PARTICIPANTS

Corporate Participants

Emma Chapman – Vice President-Investor Relations, Teck Resources Limited
Jonathan Price – President, Chief Executive Officer & Director, Teck Resources Limited
Crystal Prystai – Executive Vice President & Chief Financial Officer, Teck Resources Limited

Other Participants

Orest Wowkodaw – Analyst, Scotiabank
Carlos F. de Alba – Analyst, Morgan Stanley & Co. LLC
Liam Fitzpatrick – Analyst, Deutsche Bank AG
Craig Hutchison – Analyst, TD Securities, Inc.
Lawson Winder – Analyst, BofA Securities
Myles Allsop – Analyst, UBS AG (London Branch)
Bill Peterson – Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to Teck's Fourth Quarter 2024 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 20, 2025.

I would now like to turn the conference over to Emma Chapman, Vice President-Investor Relations. Please go ahead.

Emma Chapman, Vice President-Investor Relations, Teck Resources Limited

Thank you, operator, and good morning, everyone, and thank you for joining us for Teck's fourth quarter 2024 conference call. Today's call contains forward-looking statements. Actual results may vary due to various risks and uncertainties. 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.

We will reference non-GAAP measures throughout this presentation and explanations and reconciliations are in our MD&A and the latest press release on our website.

Jonathan Price, our CEO, will start with an overview of our fourth quarter and full-year results; Crystal Prystai, our CFO, will follow with a financial and operational review; and Jonathan will conclude with closing remarks followed by a Q&A session.

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

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

Thank you, Emma, and good morning, everyone. I'll start with highlights from 2024 on slide 4. Last year was a transformational year for Teck, and we made significant advancements in our value creation strategy. We completed the sale of our steelmaking coal business, [ph] Elk Valley (01:53), enabling Teck to reposition as a pure-play energy transition metals company focused on copper and zinc. With the $8.6 billion in proceeds from the transaction, we announced the largest cash return to shareholders in our history, and we began executing the return immediately. In 2024, we returned CAD 1.8 billion in cash to shareholders, including CAD 514 million in dividends, or approximately CAD 1 per share, and CAD 1.25 billion in share buybacks.

We also enhanced our resilience by further strengthening our industry-leading balance sheet. We reduced our debt by CAD 2.5 billion and retained funding for our near-term value-accretive growth projects. We currently have CAD 11.3 billion in liquidity, including CAD 7.1 billion in cash. This includes our sustainability-linked revolving credit facility, which we recently reduced by $1 billion to $3 billion and extended for a five-year term to October 2029. We were in a net cash position of CAD 2.1 billion as of December 31.

In 2024, we generated CAD 2.9 billion in adjusted EBITDA, more than double the prior year. We set a record for annual copper production with a 50% increase from the prior year to 446,000 tonnes. In zinc, Red Dog had strong performance, increasing zinc in concentrate production while improving our net cash unit costs by $0.16 per pound. We continue to have a strong focus on cost discipline and managing the controllable costs across our business.

We are starting to see the positive impact of the structural cost reductions that we have implemented across our business following the sale of the steelmaking coal business in July. Over the full year, we reduced our corporate costs by 21% or CAD 88 million compared with 2023. We did all this safely with a high potential incident frequency that remained low across the operations that we control.

Finally, we progressed our value-accretive near-term copper growth projects. We completed construction of QB in Chile and ramped up the operation to design throughput by the end of the year, and we continued to lay the foundation for our next phase of copper growth by progressing our near-term copper projects. Overall, we made significant progress across the four pillars of our strategy for responsible growth and value creation.

Now looking at our fourth quarter highlights on slide 5. Our strong full-year results were enabled by our fourth quarter performance. This was our third consecutive quarter of record copper production as QB ramped up to design throughput rates by the end of the year. Our adjusted EBITDA increased by 160% to CAD 835 million compared to the same period last year. We reduced our debt by a further CAD 275 million and returned CAD 549 million in cash to shareholders through share buybacks and our base quarterly dividend. And we continue to advance our near-term copper growth projects towards potential sanction decisions this year.

Turning now to an update on safety and sustainability on slide 6. We remain committed to ensuring the health and safety of our people, operating responsibly, and building strong relationships with communities. As I mentioned earlier, we maintained a low High Potential Incident frequency of 0.12 across the operations that we control in 2024. And with our continued focus on sustainability, we released our 2024 Climate Change and Nature Report in December. This combines the recommendations of the TCFD and the TNFD to deliver an integrated report covering our progress on climate and the nature-related aspects of our business. We will provide an update on all our sustainability performance in our 2024 Sustainability Report, which we expect to release in March.

We continue to receive recognition for our sustainability leadership. Most recently, Mediacorp named Teck as one of Canada's Top 100 Employers for the eighth consecutive year. Forbes also named us one of the World's Top Companies for Women for 2024.

Turning to our progress at QB on slide 7. In Q4, QB delivered the strongest quarter so far with mill throughput rates increasing quarter-over-quarter and achieving design throughput rates. This is a plant with a robust design, and it continues to operate well. Recoveries improved to approximately

85% in the quarter and averaged 87% in November and December as a result of our successful improvement work on the grinding and flotation circuits in Q3 and Q4 [audio gap] (07:08) in line with the mine plan.

The improvement in our mining drivers led to copper production at QB increasing quarter-over-quarter to 60,700 tonnes from 52,500 tonnes in Q3. We also achieved record daily production throughout the quarter. For the full year, QB copper production was within our revised guidance at 208,000 tonnes.

Looking forward to 2025, we are well-positioned for further growth in copper production at lower net cash unit costs at QB, setting us up for improved margins. Our 2025 guidance range of 230,000 tonnes to 270,000 tonnes at QB represents a significant increase from 2024. This guidance reflects an extended 18-day shutdown in January to conduct maintenance and reliability work and complete additional tailings lifts as part of the operational ramp-up. We expect to continue to have regular quarterly maintenance shutdowns per our operating plans.

In 2025, we expect to see an overall increase in average grade to 0.6%. In line with the mine plan, we are processing more transition ores, which is lower-grade material, particularly in the first quarter of the year. Grades are expected to increase into the second half of the year. Our focus is on achieving steady-state operational performance with consistent online time with design recovery rates of 86% to 92%, depending on ore feed material.

We expect a significant reduction in QB's net cash unit costs in 2025 to $180 to $215 per pound from $272 per pound in 2024. This reduction is primarily driven by a combination of higher copper production, cost discipline, and increased molybdenum byproduct credits as the QB molybdenum plant continues to ramp up. Overall, we are pleased with the performance of QB, and we expect to see the operation generate significant cash flows in 2025.

Looking at our copper segment in 2025 on slide 8, we expect significant growth in our copper production with improving margins this year. Our copper production is expected to continue to grow to 490,000 tonnes to 565,000 tonnes from 446,000 tonnes in 2024 due to the ongoing QB ramp-up and improved grades at HVC. We also expect a significant reduction in our copper net cash unit costs in 2025 to $165 to $195 per pound from $220 per pound in 2024. We already saw an increase in our copper EBITDA margin in 2024 and expect this to continue to improve to 53% in 2025 based on consensus estimates.

Slide 9 outlines our well-funded, value-accretive near-term copper projects, including the mine life extension of Highland Valley in British Columbia and our low capital intensity greenfield projects in Zafranal in Peru and San Nicolás in Mexico. These are attractive projects that are [ph] central (10:27) in scope and complexity than our QB2 project with significantly lower capital intensities. We continue our work to define the most capital-efficient and value-accretive path for the expansion QB, both through the optimization of the mill and low-capital debottlenecking opportunities which could increase throughput by 15% to 25%. Through the execution of these projects, we have a clear path to increase our annual copper production to approximately 800,000 tonnes per annum before the end of the decade.

I'll now hand the call over to Crystal to provide further details on our fourth quarter and full-year results.

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

Thanks, Jonathan. Good morning, everyone. I will start with our financial performance in Q4 and for the full year on slide 11. Our adjusted EBITDA more than doubled in 2024 to CAD 2.9 billion and increased by 160% to CAD 835 million in the fourth quarter. We had strong cash flow generation of CAD 1.3 billion in the quarter, benefiting from the working capital release at Red Dog and QB.

Over the full year, we reduced our corporate costs by 21% or CAD 88 million compared with 2023. This reflects our strong cost focus and structural cost reductions that we implemented across our business following the sale of the steelmaking coal business. We expect to reduce our corporate costs further in 2025 as reflected in our annual guidance.

We returned a total of CAD 1.8 billion in cash to shareholders in 2024, including CAD 549 million in the fourth quarter. We also reduced our debt by CAD 2.5 billion in 2024, including CAD 275 million in the fourth quarter with the scheduled semi-annual repayment on the QB project finance facility and other debt reductions.

The chart on slide 12 summarizes the key drivers of our financial performance in the fourth quarter as compared to the same period last year. As a result of the completion of the sale of the steelmaking coal business last July, EVR results are presented as discontinued operations for all periods reported in our Q4 financial statements and MD&A.

Our adjusted EBITDA increased by 160% in the fourth quarter, driven by strong base metals prices and higher copper and zinc sales volumes reflecting the ramp-up of QB and strong sales from Red Dog. Copper and zinc sales volumes each increased by 24% from Q4 of 2023. Our strong adjusted EBITDA also reflects improved zinc unit costs, driven by our rigorous approach to cost discipline, as well as lower smelter processing charges and higher sales volumes.

Now, looking at each of our reporting segments in greater detail and starting with copper on slide 13. In the fourth quarter, gross profit before depreciation and amortization from our copper segment more than doubled to CAD 732 million compared to the same period in 2023. The increase was primarily due to strong sales volumes and copper prices. QB ramp-up continued to support growth in copper, and we had our third consecutive record quarter of copper production in Q4. This was partially offset by lower production at Antamina due to a decline in grades from the same quarter last year as expected in our mine plan.

While Highland Valley's production was lower than the same quarter in 2023, it improved quarter-over-quarter as expected due to increased mining in the higher-grade Lornex pit and improved haul truck performance.

Production at Carmen de Andacollo increased due to higher grades, recoveries, and mill throughput, reflecting our efforts to improve water availability in the quarter. Our net cash unit costs increased as QB continued to ramp up. In Q4 2023, most of the costs associated with QB continued to be capitalized as ramp-up costs. Excluding QB, our total net cash unit costs improved by $0.33 a pound compared to Q4 2023 as a result of higher copper production and substantially higher molybdenum production from both Antamina and Highland Valley. And finally, we were pleased to ratify new three-year collective agreements with two of the three unions at QB, representing 78% of the labor force, and for all unionized labor at Antamina.

Looking forward, in the first quarter of this year, we expect QB's production to reflect the extended 18-day shutdown in January as well as processing lower grade material in the quarter, as Jonathan outlined earlier.

Now, moving to a forward look at 2025 in our copper segment on slide 14. Our copper production is expected to continue to grow to 490,000 to 565,000 tonnes from 446,000 tonnes in 2024. This increase is primarily due to the ramp-up of QB as well as a significant increase in production from Highland Valley. Highland Valley's copper production is expected to increase as we continue to mine more ore from the Lornex pit, which is both higher grade and softer, leading to increased throughput. These factors combined should more than offset lower recovery rates expected from the Lornex ore.

We also expect production at Carmen de Andacollo to increase, reflecting improved water availability through the year. We expect a significant reduction in our copper net cash unit costs in 2025 to $165 to $195 per pound from $220 per pound in 2024. This reduction reflects an increase in copper and molybdenum production, as well as continued cost discipline across our operations. We expect our molybdenum production to increase to 5,100 tonnes to 7,400 tonnes from 3,300 tonnes last year. This is based on the continued ramp-up of the molybdenum plant at QB and increased molybdenum production at Highland Valley as we mine in the Lornex pit.

Turning now to our zinc segment on slide 15. Our gross profit before depreciation and amortization from our zinc segment more than doubled from the same quarter last year to CAD 320 million. This was driven by higher zinc prices as well as strong Red Dog sales volumes due to the timing of sales, lower treatment charges, and higher byproduct revenues. This was partially offset by higher net of royalty expense as a result of Red Dog's strong profitability.

As expected in our mine plan and our annual guidance, Red Dog zinc production declined in Q4 due to [audio gap] (17:07) cost improved significantly from Q4 2023, reflecting lower smelter processing charges, the effect of higher sales, and an increase in silver byproduct credits.

At Trail Operations, our refined zinc production was impacted by the localized fire in the electrolytic plant in September 2024, as previously disclosed. The repair of one of the four sections of the electrolytic plant continues to progress and is scheduled to be completed by the end of the first quarter of the year.

And finally, as we progressed the work required to extend the life of Red Dog, we successfully obtained a permit for construction of an all-season exploration access road, which will enable us to progress the next phase of exploration and resource assessment. Looking forward to Q1, we expect zinc in concentrate sales from Red Dog of 75,000 tonnes to 90,000 tonnes, reflecting the normal seasonality of sales.

Turning to 2025 outlook for our zinc segment on slide 16. Our guidance for zinc in concentrate production is 525,000 tonnes to 575,000 tonnes, a decrease from 616,000 tonnes produced in 2024. Our Red Dog production guidance for 2025 and the following years reflects expected grade decline as the mine life advances. At Antamina, zinc production is expected to increase as we mine a higher proportion of copper-zinc ore relative to copper-only ore in 2025.

We are focused on maximizing profitability and cash generation from Trail Operations. In light of current tightness of the zinc concentrate market, we expect to operate Trail at lower production rates in 2025 with guidance for refined zinc production of 190,000 tonnes to 230,000 tonnes, compared with 256,000 tonnes in 2024. Trail remains a strategically important asset, providing critical and strategic minerals such as germanium in India as well as its valuable integration with Red Dog.

Our net cash unit costs for the zinc segment in 2025 are expected to be between $0.45 and $0.55 per pound, compared with $0.39 per pound in 2024. The expected increase is due to lower zinc production and higher labor and consumable costs, partly offset by lower zinc treatment charges, higher byproduct credits, and a continued focus on cost discipline across our operations.

Turning now to slide 17. We remain committed to our capital allocation framework which balances investment in value accretive growth with returns to shareholders while maintaining a strong balance sheet through the cycle. Our capital allocation framework commits us to return between 30% and 100% of available cash flows to our shareholders. In 2024, we deployed the proceeds received from the sale of the steelmaking coal business across the pillars of our capital allocation framework, balancing returns to shareholders with debt reductions and earmarking cash for our near-term value-accretive growth projects.

Looking at our balance sheet now on slide 18. We currently have one of the strongest balance sheets in the sector, and we continue to maintain investment-grade credit ratings. In 2024, our cash balance increased significantly as a result of the proceeds received from the sale of the steelmaking coal business. This also resulted in higher finance income as we earned interest on the higher cash balance. With the proceeds, we reduced our debt by CAD 2.5 billion. We currently have liquidity of CAD 11.3 billion, including CAD 7.1 billion in cash. We were in a net cash position of CAD 2.1 billion as at December 31, and our remaining outstanding term notes of $1 billion are long-dated. We will continue to deleverage as we make semi-annual repayments on the QB project finance facilities through 2031.

Our industry-leading balance sheet is a competitive advantage for Teck, providing us with resilience to navigate current market conditions and allowing us to execute on our copper growth strategy while returning cash to shareholders, ensuring we create value for our shareholders.

Turning to slide 19 and our track record of returning cash to shareholders. We continue to balance our investment growth with returns to shareholders. And in 2024, we returned CAD 1.8 billion to shareholders through share buybacks and dividends. This builds on our strong history of cash returns to shareholders, which total approximately CAD 5.1 billion since 2020.

We retain our annual base dividend of CAD 0.50 per share and in each of the past two years, we have paid a supplemental dividend of CAD 0.50 per share, bringing total dividends to CAD 1 per share in 2023 and 2024. And we continue to be in the market daily, actively buying back our shares with CAD 3.25 billion in share buybacks authorized last year. As of yesterday, we had executed CAD 1.45 billion of the CAD 3.25 billion authorization under our normal course issuer bid, representing approximately 22.7 million Class B shares. This leaves approximately CAD 1.8 billion of our authorized share buyback remaining to further improve our per share value.

And with the strong cash flow generation potential of our business, we could see further cash returns to shareholders in line with our capital allocation framework. We remain committed to returning between 30% and 100% of future available cash flows to our shareholders.

Turning to our capital expenditure guidance for 2025 on slide 20. We are focused on investing in our value-accretive, near-term copper growth projects as we progress towards potential sanction decisions in 2025. Our guidance for 2025 sustaining capital and capitalized stripping remains within our expected range of CAD 1 billion to CAD 1.2 billion. Sustaining capital will remain relatively flat at between CAD 750 million and CAD 845 million from CAD 836 million in 2024, and capitalized stripping is expected to decline to between CAD 260 million to CAD 300 million from CAD 373 million in 2024 as we have largely completed the required waste stripping in the Lornex pit at Highland Valley.

Our growth capital is expected to be between CAD 875 million to CAD 980 million, or around $625 million to $700 million in 2025. This growth capital is for multiple projects across our portfolio, with our focus on advancing our value-accretive near-term copper projects to potential sanction decisions in 2025.

On an attributable basis, we anticipate pre-sanction copper growth capital of approximately $430 million to $485 million in 2025. This includes approximately $100 million to $110 million for the mine life extension at Highland Valley and $220 million to $240 million for Zafranal. Both projects are currently focused on advancing detailed engineering, design, and project execution planning, which are critical steps in meeting our investment requirements for potential project sanctioning. Zafranal already has its main permit, and we are therefore proceeding with advanced early works in 2025 to enable construction to start when the project is sanctioned.

We also expect to spend $25 million to $30 million to progress QB debottlenecking this year. The remaining copper growth capital expenditures are focused on advancing studies for our pipeline of medium- to long-term projects, including Galore Creek, Schaft Creek, New Range, and NuevaUnion. These investments ensure that we are well-positioned to advance these growth projects efficiently while remaining disciplined with our capital allocation.

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

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

Thanks, Crystal. So as we look forward, I want to take a moment to acknowledge the economic and political backdrop in which we are operating on slide 22. Globally, we are witnessing a period of significant economic uncertainty and change that will alter trade flows and potentially impact global supply chains and market dynamics. In this context, the outlook for our commodities remains robust, driven by the underlying demand factors of economic growth and urbanization, electrification to ensure energy security and growth in a digital economy. These secular tailwinds underpin significant demand for both copper and zinc and, when coupled with supply side constraints, underline the strength in our strategy as a pure-play base metals company with a deep pipeline of copper growth opportunities.

Turning to slide 23. We are closely monitoring the potential impact of tariffs and other restrictions between the US and Canada, which is a fluid and rapidly evolving situation. Teck has a resilient businessm driven by the diversification of our products and operations, coupled with an agile and sophisticated commercial strategy and a very strong balance sheet.

To put the potential tariffs into context, any imposed tariffs by the US are not expected to have a material impact on our business. Our copper and zinc concentrate sales would not be impacted as we primarily sell to Asia and Europe and not into the US. Trails' refined zinc, lead, and specialty metals such as germanium, indium, and sulfur products are sold into the US. In the event that tariffs are imposed, we expect trade flows to adjust.

While Teck produces a large proportion of the ex-China supply for this diverse group of metals, they comprise less than 15% of our revenues. [audio gap] (27:08) actively monitor and respond to the situation [audio gap] (27:13) potential impacts [audio gap] (27:14). We have a strong commercial strategy and logistic [audio gap] (27:18) to quickly pivot and respond to changing market conditions. We are closely watching [indiscernible] (27:25) and engaging with our customers, and we remain resilient in the current environment.

So to conclude on slide 24, our focus at Teck is to create value for our shareholders, and our priorities are focused on doing just that in 2025 and beyond. We've entered the year with QB operating at design throughput capacity rates, and our primary focus is to complete the QB ramp-up to steady state. We will continue to drive operational excellence across our portfolio of high-quality copper and zinc operations and projects with a strong focus on cost discipline. This will ensure that we not only increase our copper production but also increase our margins.

Importantly, we remain committed to returning cash to our shareholders through the execution of our authorized share buyback program and annual base dividend. We are progressing our near-term copper projects to possible sanction decisions in 2025, positioning us for our next phase of copper growth. And I feel confident that we have the resilience to navigate uncertainty and create value through our strong financial position and agile commercial strategy. Overall, I'm very excited about the opportunities ahead of us to continue to drive value creation.

Thank you. With that, operator, please open the line for questions.

QUESTION AND ANSWER SECTION

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

<Q – Orest Wowkodaw – Scotiabank>: Hi. Good morning. Wondering if we can get a bit more color on the QB2 ramp. Obviously, really strong performance in November, December. January, impacted by the extended 18-day shutdown. What's the performance been like since it restarted and do you think QB2 is on track to reach that sort of steady-state full nameplate by midyear? I'm wondering if anything's come out of the shutdown that may perhaps either advance that or delay that.

<A – Jon Price – Teck Resources Limited>: Hi, Orest. Thank you very much for that question. Look, overall, I would say the ramp-up is progressing well, and it's – continues to be in line with what we would call normal course or benchmark ramp-up timetables. We have planned quarterly shutdowns that are embedded in our operating plans, and we've communicated that previously. And as you highlighted, we did have an extended shutdown for 18 days in January to conduct maintenance reliability work and to complete some tailings lifts as part of the operational ramp-up.

That 18-day shutdown is fully reflected in the guidance range of to 230,000 tonnes to 270,000 tonnes for 2025. And post that shutdown, the plant and the operation more generally has been running very much in line with our underlying operational plans. So we do have good confidence in achieving the guidance range that we've set out. As you've seen, we've mentioned a few things. For example, having lower grades towards the start of the year and higher grades towards the back end of the year and processing some more transitionals at the front end of the year which, as you know, can lead to lower recoveries. But all of that is fully accounted for in the guidance range that we've put forward, and we're very pleased with the way that the plants and the operation as a whole is operating today.

<Q – Orest Wowkodaw – Scotiabank>: Thanks. And just as a follow-up, what is the planned cadence for future maintenance shutdowns at QB2 for the rest of the year? Like, is it sort of like a [ph] week a quarter (31:25) now starting in Q2 or just what's planned?

<A – Jon Price – Teck Resources Limited>: Yeah. Look, that's a reasonable assumption, Orest. Overall, the online time for the plant is expected to be around 92%. That does imply a shutdown of around seven days in every quarter as we did last year. We've typically been having those shutdowns in the first month of each quarter. And going forward in 2025, we expect to maintain a similar cadence.

<Q – Orest Wowkodaw – Scotiabank>: Okay. So nothing – no longer shutdowns currently planned beyond what we saw in January?

<A – Jon Price – Teck Resources Limited>: That's correct.

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

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

Operator: The next question is from Carlos de Alba with Morgan Stanley. Please go ahead.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Yeah. Thank you and good morning, everyone. The balance sheet is undeniably strong. And so there is – how should we reconcile, Jonathan, your capital allocation framework? The fact that on our estimates and consensus [ph] sell-side (32:31) estimates, you're going to generate anywhere between CAD 1 billion to CAD 2 billion or more per year in the coming years of free cash flow. How do we reconcile this strong balance sheet, your capital allocation framework or returning money to shareholders, and the potential M&A where Teck goes and buys smaller projects or smaller companies even though [indiscernible] (32:55) have a very robust pipeline of projects or maybe we just see more outsized returns to shareholders as you have done in the last few years? This is a key question that we are discussing with investors. And clearly, as you know, the potential for M&A and I would say risk, in a way, is something that, yeah, we would like to see how, from your perspective and the board perspective, you are looking at this?

<A – Jon Price – Teck Resources Limited>: Yeah. Carlos, thanks very much for that question. It was a fairly broad one. Look, the capital allocation approach that we take in the business is very much focused on value creation for our shareholders. We do have a very strong balance sheet, as Crystal outlines. We reduced debt quite significantly last year, and we are currently running a net cash position on that balance sheet. Also, we do still have a very significant outstanding authorization of share buybacks that we will continue to execute through the course of this year. That's in the range of CAD 1.8 billion of cash still to be deployed through the buyback of our shares.

And as Crystal mentioned, we're in the market executing on that every day in addition to the base dividend that we have and that we've maintained through this year. We've always said that if we continue to generate cash in excess of the needs of the business, that will make its way through the capital allocation framework. And under that framework, we do have the potential to return a further 30% or 100% of cash that's in excess of our needs. As you know, we also have a stable of projects in the portfolio. And when we went through the use of proceeds from the sale of EVR last year, one of the things we said we would do is reserve some cash for the development of what we consider to be low capital intensity and high returning projects that we have in the portfolio. One of those being the Highland Valley Copper Mine Life Extension here in British Colombia, another being the Zafranal project in Peru, and the other greenfield being the San Nicolás project in Mexico.

We continue to focus on the organic growth in the business because we see that as being the most value-accretive path for our shareholders. We are, of course, very aware of the M&A activity in the sector that is spoken about. But from Teck's perspective, our focus remains creating as much value as we can for our shareholders, and we believe that the projects we have in the portfolio are a great way to achieve that. So it's a good position to be in. It gives us resilience, it gives us options, but we will maintain our focus on creating value for shareholders and executing on the plans that I think we've clearly set out.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Great. Thank you. And just a very short follow-up. Is Zafranal arguably the greenfield project that, as of now, will be next?

<A – Jon Price – Teck Resources Limited>: So we are quite advanced on Zafranal, as you know, in terms of having the environmental permits associated with that. And as you see from our disclosures around our copper growth spend this year, we are increasing the spend there, reflective of a project that is close to a sanction decision.

We continue to work very hard on San Nicolás as well. We see that as a very attractive option. And ultimately, the economics of those projects, the progress of the other permits that are required to actually take a project through into execution, and the completion of the right level of engineering work that needs to be done prior to sanction will determine which of those projects is up for sanction first. But I think you can see from our disclosures that Zafranal today is in a very strong position.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Thank you, [ph] Jonathan (37:04).

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

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

<Q – Liam Fitzpatrick – Deutsche Bank AG>: Hi, Jonathan. Two questions for me on QB. The first one is on the topic of a potential tie-up or some sort of JV with Collahuasi. We've seen an interesting deal announced today by Anglo and Codelco, and it would seem that from a value unlock perspective, this is a fairly obvious area for Teck and the other companies involved. Can you give any color on where the discussions are and [indiscernible] (37:44) reasons why this isn't being looked at or pursued more aggressively?

And my second question is on QB costs. Just looking at the absolute costs in Q4, they did go up quite significantly. Is there anything in there that you can talk to that should unwind? Because looking at it, it seems like there's a lot of cost that has to come out through 2025 for you to hit the unit cost guidance. Thank you.

<A – Jon Price – Teck Resources Limited>: Liam, yeah, thank you for those questions. I'll, in a moment, hand the second question over to Crystal. But just starting with your question on QB-Collahuasi. And as we've discussed before, we do recognize the potential value of some form of tie-up between those two operations, and it's something that we've done a good deal of work on to understand that the various ways in which that value could be unlocked. As we've also consistently said, our number one focus remains on optimizing value for Teck's shareholders, and we look at all the decisions we make through that lens. Right now, our focus remains on the ramp-up of QB to full production and steady state. And as we've spoken about previously, the optimization and debottlenecking of that plant which will be some of the most capital-efficient unlock of tonnes that we have anywhere in the portfolio, so that remains key focus for us.

We have, as you would expect, had a level of engagement around the opportunities with QB-Collahuasi with the partners on the other side. But as you'd appreciate, those discussions are confidential in nature. And, of course, we can't say anything more about those at this point in time other than to reaffirm that we recognize the value potential there, and we will always act in the best interest of Teck's shareholders in terms of how we maximize value from the portfolio that we have.

And with that, I'll hand over to Crystal on the cost question.

<A – Crystal Prystai – Teck Resources Limited>: Hi, Liam. Thanks for your question. I think you've drawn out the key point just in that context of as we look forward, expecting significant reductions in QB costs as we move to more stabilized production levels through 2025 and we complete the demobilization of contractors that supported the ramp-up through 2024. In the fourth quarter, of course, we saw an increase in volume. That does drive a modest increase in operating costs as we have higher electricity and supplies. And when you balance that over a higher production, that should normalize.

There were also some onetime costs that we incurred in the fourth quarter. We mentioned the settlement of two, three of our labor contracts which were, of course, [ph] a good outcome (40:31). Those lead to bonuses paid to those unions as we resolve those contracts. So we do continue to expect a decline in our unit costs for QB and for the copper business as we move into 2025 and we see an uptick in our production levels as well as in the molybdenum products we expect in 2025.

<Q – Liam Fitzpatrick – Deutsche Bank AG>: Okay. Thank you both.

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

Operator: The next question is from Craig Hutchinson (sic) [Hutchison] (41:04) with TD Cowen. Please go ahead.

<Q – Craig Hutchison – TD Securities, Inc.>: Hi. Good morning, guys. Just a question on the Highland Valley Life Extension, there's a note in the MD&A saying that there's a – I guess, been a challenge by one of the indigenous government organizations that delayed the approval process for the EA. Does that have to be resolved before the EA could be issued or can you get the EA and then resolve these issues after the fact? And I guess just maybe as a follow-up, do you have an anticipated timeline for, I guess, solving it or getting any additional impact benefit agreements with those that [indiscernible] (41:42)?

<A – Jon Price – Teck Resources Limited>: Yeah. Craig, thank you for that question. It's a good one. And as you can imagine, it's a file we're working very hard on at the moment. We are in the final phases of the EA process for the Mine Life Extension Project. And the dispute process that we've referenced is a formal established part of that Environmental Assessment process, which is designed to resolve issues. As noted, we have secured agreements with other indigenous government organizations that are involved in the approval process for Highland Valley Mine Life Extension, and we got those coming through in December and January. And we do continue to engage with [ph] SSN (42:26) who are the party that has disputed the approval of this project.

But we have a very long track record of working successfully with indigenous nations and sharing the benefits of the operation and of future growth with those nations. And we do remain confident in our ability to move forward successfully. We also have a good track record of permitting here specifically in British Columbia, and it's worth noting that the province of British Columbia recently announced that they would be working to fast track permitting on this project. So we do have a lot of support with respect to this, and we remain confident in getting this done and getting the approvals we need. It's the project that we believe has compelling returns, and we do expect to be in a position to sanction it later this year.

<Q – Craig Hutchison – TD Securities, Inc.>: Okay. Great. And maybe just a follow-up question, you guys mentioned you got the permit for the road restoration at Red Dog. The step-up in growth capital this year versus last, does that include spending on the road this year or is that a separate [indiscernible] (43:33) line item?

<A – Jon Price – Teck Resources Limited>: Yes. It does include that, Craig. You're exactly right.

<Q – Craig Hutchison – TD Securities, Inc.>: Okay. Great. Thanks, guys.

<A – Jon Price – Teck Resources Limited>: Thank you.

Operator: The next question is from Lawson Winder with Bank of America Securities. Please go ahead.

<Q – Lawson Winder – BofA Securities>: Thank you, operator. Good morning, Jonathan and Crystal. Thanks for the update. I wanted to ask about capital allocation and zinc. And so just pointing to zinc showing some signs of life in 2024 and Teck having a range of projects in zinc and also noting that to maintain current zinc business, it will require significant investment. When you think about allocating capital to the various projects are the zinc and copper segments separate buckets, or could there be a situation where zinc prices point to higher IRRs and as a result, you de-emphasize copper growth?

<A – Jon Price – Teck Resources Limited>: Look, I think, we look at capital allocation holistically across the entire organization. We're not contemplating that separately for copper and zinc. Everything has to compete for the capital we have and compete on the range of metrics that we've spoken about before and particularly returns on this growth. Look, I think we see the fundamentals for zinc to be attractive. There is a strong demand for zinc. And perhaps the demand growth outlook is not as compelling as it is for copper, but we've seen a dearth of new supply in zinc for many, many years. No major zinc projects coming through.

And at Red Dog, of course, we have a world class Tier 1 operation. And while that comes to end of current life around 2031, we have a couple of very high-quality ore bodies nearby and that is where the spending is being directed today to understand the potential future of Red Dog and the potential for a significant life extension there. So based on those fundamentals, based on the quality of the project we have at Red Dog, we continue to see that as a core part of the portfolio.

Of course, in addition to Red Dog, we do get zinc concentrate from Antamina. And in the future, in the event we sanction San Nicolás, that will be a further source of zinc concentrate for us. So, we hold a strong position in that market right now. Provided the fundamentals remain intact, we would continue to want to maintain a strong position in that market into the future.

<Q – Lawson Winder – BofA Securities>: Okay. Thanks, Jonathan. And then – and just looking at another asset that has a significant zinc [audio gap] (46:18) your Mexican asset. Has the political situation in Mexico evolved any more favorably at this point? And what's your thinking in terms of actually making a decision to invest capital into San Nicolás? Thank you.

<A – Jon Price – Teck Resources Limited>: Yeah. So we remain highly interested in the San Nicolás project. It's a relatively small, simple flowsheet. It will have a low capital intensity. It's very high grade, which means it will deliver strong margins through its life. We're closely monitoring the mining environment in Mexico. And I was in Mexico City in January and had an opportunity to meet with President Sheinbaum and talk to her about San Nicolás and about mining more generally.

While at the present time, it [audio gap] (47:09) to be a priority for [audio gap] (47:12) legislation on mining given it has its hands full with its neighbor to the north. We do see longer term a focus there on foreign direct investment to focus on building critical minerals supply chain and capability. And I would say the signals we get from the administration are encouraging, particularly given the commodities that San Nicolás will be producing and particularly given the track record of being responsible in our approach to developing operating mines that both ourselves and Agnico Eagle bring to the table.

Now, we don't see any negative immediate impacts in relation to San Nicolás, so we continue to do our study work. But it would be fair to say, of course, that we won't make a sanction decision and we won't commit significant dollars to further investments on the ground in Mexico until such time as we have certainty of permitting and the support of the government, but we remain optimistic.

<Q – Lawson Winder – BofA Securities>: Fantastic. Thanks, Jonathan.

<A – Jon Price – Teck Resources Limited>: Thank you, Lawson.

Operator: The next question is from Myles Allsop with UBS. Please go ahead.

<Q – Myles Allsop – UBS AG (London Branch)>: Yeah. Maybe just on QB, could you remind us how much [indiscernible] (48:36) capitalizing costs, how much you're capitalizing at the moment? Is it just interest or is it [indiscernible] (48:40) other like costs as well and when will you stop capitalizing those?

And then maybe a second on Trail. It's going to be – free cash flow negative last year. It's likely to be even more cash flow negative this year. And what does it take to decide to close Trail? And I know you said it's strategically important but when it's burning cash, how long do you maintain that view of strategic importance?

<A – Jon Price – Teck Resources Limited>: I'll come back to your second question on Trail in a moment [indiscernible] (49:15) to Crystal for the first question on QB costs.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. Thank you. And maybe just a bit of a clarification there. When I mentioned that we were capitalizing ramp-up costs associated with QB, that was in Q4 of 2023. And through 2024, we've been – we have not been capitalizing interest on the project. Of course, construction was complete in the first quarter with the port and molybdenum plant in the second quarter. So no longer capitalizing interest, depreciating the assets there, and we haven't been capitalizing ramp-up costs in 2024. So the only capitalization you're seeing at QB is in relation to sustaining capital costs and, to a very minor extent, capitalized stripping.

<A – Jon Price – Teck Resources Limited>: Thanks, Crystal. And then moving on to Trail, Myles, a couple of comments that we've been very focused on profitability and cash generation at Trail, and we've made a number of changes to support that. We've implemented cost reductions at the sites in relation to maintenance, some non-routine work. We've reduced head count at the site and, with new leadership there, worked on a whole series of cost reduction opportunities across the operation. We have reduced our refined zinc production this year in the context of the TC environment and that, again, will directly improve Trail's profitability and cash generation.

The [indiscernible] (50:46) plants that we did a significant amount of maintenance on is now operating very well, and our production of lead in particular is very strong. And we do also have the option at Trail to sell excess power to generate cash flows as needed. So we've taken a very commercial focus to the way that we're operating Trail right now. I'm very pleased with the early results that we are seeing that – and I think Trail is doing the things it needs to do to continue to earn its place in the portfolio from a profitability and cash flow generation perspective.

The other comment I would make on Trail that it really is, particularly in the current context, quite a strategic asset. It's key to our portfolio particularly that integration with the Red Dog mine and gives us optimal market access for the Red Dog concentrate. Importantly though, it produces a number of metals which would become quite strategic and important in the current context of the relationship between Canada and the US. We estimate that Trail would be the fourth largest producer of germanium in the world and the only primary producer of germanium in North America. And this is at a time where China has cut off or restricted supplies of germanium into the US, and it's a critical component for defense spending, for example, and goes directly to that national security agenda.

So, foundationally, it's absolutely critical that we achieve profitability and cash flow generation from Trail, and I'm confident that we're on the right path there. And then secondly, there's a compelling strategic overlay with Trail being part of an integrated flowsheet that we have with Red Dog.

<Q – Myles Allsop – UBS AG (London Branch)>: How much revenue do you get from germanium and the smaller metals? Is that becoming a meaningful stream that will surprise the upside given what's happening?

<A – Jon Price – Teck Resources Limited>: Yes. So it's – look, it's relatively small in terms of the direct revenue and cash flow and profitability impact in the business. What it has, I think, is a lot of ancillary strategic benefits from a relationship perspective in a period of time where trade relations are strained. And that flows all the way back upstream to the outlook for the Red Dog mine which, of course, is in the US in Alaska. And as we look forward to the future expansions of Red Dog, the proportion of specialty metals in that concentrate will actually increase.

So we think it's interesting for a number of reasons but the – again, just on Trail, the core focus there is on profitability and cash generation, and we're in good shape there with a number of the changes that have recently been made and the new operating strategy that that team has put in place for 2025.

<Q – Myles Allsop – UBS AG (London Branch)>: Great. Thank you.

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

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

<Q – Bill Peterson – JPMorgan Securities LLC>: Yeah. Hi. Good morning and thanks for taking the questions. Maybe on the growth projects, you spoke to the EA assessment of Highland Valley and a little bit on Mexico. But if we think about higher level, I guess at this stage for 2025, can you go through each project in terms of what's in your control versus local authorities? What should we be looking out for next steps? And I guess on Zafranal in particular, you discussed a potential sanction decision. What are the key requirements you're looking for, whether it be market-related or expectations on costs or are you looking forward to potentially sanction by year-end?

<A – Jon Price – Teck Resources Limited>: Look, I mean, I think, as ever, the things that are in our control remain the studies and the completion of those studies. There remain the engineering work that we're undertaking. And, of course, there remain the engagement with vendors and contractors that ultimately will support the project. As is the case with any project, to a certain extent, permitting is beyond our control. But, of course, it's something that we engage on very heavily, and it's something where we work very closely with the regulators in a collaborative fashion through that process.

I think all of these projects will have to earn their place in the portfolio and earn their place in terms of capital allocation. Of course, we have a view that that is the case, which is why we are pursuing them as near-term priorities. And the economics that we see associated with these projects are compelling, offering a combination of strong IRRs, strong cash flow generation, strong EBITDA contribution to the group, and a meaningful contribution to our product base. So all of those things must be true ultimately for a project to be sanctioned and for the risks to be appropriately managed.

So we're comfortable with the portfolio that we have, HVC being a brownfield mine life extension here in BC and then two greenfield projects with Zafranal in Peru being one that Teck will construct and operate and then San Nicolás in Mexico under that 50/50 joint venture with Agnico Eagle which will be constructed and ultimately operated by the joint venture company. So, we're very happy with the shape of that portfolio. We'll continue to progress these projects to sanction decisions. And as I've said, provided the financial metrics are there, we expect to sanction them and see them earn their place in our portfolio going forward.

<Q – Bill Peterson – JPMorgan Securities LLC>: Yeah, thanks for that. And then I wanted to ask about cost maybe in a slightly different way than the prior question. First, you talked about the union, two out of three being negotiated, one more to go. I guess, how should we think about a run rate impact to the model and costs? And then I guess kind of one step further on the cost trajectory for QB2, as we think about the exit rate, cost per pound given the expected output increases throughout the year.

<A – Jon Price – Teck Resources Limited>: Crystal, over to you on that, please.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. I mean, I think in the context of sort of run rate costs, of course, Emma and the team can take you through more of the details. But I think in terms of labor costs, you can continue to assume sort of lower single-digit [indiscernible] (57:10). And I'll get Emma to follow up with you offline.

And then in terms of sort of run rate, I think in the way that we've talked about production, escalating as we go through the year to more stable run rates at QB, I think you can think about the costs in the same way as we've established our guidance with a lower end and a higher end, and we've continued to disclose the unit cost for QB to give you that indication. So I think I would see that as sort of a tale of two halves of the year similar to production.

<Q – Bill Peterson – JPMorgan Securities LLC>: Thank you, Jonathan and Crystal.

<A – Jon Price – Teck Resources Limited>: Thanks for those questions, Bill.

Operator: That's all the time we have for questions today. I will now hand the call back over to Jonathan Price for closing remarks.

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

Thank you, operator, and thanks again to everyone for joining us today. Before we sign off, I did want to note that it is Fraser Phillips' last quarterly conference call with Teck before his retirement. I'd like to sincerely thank Fraser for his many contributions to Teck over the past eight years and wish him and his wife, [ph] Kimberly (58:21), all the very best for their next chapter.

Meanwhile, we look forward to seeing many of you in-person at a major mining conference in Florida next week. If you have any further questions, please reach out to Emma Chapman and to our IR team. Enjoy the rest of your day.

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