PARTICIPANTS

Corporate Participants

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

Other Participants

Orest Wowkodaw – Analyst, Scotia Capital, Inc.
Liam Fitzpatrick – Analyst, Deutsche Bank AG (UK)
Timna Beth Tanners – Analyst, Wolfe Research LLC
Dalton Baretto – Analyst, Canaccord Genuity Corp.
Carlos F. de Alba – Analyst, Morgan Stanley & Co. LLC
Lawson Winder – Analyst, BofA Securities
Lucas N. Pipes – Analyst, B. Riley Securities, Inc.
Bill Peterson – Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's Fourth 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 call is being recorded on Thursday, February 22, 2024.

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

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

Thanks, Ariel. Good morning, everyone. Thank you for joining us for Teck's fourth 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 any obligation to update any forward-looking statements. Please refer to slide 2 for the assumptions underlying our forward-looking statements.

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

Jonathan Price, our CEO, will begin today's call with highlights from our fourth quarter and full year results. Crystal Prystai, our CFO, will follow with additional color on the quarter. Jonathan will then conclude today's session with a brief update on our key priorities and corporate growth strategy, which will be followed by a Q&A session.

With that, I will turn the call over to Jon.

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

Thank you, Fraser, and good morning, everyone. Starting on slide 4. We had a strong fourth quarter performance across our business. We advanced the ramp-up of our QB Operation, resulting in Teck's highest ever quarterly copper production. Adjusted EBITDA of CAD 1.7 billion in Q4 and CAD 6.4 billion for the year reflects robust prices for steelmaking coal and copper, as well as higher steelmaking coal sales volumes.

Over the course of the year, strong profitability allowed us to return a total of CAD 765 million to shareholders by paying CAD 515 million in dividends and completing CAD 250 million in share buybacks, while continuing to strengthen our balance sheet through the repayment of $294 million of the QB2 project finance facility.

In addition, the board has approved the payment of our quarterly base dividend of CAD 0.125 per share on March 28. And following the receipt of $1.3 billion in proceeds on closing of the minority sale stake in our steelmaking coal business to Nippon Steel in January, the board has authorized up to a CAD 500 million share buyback. This extends our track record of strong cash returns to shareholders with nearly CAD 4 billion returned through the last five years.

Now turning to our 2023 highlights on slide 5. 2023 was a transformational year for Teck, as we continue to advance each of the four pillars of our value creation strategy. In addition to the strong EBITDA we delivered, we reported higher copper production and sales than the previous year, driven by the addition of QB Operations. We also produced 23.7 million tonnes of steelmaking coal above guidance and higher than the previous year.

As we progressed the full sale of the steelmaking coal business, we were pleased to announce the closing of the sale of our minority interest in EVR to Nippon Steel and POSCO on January 3.

We progressed the ramp-up of our QB Operations and advanced the path to value for our industry leading copper growth pipeline through joint partnerships on San Nicolás and NewRange Copper Nickel and the receipt of regulatory approval for Zafranal.

As mentioned earlier, we returned significant cash to shareholders in 2023, paying CAD 515 million in dividends, as well as completing the CAD 250 million share buyback, acting opportunistically to utilize available free cash flow. Importantly, we have maintained a strong financial position with CAD 7.9 billion of liquidity, including CAD 2.5 billion in cash as of February 21.

We continue to strive for sustainability leadership and made steady progress against our sustainability goals. Our reported High Potential Incident Frequency for the full year 2023 remained low at a rate of 0.14.

We made a significant move in modernizing our governance structure by introducing the sunset clause for the dual class share structure. We're proud that all Teck-operated base metals operations have been awarded the Copper Mark or the Zinc Mark, and we've been named to the S&P Dow Jones Sustainability Index for the 14th consecutive year.

Turning to QB on slide 6. We remain focused on achieving reliable and consistent operations at QB. However, production was lower than planned in the fourth quarter. Routine ramp-up activities continued along with planned maintenance shutdowns through the first quarter. And we have had multiple periods of operating at or above designed throughput capacity.

Throughout 2024, we expect to see progressively stronger production from QB and expect full year copper and concentrate production to be between 230,000 and 275,000 tonnes.

On the construction side, by the end of 2023, the molybdenum plant was substantially complete and commissioning is currently well underway. All-important works at the port have been successfully concluded, materially de-risking our remaining construction. We are on track to finalize the construction of the offshore facilities at the port by the end of the first quarter. And ramp-up of the moly plant is expected to be completed by the end of the second quarter.

As we look ahead, our QB2 project capital guidance of $8.6 billion to $8.8 billion remains in place. Our guidance for QB net cash costs is $1.95 to $2.25 per pound in 2024.

QB unit costs are expected to remain elevated this year, particularly in the first half. And this is driven by the cost of alternative logistics, molybdenum production in the first quarter as the plant is being commissioned, continued ramp-up, and inflationary pressures, including increased Chilean energy costs. We will provide additional unit cost guidance when QB achieves steady state operational performance.

I will now hand you over to Crystal for additional color on the quarter.

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

Thanks, Jonathan. Good morning, everyone, joining us today on the call. I'm going to start with the key drivers for our financial performance on slide 8.

Adjusted EBITDA in the fourth quarter increased compared to the same period last year, primarily driven by higher steelmaking coal sales volumes, which were partially offset by lower steelmaking coal and zinc prices, as well as higher unit costs across our operations, including elevated costs at QB as production ramp-up continues.

We continue to experience inflationary pressures in the cost of key supplies, including mining equipment and tires, and labor and contractors, as well as higher energy costs in Chile and changing diesel prices. These inflationary pressures impacted our unit costs in 2023, and we expect this to continue into 2024. As such, we have reflected inflation in our sustaining capital expenditures and our full year unit cost guidance ranges for 2024, which are unchanged.

Our underlying mining drivers remain relatively stable and we continue to be highly focused on managing our controllable operating expenditures. Our 2024 annual guidance that we disclosed in January is unchanged across our business.

Now, turning to each of our business units in more detail and starting with copper on slide 9. We achieved record copper production in the fourth quarter, which was 58% higher than last year. This increase was driven by the ramp-up of QB Operations, adding 34,300 tonnes of copper and concentrate production, higher production from Highland Valley Copper as a result of increased mill throughput and higher production from Antamina due to higher grades.

Cost of sales was higher year-over-year, primarily due to the inclusion of QB Operations in the year, with costs elevated as production ramp-up continued in the fourth quarter. As a result, gross profit before depreciation and amortization decreased compared to the prior year.

On the sustainability front, we are pleased to announce that our QB and Carmen de Andacollo operations were awarded the Copper Mark in recognition of their environmentally and socially responsible operating practices, joining Highland Valley, which was awarded the Copper Mark back in March of 2022.

Looking ahead, copper production is expected to significantly increase in 2024 to between 465,000 to 540,000 tonnes as we expect increased production at QB and at Highland Valley Copper.

Copper net cash unit costs are expected to be higher than 2023 as we incorporate QB costs, which are expected to be elevated in 2024, particularly in the first half of the year as ramp-up continues. We also face ongoing inflationary impacts on the cost of certain key supplies, including mining equipment, tires, labor, and contractors.

Moving now to our zinc business on slide 10. Despite lower year-over-year zinc prices, profitability in our zinc business unit was higher in the fourth quarter compared to a year ago.

Our Red Dog zinc production increased by almost 30% and lead production increased by 41% from a year ago, both of which were driven by increased mill throughput and improved grades.

We also saw improved results from our Trail Operations as it returned to full production rates and benefited from higher contracted zinc premiums. These increases were largely offset by the 18% decrease in realized zinc prices and higher operating costs at our Red Dog operations, primarily due to higher energy costs. Increased operating costs at our Trail Operations and at Red Dog were more than offset by substantially lower royalty costs at Red Dog.

We are pleased to announce that Red Dog was awarded the Zinc Mark in recognition of its strong environmental social performance, continuing to demonstrate our sustainability leadership. As we look forward, Red Dog zinc and concentrate sales are expected to be between 70,000 and 85,000 tonnes in the first quarter, reflecting normal seasonality of sales.

Total zinc and concentrate production is expected to be between 565,000 and 630,000 tonnes in 2024. Over the next three years, production is expected to decrease due to declining grades at Red Dog.

Refined zinc production at Trail is expected to increase in 2024 as a result of improved concentrate availability. The KIVCET boiler replacement will have – will impact our lead circuit in the second quarter of 2024, but is expected to have minimal impact on our zinc circuit.

Zinc net cash unit costs in 2024 are expected to be higher than 2023 due to the ongoing inflationary impacts on the cost of certain key supplies as noted previously.

Turning now to steelmaking coal on slide 11. Gross profit before depreciation and amortization increased to CAD 1.35 billion compared to just over CAD 1 billion a year ago, primarily due to higher sales volumes and partially offset by lower steelmaking coal prices.

While our realized prices in the quarter were 3% lower than the strong fourth quarter pricing last year, pricing remains robust and well above historical averages.

Overall, plant reliability and performance was strong in the quarter, supported by improved plant availability at all sites and leading to production of 6.4 million tonnes in the quarter.

Fourth quarter sales volumes of 6.1 million tonnes were driven by the strong production rates and supported by logistics performance with the fourth quarter of 2022 impacted by a two-month outage at our Elkview operations and extreme weather conditions.

Adjusted site cash cost of sales per tonne of CAD 100 was higher than the last year due to lower capitalized stripping at Elkview when compared to the fourth quarter of 2022.

We were pleased to announce an agreement with shipping company, Oldendorff Carriers to use wind propulsion technology intended to reduce CO2 emissions in shipping vessels and reduce Scope 3 emissions in our steelmaking coal supply chain consistent with our focus on sustainability.

As we look at the year ahead, steelmaking coal sales are expected to be between 5.9 million to 6.3 million tonnes in the first quarter. Production is expected to be between 24 million and 26 million tonnes in 2024, and to remain at these levels throughout 2025 to 2027.

We expect ongoing inflationary cost impacts on certain key supplies to persist into 2024, which will impact adjusted site cash cost of sales per tonne and is reflected in our guidance.

Turning to slide 12 and our capital allocation framework. Overall, our priority is to have a disciplined approach to the deployment of capital guided by our capital allocation framework. We aim to balance our growth with cash returns to shareholders while maintaining a strong balance sheet through the cycle. And I believe we can strike the right level of growth and returns to shareholders by consistently following this framework.

We expect a meaningful decrease in our capital expenditures in 2024, with a reduction in committed growth capital as outlined on slide 13. We expect a reduction in total capital expenditures of approximately CAD 1.2 billion in 2024, as we see a significant stepdown in QB2 development capital as the project nears completion.

We will see a slight increase in sustaining capital as we complete the KIVCET boiler repairs at Trail and reach peak capital spending for the Elkview administration and maintenance complex project in our steelmaking coal business.

Capitalized stripping costs in 2024 are expected to decrease from the peak in 2023. In 2024, growth capital, excluding QB2, will be prioritized on copper growth projects, particularly for HVC mine life extension, San Nicolás, and Zafranal.

As we have previously disclosed, we do not expect to make a sanction decision on any growth projects in 2024, and we are focused on advancing these near-term projects for possible sanctioning in 2025. Both projects are required to deliver an attractive risk adjusted return as will compete for capital in line with our capital allocation framework.

Turning now to our strong balance sheet and shareholder returns on slide 14. As Jonathan mentioned earlier, we are in a strong financial position with CAD 7.9 billion in liquidity, including CAD 2.5 billion in cash. We ended the year with a net debt-to-adjusted EBITDA ratio of 1.1 times, and we remain focused on maintaining our investment grade credit metrics.

Over the last five years, we have completed CAD 2.5 billion in share buybacks and paid dividends totaling CAD 1.4 billion, demonstrating our commitment to balancing growth with returns to shareholders.

The board has approved further cash returns to shareholders this quarter, approving the quarterly base dividend of CAD 0.125 per share payable on March 28. And after receiving cash proceeds of $1.3 billion from the closing of the minority sale of our steelmaking coal business to NSC, the board has approved – has authorized a share buyback of up to CAD 500 million.

Our capital allocation framework will inform how the board will consider the proceeds from the sale of the steelmaking coal business as outlined on slide 15. In total, we are expecting to receive $9.6 billion in cash proceeds, which includes 100% of the steelmaking coal cash flows until the transaction closes, which is expected to be no later than Q3 of this year.

As we have already noted, $1.3 billion was received from NSC in early January, with up to CAD 500 million to be returned to shareholders by our share buyback.

With the remaining proceeds to be received, we will assess opportunities to reduce our gross debt and maintain or improve our credit metrics through the cycle, ensuring that we do that economically. We will also retain additional cash on the balance sheet to fund our near-term copper growth opportunities and generate strong returns.

We will pay our cash income tax payments in respect of the 2022 and 2023 fiscal years, which totaled just over CAD 1.2 billion at the end of February of this year. And we will pay transaction-related taxes of approximately $750 million in early 2025.

And finally, as we've previously stated, we expect a significant return to shareholders. The board will determine the amount, form, and timing of these returns, which will be in addition to the CAD 500 million buyback authorized by the board in relation to the NSC proceeds.

Overall, the significant cash proceeds from this transaction will strengthen our balance sheet and ensure we are well-capitalized to unlock the full potential of our base metals business while delivering significant returns to shareholders.

I'll now turn the call back over to Jonathan.

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

Thanks, Crystal. So turning to slide 17 and our key priorities in 2024. As we mentioned, 2023 was a transformational year for Teck. And to ensure we can continue to demonstrate our focus on value creation, we have set up several key priorities for 2024.

We were very excited to announce an agreement for the full sale of our steelmaking coal business in November. Glencore will acquire a 77% controlling interest in EVR and become the operator of the Elk Valley steelmaking coal mines. As we have discussed, we closed the sale of a minority interest in EVR to Nippon Steel and POSCO on January 3.

Completion of the sale of our steelmaking coal business is one of our key priorities for this year, and regulatory approvals are progressing. The significant cash proceeds from this transaction will strengthen our balance sheet and ensure we are well-capitalized to unlock the full potential of our base metals business, while balancing significant returns to our shareholders.

As I mentioned earlier, we are also driving safe operational performance across our portfolio, and we have embedded no risks into our guidance to ensure we build confidence in our ability to deliver on our market commitments.

At QB, we are pushing as hard to complete construction of the port and commissioning of the molybdenum plant in the first half of the year, and to achieve consistent operating performance and design capacity.

At the same time, we are advancing the development projects in our industry leading pipeline, which is foundational to our future growth. We will advance that growth in a disciplined way by following our capital allocation framework to ensure that our capital decisions are value maximizing for shareholders.

Looking at slide 18 and our priority to advance our copper growth in a disciplined way. This starts with completion of construction and ramp-up of QB and driving performance across all operations. And it continued the foundational technical work around our near-term development projects, completing feasibility studies, advancing engineering work, and progressing project execution planning and permitting.

We are adapting our approach to project development to leverage lessons learned. With no project sanction decisions until 2025, we are taking the opportunity to undertake a detailed review of the QB2 project utilizing third-party expertise such that we can embed relevant learnings into future projects.

In the meantime, we are advancing the most important work in the near term to prepare for our potential sanctioning decisions in 2025. This means that all our projects must compete for capital with the rest of the business to ensure that we drive strong financial returns. And it is important to note that each of our near-term development options are significantly smaller in scope and less complex than QB2.

Ultimately, we will follow our disciplined capital allocation framework focused on generating strong returns for shareholders, balancing growth and maintaining a robust balance sheet in line with investment grade credit metrics.

Slide 19 summarizes our near-term development options, which include San Nicolás, Zafranal, QB asset expansion, and the mine life extension at Highland Valley. This represents a portfolio of both greenfield and brownfield projects in stable and well-understood jurisdictions.

We continue to progress the optimal path to value for each of our assets. Significant work continues to advance each of these projects with a focus on de-risking project delivery. We submitted the environmental permit for the HVC Mine Life Extension to the British Columbia regulator in October 2023, and finalized the Mexican Environmental Impact Assessment for San Nicolás, which was submitted on January 25. And just last week, we received the modification of environmental impact assessment approval of the mine life extension at Antamina. We're making progress across all our near-term copper growth options and setting Teck up to progress these projects at the right time to generate significant value.

Now, moving to slide 20, Teck remains committed to sustainability leadership. We continue to progress our sustainability strategy and are proving we can make a positive impact demonstrated by a number of achievements this past year.

We are proud to have received Copper Mark and Zinc Mark at all Teck operating base metal operations, an industry leading achievement highlighting our commitment to sustainability and transparency in our operations verified through third-party assurance. We've received a number of accolades this year for our sustainability performance as previously mentioned, QB being named as a constituent of the Dow Jones Sustainability Index. And we have modernized our governance structure through the introduction of the sunset clause with a dual class share structure.

We also remain committed to our long-term goals of net zero Scope 1 and Scope 2 emissions by 2050, net nature positive by 2030, and collaborating with our communities and indigenous peoples with a commitment to working to achieve free, prior and informed consent for our mining activities.

Of note, we were one of the first mining companies to make a commitment to support a nature positive future. We have implemented initiatives including conserving and reclaiming at least 3 hectares for every 1 hectare we affect from mining, ensuring we protect and restore our landscapes and ecosystems for the benefit of all.

So in conclusion, on slide 21, Teck is committed to responsibly creating long-term value for our shareholders and stakeholders. As an industry leading base metals producer with a strategy centered on copper growth, we are in a unique position to deliver significant value.

We have current production from a premium portfolio of long life, high quality assets, and stable, well-understood jurisdictions. And we are focused on execution, driving excellence in performance across our operations and project delivery to ensure that we consistently deliver against our market commitments.

We have a major news in copper growth through the ramp up of our flagship operation, [ph] QB in Chilean (00:24:32). At the same time, we seek to unlock significant value upside potential from our industry leading copper growth portfolio.

Importantly, we will pursue that growth in a disciplined way following our capital allocation framework, balancing growth and returns to shareholders and maintaining a strong balance sheet through the cycle. And sustainability is core to who we are. Our sustainability leadership position [ph] is key to (00:24:57) competitive advantage. This strategy will ensure we will continue to responsibly generate significant value for shareholders and all stakeholders.

With that, thank you. And that concludes our presentation for today. Operator, please open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question comes from Orest Wowkodaw of Scotiabank. Please go ahead.

<Q – Orest Wowkodaw – Scotia Capital, Inc.>: Hi. Good morning. With the quarter now more than half over, Jonathan, I'm wondering if you can give us an update on the first quarter operating performance at QB, specifically the mill, the plant. Are we starting to see more consistent throughput recoveries, et cetera? Can you give us an update?

<A – Jon Price – Teck Resources Limited>: Yeah. Thanks, Orest. As I mentioned, we're working through the ramp-up phase for QB right now. It's in line with our expectations. We expect, of course, to progressively increase our copper production throughout the year to meet that guidance of 230,000 to 275,000 tonnes that we have previously communicated, and we're on track to do that. But I'll hand over to Shehzad Bharmal, our SVP of Base Metals, who is responsible for the operations there, just to give you a little more color.

<A – Shehzad Bharmal – Teck Resources Limited>: Thanks, Orest. We have worked through most of the issues that we had mentioned previously with respect to the conveyors and the pumps that we had mentioned previously. And we are currently operating at close to design throughput rates. We are often on certain days limited by some conveyor issues on two conveyors at the front end part of the plant near the primary crushers. And we are working through those issues and expect to have those resolved in the next month or so and get back to above design rates or at design rates.

On the recovery side, again, in January and February so far we are close to design rates. We are little bit below. And we are actively working through this as we bring more stability to the front end of the plant. So the consistency that we have seen over the last month or so has helped us improve our recoveries, and we'll continue to work through that to get to our design rates.

<Q – Orest Wowkodaw – Scotia Capital, Inc.>: Thanks Shehzad. Just as a follow-up.

<A – Jon Price – Teck Resources Limited>: Yeah. [indiscernible] (00:27:45).

<Q – Orest Wowkodaw – Scotia Capital, Inc.>: Is the plan to basically have QB operating at consistent throughput recoveries, et cetera, call it, sort of some – I guess, midway through the second quarter. Is that the way to think about it?

<A – Jon Price – Teck Resources Limited>: I mean, I think this is the ramp up of the facility. As I said, we will progressively deliver increased copper production throughout the course of the year. Of course, we're pursuing exactly what you were saying, that stability and operating and design throughput rates. But this is a ramp-up process. It will take some time to land. But we're confident in the guidance that we put forward and expect the delivery of copper to improve through the course of the year to deliver against that guidance.

Operator: Our next question comes from Liam Fitzpatrick of Deutsche Bank. Please go ahead.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Hi, there. Liam Fitzpatrick from Deutsche Bank. So just the first one on the balance sheet structure post EVR. Just wondering if you could give us more of a steer in terms of what sort of balance sheet you're targeting as we move into 2025. I know you've mentioned this 1 times EBITDA as a target level, but it seems unlikely that you're going to take leverage up that high. So is it a small net debt position? Is it a small net cash position? Any kind of guidance on that would be helpful.

<A – Jon Price – Teck Resources Limited>: Yeah. I'll hand you over to Crystal to talk to that. I mean, the one thing I would remind is that's sort of long-term position we're targeting here as we receive the proceeds and then how we allocate them in the subsequent years. But, Crystal, if you want to provide some more color?

<A – Crystal Prystai – Teck Resources Limited>: Yeah, of course. Thank you. I think it's consistent with what we've been articulating in relation to reducing our gross debt levels from where they are today. I think there is an opportunity for us to do that. We will look across our debt stack when we think about that. We obviously want to do that in an economic way. So in relation to some of the public notes we have, there's make whole premium. So we want to be deliberate in how we think about that. We are committed to that investment grade credit metrics, as Jonathan said, through the cycle, 1.0 times net debt-to-adjusted EBITDA. We aren't necessarily focused on a set leverage level, but rather really focused on that ratio.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Okay. Thank you. And if I could ask one follow-up just on potential M&A versus organic opportunities. So you've clearly got a number of internal options that you think are very interesting that you're hoping to progress in 2025. Is that enough to keep you occupied or are you also on the lookout for potential external opportunities?

<A – Jon Price – Teck Resources Limited>: Yeah. Liam, I mean, given what we have in the portfolio already we're not sure the things to do. As we've just discussed, we're very focused on the ramp-up stabilization and full production from QB this year. We've got then a tranche of projects, which should be subject to engineering, economics, and permitting ready for sanction in 2025, including the HVC Life Extension, San Nicolás and Zafranal. So there's a lot to be getting on with there. And as we've always said, we want to balance that investment in growth with return of capital to shareholders. So we'll continue to focus on those things that are entirely within our control and delivering that future growth that we've been talking to.

Operator: Our next question comes from Timna Tanners of Wolfe Research. Please go ahead.

<A – Jon Price – Teck Resources Limited>: You're on mute, Timna.

<Q – Timna Tanners – Wolfe Research LLC>: Oh, nope, I just didn't hear you. Hey. Good morning. How is everyone doing?

<A – Jon Price – Teck Resources Limited>: We're okay. Thanks, Timna. We can't hear you again, Timna.

<Q – Timna Tanners – Wolfe Research LLC>: Can you hear me now?

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

<Q – Timna Tanners – Wolfe Research LLC>: Okay. So I want to ask a little bit more about the expansion projects. I know at one point you had a permit for further QB opportunities, and just want to know the updated thinking there. And then regarding [indiscernible] (00:32:33) San Nicolás, the leadership in Mexico is looking into banning open pit mining, and just wondered how that affects that project, or if you – how you're looking at that?

<A – Jon Price – Teck Resources Limited>: Yeah. So starting with QB and future expansions at that facility, we have an incredible [indiscernible] (00:32:54) there. It's very, very long life. It's – they will enable future expansions of capacity for QB. And it's still something that we can run as a multi-generational asset. Our immediate priority, as I said, is getting the current plant fully ramped up and operating, and then really exploring the full potential of that facility in terms of what additional capacity we can get through optimizing what we already have before we make any further commitments or any significant capital expenditure at the site. Medium term, very much expect us to continue to pursue large scale expansions of that operation. But with what we have at San Nicolás, Zafranal, and the life extension of HVC, we have a fairly full task out in the medium term. And we'll focus on that in terms of our major capital deployment. But asset optimization studies for the medium and long term at QB are ongoing.

For your second question, just around some of the moving pieces we've seen in Mexico of late really as they relate to the constitutional, I'll hand you over to Tyler Mitchelson who's our Senior Vice President of Copper Growth.

<A – Tyler Mitchelson – Teck Resources Limited>: Hi, Timna. Yeah. We're closely monitoring and assessing the proposed changes to the constitution. There's more than 20 proposed, obviously, the ones around open pit mining, water consumption are the key ones. We've been working with our fellow industry players, as well as CAMIMEX, the Chamber of Mines in Mexico to really understand what is the pathway forward.

Given where we are right now, it's four months to the main general election, parliament actually closes on April 30. So it's really too early to determine whether or not these will be approved in the timeframe they're going to be approved, and as well what the ultimate impacts will be as we go forward. You put it in the context of some of the largest mines in Mexico right now and some of the most successful mining companies to use open pit mining. So, it's obviously a very significant impact. But we'll continue to monitor through the next months.

<A – Jon Price – Teck Resources Limited>: Thanks, Tyler.

<Q – Timna Tanners – Wolfe Research LLC>: Makes sense. Thank you. I got my two. And so I'll pass it along. Thank you again.

<A – Jon Price – Teck Resources Limited>: Thanks, Timna.

Operator: Our next question comes from Dalton Baretto of Canaccord Genuity. Please go ahead.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Thank you. Good morning, Jonathan and team. Jonathan, on the Glencore call, Gary was asked about synergies between Collahuasi and QB2. And in response, he talked about a number of work streams. And he sort of alluded to billions in synergies. I'm just wondering if you can comment on sort of where those synergies are coming from, some of the work that's ongoing. And maybe when we can see an update and where QBME fits into all of that. Thanks.

<A – Jon Price – Teck Resources Limited>: Yeah. Thanks for the question, Dalton. We along with the other parties here are doing detailed technical evaluation of the potential synergies between QB and Collahuasi. We haven't quantified those yet. And those synergies could take a number of forms, all the way from being infrastructure-related to optimizing across two very significant ore bodies in that area.

It's complex. It will take time in particular because there's a large number of counterparties involved in this. But engagement is ongoing. We're working together to identify the opportunity here. And we'll update in due course as we get closer to landing that technical evaluation and, of course, if and when we get closer to agreeing terms with other parties.

As I mentioned before, the focus for us right now is and then must be on the ramp-up of QB2 and optimizing the operation that we already have. The intersection with something like the QB mill expansion as you referenced, as I said, we are looking at future asset optimization opportunities, which include debottlenecking in the short term and could include project expansions in the medium term.

And, of course, if there were to be any agreements or commercial arrangements between the parties, then that would have to factor in future expansion opportunities on both sides, of course, of QB2 and Collahuasi. But we're not on that point yet, Dalton. There's a lot of work to be done. These things are complicated. But we're committed to understanding the value potential there and working constructively and collaboratively with the other parties.

<Q – Dalton Baretto – Canaccord Genuity Corp.>: Great. Thank you. And then maybe if I can ask one more. Just on the Glencore transaction in the coal business, can you give us an update on where you're at in the regulatory approvals process and whether you've seen anything that gives you concern at all?

<A – Jon Price – Teck Resources Limited>: Look. So, our process is continuing, we expect that we will receive the required approvals being both the Investment Canada approvals and the antitrust approvals. Nothing gives us cause for concern Dalton, that we're seeing. These things just take time. We're working through that process. And we still expect this to close no later than the third quarter of this year.

Operator: Our next question comes from Carlos de Alba of Morgan Stanley. Please go ahead.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Yeah. Thanks very much. Good morning, everyone. So, maybe I'll just follow up on the prior question. Any more specific color Jonathan that you can provide on what approvals you have already received and which ones are still pending for closing of the coal transaction?

<A – Jon Price – Teck Resources Limited>: So, I mean, the – one of the key ones here, of course, is the Investment Canada, right, approval. And that remains outstanding with respect to the various antitrust approvals across a range of jurisdictions. We've received some of those and some of those remain outstanding. So as I said, I think things are progressing in the normal course and we remain confident that this closes no later than the third quarter.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: All right. Thanks. And then on QB2 cost trends, you – I understand that you're going to provide further guidance once the production is stabilized at a steady state. But how do you see, at least from currently, how you see the trends of the costs moving once you get the steady state? So, the cost guidance for the next three years is a little bit wide. Should we assume that you only expect to get to the lower end of that three-year guidance by the three-year production guidance period, or maybe that is just conservative and you could achieve a lower more sustainable cost earlier than the third year of that period?

<A – Jon Price – Teck Resources Limited>: Yeah, Carlos. Look, I think there are a few things here that are clearly within our control that should see us improve the unit cost profile at QB. And they are, of course, getting our own boat up and running so we can move away from the temporary logistics arrangement into the permanent solution. Of course, there's also getting the molybdenum plant up and running at full production, given the byproduct credits we will get from that. And, of course, then there's getting the main circuit running at full production so we get that full dilution effect on costs. So, all of those three things as we progress will see unit cost improve. So even as we move through this year, we would expect cost in the second half of the year to be better than the first half of the year.

There are, of course, some factors that are less within our control. The inflationary environment is one, and the impact that that could have on labor costs. And the other part of that is just energy cost in Chile, which we've signaled is being higher than previously. And, of course, we need to see how those things progress. So when we put out guidance for 2024, that guidance reflects the phase of ramp-up that we're in today. And it reflects some of the areas that I just reflected, which we will resolve through the course of this year. So, we expect lower cost in future, but of course, we haven't guided to those yet. And we'll have a much clearer view of that once operations are stabilized.

Operator: Our next question comes from Lawson Winder of Bank of America Securities. Please go ahead.

<Q – Lawson Winder – BofA Securities>: Great. Thank you very much, operator. And thank you for the update today, Jonathan and team. On – I wanted to ask about Antamina and then hopefully follow up on QB2. But on Antamina, just given that Teck is just one partner of several in the JV, what is the risk that Teck will have to make an allocation decision on there prior to 2025? And what is driving the timeline at Antamina in terms of an expansion decision or extension decision? Thanks.

<A – Jon Price – Teck Resources Limited>: I'll hand over to Shehzad on that one.

<A – Shehzad Bharmal – Teck Resources Limited>: Thanks, Lawson. So, as you would have read that, we did get the MEIA approval for the mine life extension from 2028 to 2036. And that is really expansion of waste facilities and tailings facilities, the location that they are. So between now and then 2036, that mine life extension, all the permits are in place. And then some capital associated with this that will be spent over the next eight years or so. Post 2036 extensions and expansions, all the parties are looking at that right now. We are working on that. We're looking at permitting strategies for that. And that will be a few years before we'll have some definitive project definition on those. So, at this point, we are focused on getting that to 2036 from 2028, which we were very happy to achieve the permit.

<Q – Lawson Winder – BofA Securities>: Okay. Yeah. That's great. Thanks. That's very clear. And then with QB2, I mean, you did a very material increase in the copper resources at QB2. How did that influence the thinking on what the next expansion might be? Does it suggest that it could be something much bigger than the prior QBME mill expansion concept of a 50% increase? Thanks.

<A – Jon Price – Teck Resources Limited>: Not necessarily, Lawson. I mean, I think the resource there was always very, very large, and that is very, very, very large. So, it doesn't necessarily impact our short-term thinking around how we would expand this. We'll be very focused on the capital intensity of the next expansion here where we look to maximize unutilized capacity and desalination in pipelines, et cetera. And what it means, of course, is we have far greater optionality in the long-term, which is a fantastic position to be in. But it doesn't really change that short-term thinking, the focus on the capital intensity and returns would be at the front of mind for us.

Operator: Our next question comes from Lucas Pipes of B. Riley Securities. Please go ahead.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Thank you very much, operator. Good morning, everyone. My first question is on slide 13 of the deck, which breaks out the CapEx of the last couple years and into 2024. And sustaining capital and capitalized stripping in 2023/2024 kind of a step up from those 2020/2022 averages, and trying to understand better what's going on here. Is that a catch up from the pandemic? Is there something cyclical? Are there unique projects that have elevated this temporarily? Just trying to get a better sense of – or is it mostly inflation? We would really appreciate to get a better sense of those drivers. Thank you.

<A – Jon Price – Teck Resources Limited>: Yeah, thanks, Lucas. I'll hand you to Crystal on that one.

<A – Crystal Prystai – Teck Resources Limited>: Thanks, Lucas. I think sort of primary driver that I would focus on would be inflation. I think there – we did see from that sort of 2020 to sort of I guess really now a significant increase in underlying costs that were driving our sustaining capital as well as our operating costs. So, I think that is a key piece. In relation to capitalized stripping, I would just say in our whole business we were moving into new mining areas in 2023. And you saw those costs being elevated in that year I guess 2022 and 2023. And that's coming off in our guidance for 2024.

There are also a couple of projects that are larger in the coal business. The Elkview Administration & Maintenance Complex is a large project starting off in 2023, the elevated cost in 2024 as we reach peak spending on that project. And then I'd say the last point in what's included as sustaining capital is obviously we now have QB sustaining capital included in our figures. So those are some of the bigger items. But I think inflation would be probably one of the largest drivers. And we can get you a bit more...

<Q – Lucas Pipes – B. Riley Securities, Inc.>: Thank you.

<A – Crystal Prystai – Teck Resources Limited>: ...granular detail if you give Fraser a call after.

<Q – Lucas Pipes – B. Riley Securities, Inc.>: That would be helpful. On slide 24, you showed that kind of copper production through 2027. And you anticipate a plateau in 2025, and the decline after that mostly really driven by Highland Valley. With the spending at Highland Valley today, is there any potential for a more sustained production level off of 2025, or is that really the outlook through 2027 the best base case even with the spending taking place today? Thank you.

<A – Jon Price – Teck Resources Limited>: Yeah. I'd say not within that period, Lucas. This is how we see the current mine plan progressing. The capital that we'll be putting to work is subject to returns. Of course, for the life extension of HVC, we'll really see the production pick up in forward years. But I wouldn't expect to see any material impact on the guidance that we put out here.

Operator: Our next question comes from Bill Peterson of JPMorgan. Please go ahead.

<Q – Bill Peterson – JPMorgan Securities LLC>: Yeah. Hi. Good morning, everyone, and thanks for taking the questions. You've discussed and just now actually again about the returns framework for the next stage of growth projects, including learnings from QB2. But I guess on the other side, I guess, how should we think about the demand and pricing environment necessary for Teck to sanction growth projects, especially considering what is increasingly looking like a tightening in supply environment?

<A – Jon Price – Teck Resources Limited>: Yeah. Thanks, Bill. I mean, we do see a tightening in supply environment. And we think even as we progress through this year, the outlook for copper pricing could be very constructive. We've seen the shortness of concentrate and the impact that that's had on [ph] TCRCs (00:48:38). And we expect at some point that to flow through into refined metal and hence headline copper pricing.

Of course, each of the projects will have its own unique economics based on the capital, the operating costs, and the volumes associated with those mines. They will all need to compete for capital. We will be very returns-focused in terms of the decisions that we take here. And, of course, the copper price will be a key determinant of that. But as I said, we remain very confident in the copper price, certainly in the medium term, but even now in the short term based on the dynamics we see playing out in the market.

<Q – Bill Peterson – JPMorgan Securities LLC>: Okay. Thanks for that. And I guess on that point, I guess, obviously maybe only relevant for a few more quarters. But can you give us your thoughts on the outlook for that segment, and latest developments you're seeing both on the supply and demand side globally?

<A – Jon Price – Teck Resources Limited>: Yeah. I'll ask Ian Anderson, our Chief Commercial Officer to talk to that.

<A – Ian Anderson – Teck Resources Limited>: Thank you very much for the question, Bill. So, I'd start just with where we're at in terms of overall steel consumption and production during the course of the year. Global steel production was flat at about 1.85 billion tonnes, really representing about where it was last year. And really you saw that taper off at the end of the year as a result of Chinese production rapidly dropping, and we're not certain about that number. So that was one of the factors.

At the same time, Indian crude steel production went up by about 11.8%. And that was offset by some small declines in EU, Japan, and South Korean markets. So, overall, if you look back over the course of the year, the high quality steelmaking coal price exceeded $295 per tonne. It really rose at the end of the year. And we saw it up to about $315. And there's two factors that drove that.

First of all, tightened supply mostly in Australia; and secondly, heightened demand from India and China, primarily. So you know what we're seeing in terms of Australian supply is key miners, including some of our peers there, have adjusted their production guidance down in 2024. Chinese domestic production is, of course, going a bit deeper than it has in the past. And Russian coals, even though they've come in to fill the gap, have been of lower quality and not as good. So we've not really seen investment in terms of hard coking coal supply, and we think that really promises a future price increase.

<Q – Bill Peterson – JPMorgan Securities LLC>: Thank you.

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

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

Yeah. Thanks, operator, and thanks to everyone for joining us today. As we talked about, we're very excited by the prospects here for 2024 and beyond. We're looking forward to the completion of the transaction with Glencore. We're looking forward to updating you there on how we intend to allocate the proceeds, including shareholder returns. And we remain very focused on the ramp-up and stability of QB, and progressing and de-risking the future pipeline of projects that we have. As always, please reach out to Fraser and the IR team if you have any more detailed questions. But 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.