associated with the products being sold is going into your cost of sales number.

<Q – Chris LaFemina – Jefferies LLC>: So, none of the costs associated with the sales are going, sorry. So, the costs associated with the sales are going into expense or going into CapEx?

<A – Crystal Prystai – Teck Resources Limited>: They're going into expense, that's right, into cost of sales on the income statement.

<Q – Chris LaFemina – Jefferies LLC>: Okay, thanks. I'll just follow-up offline. Thank you for that. I appreciate it.

<A – Crystal Prystai – Teck Resources Limited>: Okay.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Chris. Yeah, the answer is accounting, I think. So, we'll take the next question, please.

Operator: The next question comes from Bryce Adams with CIBC. Please go ahead.

<Q – Bryce Adams – CIBC World Markets, Inc.>: Good morning and thanks for taking my question. It's one more on the ramp-up. So, the low end of QB2 guidance for the concentrator, 80,000 tonnes of copper and we are guided to the low end. So, that implies Q4 production of just under 60,000 tonnes. What from the ramp-up so far gives you confidence that that's possible? 60,000 tonnes per quarter is not the full run rate, but it's getting closer to it. So, just looking for some more color on your Q4 expectations for the ramp-up.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks, Bryce. Back to Shehzad on that one.

<A – Shehzad Bharmal – Teck Resources Limited>: Thanks, Bryce. So, as I mentioned early in Q4, we did the modifications and we have been running well since then and really it's ramp-up from October, getting closer in November, and then finally getting to pretty much full range by the end of the year. And one is that throughput aspect, which we are relatively bullish on and then the other is the recovery. Our recoveries have been pretty strong as well. And as we ramp up all our analyzers and control systems now, which is we're in the process of doing actually this week and then moving forward we are looking at some good gains on recovery as well. And, of course, the last factor being grade. Based on our mine sequence, we are looking in good shape there. And so, with those three things, we think we'll be able to hit that 59,000 tonnes.

<A – Jonathan Price – Teck Resources Limited>: Yeah. And I think it's...

<Q – Bryce Adams – CIBC World Markets, Inc.>: Okay.

<A – Jonathan Price – Teck Resources Limited>: ...also worth noting that it won't be a straight line through the next two months here that sort of week on we would be expecting production rates to improve into the end of the year.

<Q – Bryce Adams – CIBC World Markets, Inc.>: Yeah. Got it. Okay. Thanks for that. Looking forward to the Q4 updates. I think if you get that 59,000 tonnes, 60,000 tonnes in Q4, that's a good setup for next year. So, the rest of my questions are answered. That's it for me. Thanks so much.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Bryce.

Operator: The next question comes from Bill Peterson with JPMorgan. Please go ahead.

<Q – Bill Peterson – JPMorgan Securities LLC>: Yeah. Hi. Good morning and thanks for taking my questions. A lot of questions on QB2 and Elk Valley have been answered, but wanted to talk more about near-term development projects. So, I guess, first, when do you expect the project Environmental Assessment for the mine extension for Highland Valley to be approved? And I was hoping to get a bit more color on the expectations for the permitting and feasibility studies for the near-term growth projects such as San Nicolás, QBME, and so forth?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks for that question, Bill. I'll just start with Shehzad on the HVC piece and then I'll hand you over to Tyler Mitchelson, our SVP of – responsible for Copper Growth, to talk a bit more about the other projects in the portfolio and their status.

<A – Shehzad Bharmal – Teck Resources Limited>: So, Bill, on Highland Valley, as we said, we were able to submit our EA. It was a long process and it was really quite robust and we do expect approval by the end of 2024, before the end of 2024. And then, of course, that will be a decision for the board on sanctioning that mine life extension.

<A – Jonathan Price – Teck Resources Limited>: Okay. Thanks, Shehzad. Tyler, can you handle the balance of the question, please?

<A – Tyler Mitchelson – Teck Resources Limited>: Sure. Thanks. Look, I think, the key near-term projects at the start of San Nicolás down in Mexico, working through the feasibility study as we speak and we're targeting finish that in the first half of 2024. The permit, paperwork, and everything's been prepared. We're just doing a lot of stakeholder engagement right now, ensuring that we've got the right things lined up before we submit [indiscernible] (00:49:35) anticipate putting that permit in Q4 of 2023.

On Zafranal, working through the CapEx and OpEx update with a little bit more engineering, we should have that done first part of 2024. We do have the permit in place for that when we got that in May of 2023. The next step from a permitting perspective for Zafranal in Peru would be the construction permit, which we need to do a bit of engineering for and the intent is we would apply for that mid-2024.

And then, the other near-term one is QBME progressing the feasibility study. We should be done that in the fourth quarter of this year and still working through the permitting process there as well. So, a lot of the other longer-dated projects we're doing some of the early work on baseline work and working through some of the technical aspects of the early stage study work on that. But those are the key near-term projects we're working through.

Does that answer the question?

<Q – Bill Peterson – JPMorgan Securities LLC>: Thanks for that. Yeah, thanks for the update. I guess, more on the near-term working capital, so how should we think about the cadence through the remainder of this year and then the next year as QB2 ramps more meaningfully? I guess, are you still expecting a growth for the year?

<A – Jonathan Price – Teck Resources Limited>: Crystal, can you pick up that one, please, on working capital for QB2?

<A – Crystal Prystai – Teck Resources Limited>: Yes. Sure. Thanks, Bill. I think we are at the working capital levels we expect to be. Obviously, we're building some inventories on site as we produce and we move things into sales. But I don't expect there to be a material change in working capital outside of our normal sort of timing of sales and accounts payable. I think we're looking to kind of achieve about a CAD 400 million level there.

<Q – Bill Peterson – JPMorgan Securities LLC>: Okay. Yeah. Thanks for that.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Bill.

Operator: The next question comes from Brian MacArthur with Raymond James. Please go ahead.

<Q – Brian MacArthur – Raymond James Ltd.>: Hi. Good morning. My two questions, I apologize, are in QB2 and QB as well. But just my first one was sort of the last question, just Crystal that increase in CapEx through all the accounting, does that include some of that working capital? Because originally there were the – there's a capital cost investment and there was going to be this CAD 400 million working capital. Is that working capital on top of the new guidance or how do I think about that? And I guess, it gets a little bit back to Chris' question.

<A – Crystal Prystai – Teck Resources Limited>: It's – so the CAD 400 million of working capital is not included in ramp-up capital and it's always been the amount that we've communicated. So, there isn't a change in that amount based on what we've communicated today.

<Q – Brian MacArthur – Raymond James Ltd.>: Okay. Great, thanks. And my second question was that, Jonathan, you talked about permitting being a challenge and we talked a little bit about QBME expansion. There was a report I think earlier this week in the Tarapacá Region sort of recommending against expansion. Does that – can that impact the timing of your feasibility for that expected in Q4 or I don't know, what you should comment on that situation?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks for that question, Brian. Yes, there was a report issued recently with respect to the permitting process. That process is ongoing. There hasn't been a decision taken yet. I would say that, as I've mentioned before, is sort of the normal course of the permitting of major projects. Your question around the feasibility, no, it won't impact that. We continue to progress feasibility study and expect to have that done in the current quarter.

<Q – Brian MacArthur – Raymond James Ltd.>: Great. Thanks very much.

<A – Jonathan Price – Teck Resources Limited>: Thanks, Brian.

Operator: I will now hand the call back over to Jonathan Price for closing remarks.

Jonathan Price, Chief Executive Officer & Director, Teck Resources Limited

Thank you, operator, and thanks to everyone for joining us on the call today. As I mentioned, we're thrilled to be in Chile and officially opening QB2 this week, which is a momentous event for Teck. We look forward to doubling our consolidated copper production as it ramps up the design throughput and recovery rates as well as to our next phase of copper growth beyond QB2.

As always, please reach out to Fraser and our IR team if you have any further questions. Thank you, all very much and have a good day.

Operator: This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.

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