UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **Registration statement pursuant to section 12 of the Securities Exchange Act of 1934**
or
☒ **Annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2016 — Commission File Number 001-13184

TECK RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English (if applicable))

CANADA

(Province or other jurisdiction of incorporation or organization)

1400

(Primary Standard Industrial Classification Code Number (if applicable))

NOT APPLICABLE

(I.R.S. Employer Identification Number (if applicable))

Suite 3300 - 550 Burrard Street, Vancouver, B.C. V6C 0B3 CANADA
(604) 699-4000

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 8th Avenue, 13th Floor, New York, New York, 10011 (212) 894-8940

(Name, address (including zip code) and telephone number (including area code)
of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Class B subordinate voting shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

3.15% Notes due 2017
3.850% Notes due 2017
2.500% Notes due 2018
3.000% Notes due 2019
4.500% Notes due 2021
4.75% Notes due 2022
3.750% Notes due 2023
6.125% Notes due 2035
6.000% Notes due 2040
6.25% Notes due 2041
5.200% Notes due 2042
5.400% Notes due 2043

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

9,353,470 Class A Common Shares and 567,546,513 Class B Subordinate Voting Shares outstanding as of December 31, 2016.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

Yes ☐ 82-_____ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☐ No ☐

Principal Documents

The following documents have been filed as part of this Annual Report on Form 40-F:

1. Annual Information Form of Teck Resources Limited for the year ended December 31, 2016.

2. Audited Consolidated Financial Statements of Teck Resources Limited for the year ended December 31, 2016, including the auditor's report with respect thereto.

3. Management's Discussion and Analysis for the year ended December 31, 2016.

Certifications and Disclosure Regarding Controls and Procedures

(a) Certifications. See Exhibits 31.1, 31.2, 32.1 and 32.2 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the Registrant's fiscal year ended December 31, 2016, an evaluation of the effectiveness of the Registrant's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the Registrant's management with the participation of the Registrant's principal executive officer and principal financial officer. Based upon that evaluation, the Registrant's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, the Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

It should be noted that while the Registrant's principal executive officer and principal financial officer believe that the Registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting. The required disclosure is included in the section entitled "Management's Report on Internal Control Over Financial Reporting" in the Registrant's Management's Discussion and Analysis for the fiscal year ended December 31, 2016, filed as part of this Annual Report on Form 40-F.

(d) Attestation Report of the Registered Public Accounting Firm. The required disclosure is included in the "Independent Auditor's report" that accompanies the Registrant's Consolidated Financial Statements for the fiscal year ended December 31, 2016, filed as part of this Annual Report on Form 40-F.

Notices Pursuant to Regulation BTR

Not applicable.

Audit Committee Financial Expert and Identification of Audit Committee

We have an Audit Committee established by the Board of Directors in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Jack L. Cockwell, Laura L. Dottori-Attanasio, Tracey L. McVicar, Warren S.R. Seyffert and Timothy R. Snider. The Board has designated Ms. McVicar as the "audit committee financial expert" as that term is defined in the Form 40-F. Ms. McVicar is "independent" as that term is defined by Rule 10A-3 of the Exchange Act and according to the New York Stock Exchange listing standards applicable to both foreign private issuers and domestic U.S. issuers.

Code of Ethics

We have adopted a code of ethics, amended on June 23, 2006, November 18, 2008 and April 23, 2009, that applies to our principal executive officer, principal financial officer and principal accounting officer or controller and persons performing similar functions. Our code of ethics is posted on our website, www.teck.com.

There have not been any amendments or waivers, including implicit waivers, from any provision of the code of ethics that occurred during the Registrant's most recently completed fiscal year.

Principal Accountant Fees and Services

The required disclosure is included in the section entitled "*Directors and Officers – Audit Committee Information –Auditor's Fees*" in the Registrant's Annual Information Form for the fiscal year ended December 31, 2016, filed as part of this Annual Report on Form 40-F.

In 2015 and 2016, the Registrant's audit committee did not approve any audit-related, tax or other services pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements required to be disclosed in this Annual Report on Form 40-F.

Tabular Disclosure of Contractual Obligations

The required disclosure is included in the section entitled "*Contractual and Other Obligations*" in the Registrant's Management's Discussion and Analysis for the fiscal year ended December 31, 2016, filed as part of this Annual Report Form 40-F.

Undertaking and Consent to Service of Process

A. **Undertaking**

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. **Consent to Service of Process**

The Registrant has previously filed Forms F-X in connection with the classes of securities in relation to which the obligation to file this report arises.

Dodd-Frank Act Mine Safety and Health Administration Safety Disclosure

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, issuers that are required to file reports under the United States Securities Exchange Act of 1934 and that is an operator, or that has a subsidiary that is an operator, of a coal or other mine are required to include in their periodic reports filed with the United States Securities and Exchange Commission certain information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. The Registrant has reportable information under Section 1503(a) that is presented in Exhibit 95.1 to this report, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: **TECK RESOURCES LIMITED**

By (Signature and Title): /s/ Karen Dunfee
Karen L. Dunfee
Corporate Secretary

Date: February 23, 2017

LIST OF EXHIBITS

23.1	Consent of Independent Auditors
23.2	Consent of Rodrigo Marinho, P. Geo.
23.3	Consent of Luis Mamani, SME Registered Member
23.4	Consent of Lucio Canchis, SME Registered Member
23.5	Consent of Don Mills, P. Geo.
23.6	Consent of Eric Jensen, P.Eng.
23.7	Consent of Sproule Unconventional Limited
23.8	Consent of GLJ Petroleum Consultants Ltd.
31.1	Certification of Donald R. Lindsay, Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
31.2	Certification of Ronald A. Millos, Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
32.1	Certification of Donald R. Lindsay, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Ronald A. Millos, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95.1	Mandated mine safety and other regulatory matters
99.1	Annual Information Form for the fiscal year ended December 31, 2016
99.2	Consolidated Financial Statements for the fiscal year ended December 31, 2016, including the auditor's report with respect thereto
99.3	Management's Discussion and Analysis for the year ended December 31, 2016

EXHIBIT 23.1



CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the inclusion in this Annual Report on Form 40-F for the year ended December 31, 2016 of Teck Resources Limited of our report dated February 23, 2017, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting which appears in this Annual Report.

We also consent to the incorporation by reference in Teck Resources Limited's Registration Statements on Form S-8 (File Nos. 333-205514, 333-170840, and 333-140184).

/s/ Pricewaterhouse Coopers LLP
Chartered Professional Accountants
Vancouver, BC
February 23, 2017

EXHIBIT 23.2

CONSENT OF GEOLOGIST

I hereby consent to references to my name under the heading “Description of the Business — Mineral Reserves and Resources” and all other references to my name included or incorporated by reference in: (i) Teck Resources Limited’s Annual Report on Form 40-F for the year ended December 31, 2016; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in the registration statements on Form F-10/A of Teck Resources Limited (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended as applicable.

Sincerely,

/s/ Rodrigo Marinho
Name: Rodrigo Marinho
Title: P. Geo.

Vancouver, British Columbia, Canada
February 23, 2017

EXHIBIT 23.3

CONSENT OF ENGINEER

I hereby consent to references to my name under the heading “Description of the Business — Mineral Reserves and Resources” and all other references to my name included or incorporated by reference in: (i) Teck Resources Limited’s Annual Report on Form 40-F for the year ended December 31, 2016; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in the registration statements on Form F-10/A of Teck Resources Limited (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended as applicable.

Sincerely,

/s/ Luis Mamani
Name: Luis Mamani
Title: SME Registered Member
(4118952RM)

Lima, Peru
February 23, 2017

EXHIBIT 23.4

CONSENT OF ENGINEER

I hereby consent to references to my name under the heading “Description of the Business — Mineral Reserves and Resources” and all other references to my name included or incorporated by reference in: (i) Teck Resources Limited’s Annual Report on Form 40-F for the year ended December 31, 2016; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in the registration statements on Form F-10/A of Teck Resources Limited (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended as applicable.

Sincerely,

/s/ Lucio Canchis
Name: Lucio Canchis
Title: SME Registered Member

Lima, Peru
February 23, 2017

EXHIBIT 23.5

CONSENT OF GEOLOGIST

I hereby consent to references to my name under the heading “Description of the Business — Mineral Reserves and Resources” and all other references to my name included or incorporated by reference in: (i) Teck Resources Limited’s Annual Report on Form 40-F for the year ended December 31, 2016; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in the registration statements on Form F-10/A of Teck Resources Limited (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended as applicable.

Sincerely,

/s/ Don Mills
Name: Don Mills
Title: P. Geo.

Calgary, Canada
February 23, 2017

EXHIBIT 23.6

CONSENT OF ENGINEER

I hereby consent to references to my name under the heading “Description of the Business — Mineral Reserves and Resources” and all other references to my name included or incorporated by reference in: (i) Teck Resources Limited’s Annual Report on Form 40-F for the year ended December 31, 2016; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in the registration statements on Form F-10/A of Teck Resources Limited (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended as applicable.

Sincerely,

/s/ Eric Jensen
Name: Eric Jensen
Title: P. Eng.

Sparwood, British Columbia,
February 23, 2017

EXHIBIT 23.7

CONSENT

Reference is made to the Annual Report on Form 40-F for the year ended December 31, 2016 (the "Annual Report") of Teck Resources Limited (the "Company") to be filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

We hereby consent to references to our firm's name and all references to our name included or incorporated by reference in: (i) the Annual Report of the Company; (ii) the Company's registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in registration statements on Form F-10/A of the Company (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, as applicable.

Yours very truly,

SPROULE UNCONVENTIONAL LIMITED

/s/ Cameron Six
Name: Cameron Six
Title: Chief Operating Officer

Dated: February 23, 2017
Calgary, Alberta, Canada

EXHIBIT 23.8



CONSENT OF ENGINEER

Reference is made to the Annual Report on Form 40-F for the year ended December 31, 2016 (the "Annual Report") of Teck Resources Limited (the "Company") to be filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

We hereby consent to references to our firm's name and use of our report under the heading "Description of the Business - Energy – Fort Hills Project," "Description of the Business – Oil and Gas Resources – Fort Hills Project" and for "Schedule C – Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor" and all other references to our name included or incorporated by reference in: (i) the Annual Report of the Company; (ii) the Company's registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514); and (iii) the incorporation by reference in registration statements on Form F-10/A of the Company (File No. 333-199499) and of Teck Metals Ltd. (File No. 333-199499-01), filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, as applicable.

Yours truly,

GLJ Petroleum Consultants Ltd.

/s/ Tim R. Freeborn
Name: Tim R. Freeborn, P. Eng.
Title: Vice President

Calgary, Alberta
February 23, 2017

EXHIBIT 31.1

CERTIFICATIONS

I, Donald R. Lindsay, certify that:

1. I have reviewed this annual report on Form 40-F of Teck Resources Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Sincerely,

/s/ Donald R. Lindsay
Name: Donald R. Lindsay
Title: Chief Executive Officer

February 23, 2017

EXHIBIT 31.2

CERTIFICATIONS

I, Ronald A. Millos, certify that:

1. I have reviewed this annual report on Form 40-F of Teck Resources Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Sincerely,

/s/ Ronald A. Millos
Name: Ronald A. Millos
Title: Chief Financial Officer

February 23, 2017

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Teck Resources Limited

In connection with the annual report of Teck Resources Limited (the “Company”) on Form 40-F for the fiscal year ended December 31, 2016 (the "Report”) to which this certification is an exhibit, I, Donald R. Lindsay, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Sincerely,

/s/ Donald R. Lindsay
Name: Donald R. Lindsay
Title: Chief Executive Officer

February 23, 2017

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Teck Resources Limited

In connection with the annual report of Teck Resources Limited (the “Company”) on Form 40-F for the fiscal year ended December 31, 2016 (the "Report”) to which this certification is an exhibit, I, Ronald A. Millos, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Sincerely,

/s/ Ronald A. Millos
Name: Ronald A. Millos
Title: Chief Financial Officer

February 23, 2017

EXHIBIT 95.1

Certain of the Registrant's operations located in the United States are subject to the U.S. Federal Mine Safety and Health Act (the " **Mine Act**") and are subject to regulation by the U.S. Mine Safety and Health Administration ("**MSHA**"). MSHA inspects these facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed.

The following table and other data present the mine safety information related to our U.S. operations as required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the twelve months ended December 31, 2016.

Mine or Operation	Section 104 S&S Citations(1)	Section 104(b) Orders(2)	Section 104(d) Citations and Orders(3)	Section 110(b)(2) Violations(4)	Section 107(a) Imminent Danger Orders(5)	Total Value of MSHA Assessments Proposed(6)	Mining-related Fatalities	Legal Actions Pending as of Last Day of 2016	Legal actions instituted during 2016	Legal actions resolved during 2016
Red Dog	12	0	0	0	0	$ 20,795	0	3	6	12
Pend Oreille	10	0	0	0	0	$ 27,373	0	0	0	0

(1) Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act for which the operator received a citation from MSHA. This total includes any citations or orders listed under the column headed "Section 104(d) Citations and Orders".

(2) Total number of orders under section 104(b) of the Mine Act.

(3) Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act.

(4) Flagrant violations identified by MSHA under section 110(b)(2) of the Mine Act.

(5) Orders issued by MSHA under section 107(a) of the Mine Act for situations in which MSHA determined an "imminent danger" (as defined by MSHA) existed.

(6) Represents the total dollar value of the proposed assessments from MSHA against Teck Alaska Incorporated (for Red Dog) or Teck Washington Incorporated (for Pend Oreille) under the Mine Act during the twelve months ended December 31, 2016 relating to any type of violation during the period covered by this report, regardless of whether the Registrant has challenged or appealed the assessment. There may be violations which have not been assessed as at the time of this report.

During the year ended December 31, 2016, none of the mines operated by us received written notice from MSHA of (a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act or (b) the potential to have such a pattern.

EXHIBIT 99.1

Annual Information Form

February 23, 2017

Teck

Table of Contents

Nomenclature 1
Cautionary Statement on Forward-Looking Information 1
Glossary of Technical Terms 6
Corporate Structure 8
- Name, Address and Incorporation 8
- Intercorporate Relationships 9

General Development of the Business 11
- Three-Year History 11
  - 2014 11
  - 2015 11
  - 2016 12

Description of the Business 13
- General 13
- Product Summary 14
  - Copper 14
  - Steelmaking Coal 15
  - Zinc 16
- Individual Operations 17
  - Copper 17
  - Steelmaking Coal 29
  - Zinc 36
  - Energy 41
- Exploration 44
- Corporate 44
- Mineral Reserves and Resources 45
- Oil and Gas Reserves 55
- Health and Safety and Environmental Protection 62
- Social and Environmental Policies 66
- Human Resources 66
- Technology 67
- Foreign Operations 67
- Competitive Conditions 68

Risk Factors 69
Dividends 84
Description of Capital Structure 85
- General Description of Capital Structure 85
- Ratings 90

Market for Securities 93
- Trading Price and Volume 93

Directors and Officers 94
Directors 94
Officers 96
Audit Committee Information 98
Composition of the Audit Committee 98
Pre-Approval Policies and Procedures 99
Auditor's Fees 100
Ownership by Directors and Officers 100
Legal Proceedings 101
Transfer Agents and Registrars 103
Material Contracts 103
Interests of Experts 103
Disclosure Pursuant to the Requirements of the New York Stock Exchange 104
Additional Information 104
Schedule A – Audit Committee Charter A-1
Schedule B – Report of Management and Directors on Reserves Data and Other Information B-1
Schedule C – Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor C-1
Schedule D – List of Technical Reports D-1

Nomenclature

In this Annual Information Form, unless the context otherwise dictates, " **we**", "**Teck**" or the "**Company**" refers to Teck Resources Limited and its subsidiaries.

Cautionary Statement on Forward-Looking Information

This Annual Information Form contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as "**forward-looking statements**"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this Annual Information Form. These forward-looking statements include but are not limited to, statements concerning:

- forecast production;
- forecast operating costs and capital costs;
- our strategies and objectives;
- future prices and price volatility for coal, copper, zinc and other products and commodities that we produce and sell as well as oil, natural gas and petroleum products;
- the demand for and supply of copper, coal, zinc and other products and commodities that we produce and sell;
- expected receipt of regulatory approvals, and the expected timing thereof;
- expected receipt of pre-feasibility studies, feasibility studies and other studies and the expected timing thereof;
- proposed or expected changes in regulatory frameworks;
- our interest and other expenses;
- our tax position and the tax rates applicable to us;
- the costs of construction at our Fort Hills oil sands project and timing of production;
- decisions regarding the timing and costs of construction and production with respect to, and the issuance of the necessary permits and other authorizations required for, certain of our other development and expansion projects, including, among others, the Frontier project, the Quebrada Blanca Phase 2 project and the NuevaUnión copper project;
- expected mine lives and possible extensions to mine lives, including but not limited to the Antamina mine life;
- our estimates of the quantity and quality of our mineral and oil reserves and resources;

- the production capacity of our operations, our planned production levels and future production;
- availability of transportation for our products from our operations;
- availability of any of our credit facilities;
- financial assurance requirements related to our projects and related agreements;
- potential impact of transportation and other potential production disruptions;
- our planned capital expenditures and our estimates of reclamation and other costs related to environmental protection;
- our future capital and mine production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of various operations;
- the costs and potential impact of managing water quality at our coal operations;
- our financial and operating objectives;
- our exploration, environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we are involved;
- the outcome of our coal sales negotiations and negotiations with metals and concentrate customers concerning treatment charges, price adjustments and premiums;
- the timing of completion of pre-feasibility or feasibility studies on our properties;
- the estimated mine lives of our operations;
- our dividend policy; and
- general business and economic conditions.

Canadian disclosure rules require us to present projected capital and projected operating costs for each of our material mining operations. The amounts presented for each operation are estimates, based on current mine plans and assumptions believed to be reasonable, including assumptions with respect to energy and labour costs and the Canadian/US dollar exchange rate. Future capital expenditures are based on management's best estimate of expected future capital requirements, which are generally for the extraction and processing of existing reserves and resources. Cash operating costs are not a measure recognized under International Financial Reporting Standards in Canada or generally accepted accounting principles in the United States. Various factors will cause actual results to vary from the projected operating and capital costs set out below. Our disclosed cash operating costs do not include transportation costs or royalties, and may not be comparable to similar measures reported by other issuers.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral and oil and gas properties such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, delays associated with permit appeals or other regulatory processes, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with the *Canadian*

Corruption of Foreign Public Officials Act and similar worldwide bribery laws; risks associated with labour disturbances and availability of skilled labour; risks associated with fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining and oil and gas properties; risks associated with lack of access to markets; risks associated with mineral and oil and gas reserve estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with access to capital; risks associated with our material financing arrangements and our covenants thereunder; risks associated with climate change, environmental compliance, changes in environmental legislation and regulation and changes to our reclamation objectives; risks associated with our dependence on third parties for the provision of transportation and other critical services; risks associated with non-performance by contractual counterparties; risks associated with potential disputes with partners and co-owners; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; risks associated with the preparation of our financial statements; risks related to trade barriers or import restrictions; risks of changes in tax laws or their interpretation; and risks associated with tax reassessments and legal proceedings. See "*Risk Factors*" for more detail on the risks and uncertainty we face.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Annual Information Form. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign or domestic governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, coal and zinc and our other metals and minerals as well as oil, natural gas and other petroleum products;
- the timing of the receipt of permits and other regulatory and governmental approvals for our development projects and other operations, including mine extensions;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- our ability to secure adequate transportation for our products;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding to refinance our borrowings as they become due or to finance our development projects on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;

- the availability of qualified employees and contractors for our operations, including our new developments;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results;
- engineering and construction timetables and capital costs for our development and expansion projects;
- costs of closure, and environmental compliance costs generally, of operations;
- market competition;
- the accuracy of our reserve and resource estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- premiums realized over London Metal Exchange cash and other benchmark prices;
- tax benefits and tax rates;
- the outcome of our coal price and volume negotiations with customers;
- the outcome of our copper, zinc and lead concentrate treatment and refining charge negotiations with customers;
- the resolution of environmental and other proceedings or disputes;
- the future supply of low cost power to the Trail smelting and refining complex;
- our ability to obtain, comply with and renew permits in a timely manner; and
- our ongoing relations with our employees and with our business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under "*Risk Factors*" in this Annual Information Form. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources and Oil and Gas Reserves

This Annual Information Form has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws.

In this Annual Information Form we use the term “mineral resources” and its subcategories “measured”, “indicated” and “inferred” mineral resources. Readers are advised that while such terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (“SEC”) does not recognize them and does not permit U.S. mining companies in their filings with the SEC to disclose estimates of mineral resources. Investors are cautioned not to assume that any part or all of the mineral resources in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Under Canadian rules, issuers must not make any disclosure of results of an economic evaluation that includes inferred mineral resources, except in very limited cases. Investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is, or will be economically or legally mineable.

Canadian standards of oil and gas disclosure also differ significantly from the requirements of the SEC, and oil and gas reserve and resource information contained in this Annual Information Form may not be comparable to similar information disclosed by U.S. companies. The oil and gas reserves estimates in this Annual Information Form have been prepared in accordance with National Instrument 51-101 — *Standards of Disclosure for Oil and Gas Activities* (**"NI 51-101"**), which has been adopted by securities regulatory authorities in Canada and imposes oil and gas disclosure standards for Canadian public issuers engaged in oil and gas activities and differs from the oil and gas disclosure standards of the SEC under Subpart 1200 of Regulation S-K. The SEC definitions of proved and probable reserves are different than the definitions contained in NI 51-101. Therefore, proved and probable reserves disclosed in, or in the documents incorporated by reference into, this Annual Information Form in compliance with NI 51-101 may not be comparable to those disclosed by U.S. companies.

Table of Contents

Glossary of Technical Terms

bitumen: a naturally occurring heavy viscous crude oil.

cathode: an electrode in an electrolytic cell which receives electrons and which represents the final product of an electrolytic metal refining process.

clean coal: coal that has been processed to separate impurities and is in a form suitable for sale.

coking coal: coals possessing physical and chemical characteristics that facilitate the conversion into coke, which is used in the steelmaking process. Coking coal may also be referred to as metallurgical coal.

concentrate: a product containing valuable minerals from which most of the waste rock in the ore has been eliminated in a mill or concentrator.

crude oil: unrefined liquid hydrocarbons, excluding natural gas liquids.

dump leach: a process that involves dissolving and recovering minerals from typically lower grade uncrushed ore from a mine dump.

flotation: a method of mineral separation in which a froth created in water by a variety of reagents floats certain finely-crushed minerals, while other minerals sink, so that the valuable minerals are concentrated and separated from the waste.

grade: the classification of an ore according to its content of economically valuable material, expressed as grams per tonne for precious metals and as a percentage for most other metals.

hard coking coal: a type of coking coal used primarily for making high strength coke for use in integrated steel mills.

heap leach: a process whereby metals are leached from a heap of crushed ore by leaching solutions seeping through the heap into a container or liner beneath the heap.

hypogene: primary sulphide ore located beneath shallow zones of ore affected by weathering processes.

LME: London Metals Exchange.

mill: a plant in which ore is ground and undergoes physical or chemical treatment to extract and produce a concentrate of the valuable minerals.

MMbbl: million barrels.

oil sands: sand and rock material that contains bitumen.

ore: naturally occurring material from which minerals of economic value can be extracted at a reasonable profit.

orebody: a contiguous, well defined mass of material of sufficient ore content to make extraction economically feasible.

PCI coal: coal that is pulverized and injected into a blast furnace. Those grades of coal used in the PCI process are generally non-coking. PCI grade coal is used primarily as a heat source in the steelmaking process in partial replacement for high quality coking coals which are typically more expensive.

semi-autogenous grinding (SAG): a method of grinding rock into fine particles in which the rock itself performs some of the function of a grinding medium, such as steel balls.

slag: a substance formed by way of chemical action and fusion at furnace operating temperatures; a by-product of the smelting process.

smelter: a plant in which concentrates are processed into an upgraded product by application of heat.

steelmaking coal: the various grades of coal that are used in the steelmaking process including both coals to produce coke and coals that are pulverized for injection into the blast furnace as a fuel.

sulphide: a mineral compound containing sulphur but no oxygen.

supergene: near-surface ore that has been subject to secondary enrichment by weathering.

SX-EW: an abbreviation for Solvent Extraction–Electrowinning, a hydrometallurgical process to produce cathode copper from leached copper ores.

tailings: the effluent that remains after recoverable metals have been removed from the ore during processing.

thermal coal: coal that is used primarily for its heating value. Thermal coals tend not to have the carbonization properties possessed by coking coals. Most thermal coal is used to produce electricity in thermal power plants.

treatment and refining charges: the charge a mine pays to a smelter as a fee for conversion of concentrates into refined metal.

Corporate Structure

Name, Address and Incorporation

Teck Resources Limited was continued under the *Canada Business Corporations Act* in 1978. It is the continuing company resulting from the merger in 1963 of the interests of The Teck-Hughes Gold Mines Ltd., Lamaque Gold Mines Limited and Canadian Devonian Petroleum Ltd., companies incorporated in 1913, 1937 and 1951 respectively. Over the years, several other reorganizations have been undertaken. These include our merger with Brameda Resources Limited and The Yukon Consolidated Gold Corporation in 1979, the merger with Highmont Mining Corporation and Iso Mines Limited in 1979, the consolidation with Afton Mines Ltd. in 1981, the merger with Copperfields Mining Corporation in 1983, and the acquisition of 100% of Cominco Ltd. in 2001. On July 23, 2001, Cominco Ltd. changed its name to Teck Cominco Metals Ltd. and on September 12, 2001, we changed our name to Teck Cominco Limited. On January 1, 2008, we amalgamated with our wholly-owned subsidiary, Aur Resources Inc., by way of vertical short form amalgamation under the name Teck Cominco Limited. On April 23, 2009, we changed our name to Teck Resources Limited from Teck Cominco Limited. On June 1, 2009 Teck Cominco Metals Ltd. changed its name to Teck Metals Ltd.

Since 1978, the Articles of Teck have been amended on several occasions to provide for various series of preferred shares and for other corporate purposes. On January 19, 1988, our Articles were amended to provide for the subdivision of our Class A common shares and Class B subordinate voting shares on a two-for-one basis. On September 12, 2001, the Articles were amended to effect the name change to Teck Cominco Limited and to convert each outstanding Class A common share into one new Class A common share and 0.2 Class B subordinate voting shares and to enact “coattail” provisions for the benefit of the Class B subordinate voting shares. Effective May 7, 2007, our Articles were amended to subdivide our Class A common shares and Class B subordinate voting shares on a two-for-one basis. See “*Description of Capital Structure*” below for a description of the attributes of the Class A common shares and Class B subordinate voting shares. On April 23, 2009, our Articles were amended to effect the name change to Teck Resources Limited as described above.

The registered and principal offices of Teck are located at Suite 3300, 550 Burrard Street, Vancouver, British Columbia, V6C 0B3.

Intercorporate Relationships

Our financial statements consolidate the accounts of all of our subsidiaries. Our material subsidiaries as at December 31, 2016 are listed below. Unless otherwise indicated all subsidiaries listed below are wholly-owned by Teck. Indentation indicates that the majority of the voting securities of the relevant subsidiary are held by the subsidiary listed immediately above.

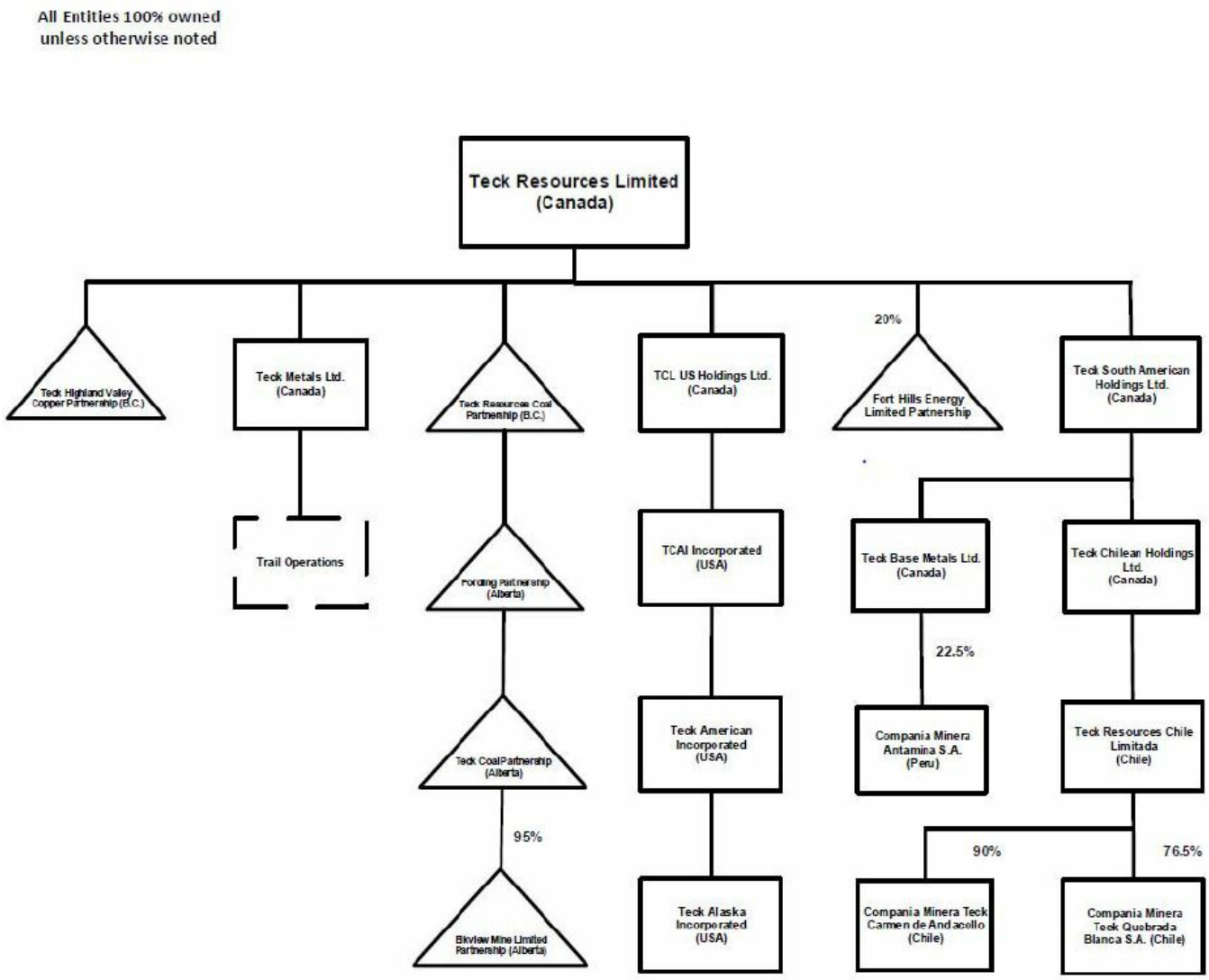
Company Name	Jurisdiction of Organization or Formation
Teck South American Holdings Ltd. (1)	Canada
Teck Chilean Holdings Ltd. (2)	Canada
Teck Resources Chile Limitada	Chile
Teck Base Metals Ltd.	Canada
Teck Metals Ltd.	Canada
Teck Resources Coal Partnership	British Columbia
Fording Partnership	Alberta
Teck Coal Partnership	Alberta
Elkview Limited Partnership(3)	Alberta
Teck Highland Valley Copper Partnership	British Columbia
TCL U.S. Holdings Ltd.	Canada
TCAI Incorporated	Washington, U.S.A.
Teck American Incorporated	Washington, U.S.A.
Teck Alaska Incorporated	Alaska, U.S.A.

(1) Formerly Teck Financial Corporation Ltd.
(2) Formerly Aur QB Ltd.
(3) 95% held, directly or indirectly, by Teck

In addition to the subsidiaries listed above, we own, directly or indirectly:

- a 20% limited partnership interest in Fort Hills Energy Limited Partnership;
- a 76.5% share interest in Compañia Minera Teck Quebrada Blanca S.A.;
- a 90% share interest in Compañía Minera Teck Carmen de Andacollo S.A.; and
- a 22.5% indirect share interest in Compañía Minera de Antamina S.A., which owns the Antamina copper and zinc mine in Peru.

The following chart sets out the relationships among our material subsidiaries as at December 31, 2016. Certain aspects of the ownership structure have been simplified.



General Development of the Business

Three-Year History

2014

In 2014, average annual prices for our principal products, other than zinc, decreased compared to 2013. Annual average prices for copper and zinc were US$3.11 and US$0.98 per pound, respectively, compared with US$3.32 and US$0.87 per pound in 2013. Realized coal prices decreased from US$149 per tonne in 2013 to US$115 per tonne in 2014.

Work on a number of projects was completed or continued through 2014. Construction of our Fort Hills oils sands project advanced on schedule through the year. The mill optimization project at the Highland Valley Copper operation was completed at the end of the first quarter of the year. In addition, our Pend Oreille zinc operation resumed production in December 2014 after being held on care and maintenance for a number of years. However, we deferred the restart of our Quintette coal project based on the near-term outlook for the coal market.

Our Elk Valley Water Quality Plan was approved by the B.C. Ministry of the Environment in 2014.

We did not engage in any financing activity in 2014, although we did increase the size of our committed revolving credit facility from US$2.0 billion to US$3.0 billion. In June we announced the renewal of our normal course issuer bid for up to 20 million of our Class B subordinate voting shares. In the year ended December 31, 2014, we purchased 200,000 Class B subordinate voting shares for cancellation.

We continued to implement our cost reduction program through 2014.

Our cash and cash equivalents as at December 31, 2014 were $2.0 billion against total debt of $8.4 billion, with the increase in our reported total debt mainly resulting from a strengthening U.S. dollar.

2015

In 2015, average annual prices for our principal products decreased compared to 2014. Annual average prices in 2015 for copper and zinc were US$2.49 and US$0.87 per pound, respectively, compared with US$3.11 and US$0.98 per pound in 2014. Realized coal prices decreased from US$115 per tonne in 2014 to US$93 per tonne in 2015.

We undertook a number of transactions in 2015 that supported our liquidity and cash balance. In June, we established a new US$1.2 billion revolving credit facility maturing in 2017, which supplements the undrawn US$3 billion revolving credit facility maturing in 2020. Our subsidiary, Compañia Minera Carmen de Andacollo S.A., entered into a long-term gold streaming arrangement with a subsidiary of Royal Gold Inc., and also terminated the existing royalty agreement with a separate subsidiary of Royal Gold. We entered into a silver streaming transaction with a subsidiary of Franco Nevada Corporation, relating to our 22.5% interest in the Antamina mine. We also sold a number of non-core assets, including sales of royalties held in our exploration portfolio.

We significantly enhanced our copper development project portfolio through the combination of our Relincho project with Goldcorp Inc.'s La Fortuna (formerly El Morro) project, forming a 50/50 joint venture referred to as NuevaUnión.

As commodity prices continued to decline, we continued to implement our cost reduction program and announced several new cost reduction initiatives in 2015. As a result of the low commodity prices, we recorded non-cash asset and goodwill impairment charges totalling $3.6 billion on a pre-tax basis and $2.7 billion on an after-tax basis.

Our cash and cash equivalents as at December 31, 2015 were $1.9 billion against total debt of $9.6 billion, with the increase in our reported total debt mainly resulting from a strengthening U.S. dollar, partially offset by the payment of a US$300 million note that was due in October 2015.

2016

In 2016, average annual prices for our principal products increased compared to 2015, except for copper. Annual average prices in 2016 for copper and zinc were US$2.21 and US$0.95 per pound, respectively, compared with US$2.49 and US$0.87 per pound in 2015. Average realized coal prices increased from US$93 per tonne in 2015 to US$115 per tonne in 2016, due primarily to dramatic price increases in the second half of the year.

Work advanced on a number of projects through 2016. Construction of our Fort Hills oils sands project advanced through the year and was approximately 76% complete by year end. See "*Description of the Business — Energy*" for a discussion of the project. We submitted a Social and Environmental Impact Assessment for our Quebrada Blanca Phase 2 Project in September 2016 and the updated feasibility study for the project was completed in the first quarter of 2017. We also announced an agreement to increase our interest in the Zafranal project in November, through the public acquisition of AQM Copper Inc., one of our partners on the project. This acquisition was completed in January 2017.

During the year we undertook a number of transactions that supported our liquidity and strengthened our financial position. In June, we issued US$1.25 billion in aggregate principal amount of senior unsecured notes maturing in 2021 and 2024, and used the proceeds to repurchase, under a tender offer, notes maturing in 2017, 2018 and 2019, reducing near-term maturities. In September and early October we repurchased an additional US$759 million face value of debt in market transactions. We also extended the maturity of US$1.14 billion of our US$1.2 billion revolving credit facility from June 2017 to June 2019. See "*General Description of Capital Structure - Credit Facilities and Debt Securities*" for further details of our credit facilities and debt securities.

Notwithstanding improving commodity prices, we continued to implement our cost reduction program through 2016 and were generally able to maintain or increase production across our operations and achieve significant reductions of cash unit costs across our operations during the year. Our cash and cash equivalents as at December 31, 2016 were $1.4 billion against total debt of $8.3 billion, with the decrease in our reported total debt mainly resulting from the repurchases described above.

Description of the Business

General

Teck's business is exploring for, developing and producing natural resources. Our activities are organized into business units focused on copper, steelmaking coal, zinc and energy.

We have interests in the following principal operations:

	Type of Operation	Jurisdiction
Highland Valley	Copper/Molybdenum Mine	British Columbia, Canada
Antamina	Copper/Zinc Mine	Ancash, Peru
Quebrada Blanca	Copper Mine	Region I, Chile
Carmen de Andacollo	Copper Mine	Region IV, Chile
Elkview	Steelmaking Coal Mine	British Columbia, Canada
Fording River	Steelmaking Coal Mine	British Columbia, Canada
Greenhills	Steelmaking Coal Mine	British Columbia, Canada
Coal Mountain	Steelmaking Coal Mine	British Columbia, Canada
Line Creek	Steelmaking Coal Mine	British Columbia, Canada
Cardinal River	Steelmaking Coal Mine	Alberta, Canada
Trail Operations	Zinc/Lead Refinery	British Columbia, Canada
Red Dog	Zinc/Lead Mine	Alaska, U.S.A.
Pend Oreille	Zinc Mine	Washington, U.S.A.
Fort Hills	Oil Sands Mine Project	Alberta, Canada

Our principal products are steelmaking coal, copper and zinc. Lead, molybdenum, silver and various specialty and other metals, chemicals and fertilizers are also produced at our operations. In addition, we own a 20% interest in the Fort Hills oil sands project, a 100% interest in the Frontier oil sands project and a 50% interest in Lease 421 in the Athabasca region of Alberta. We also actively explore for copper, zinc and gold.

The following table sets out our revenue by product for each of our last two financial years:

Revenue by product

	2016 $(Billions)	%	2015 $(Billions)	%
Copper	1.820	20	2.212	27
Coal	4.144	44	3.049	37
Zinc	1.787	19	1.612	19
Other(1)	1.549	17	1.386	17
Total	9.300	100	8.259	100

(1) Other revenues include sales of silver, lead, gold, molybdenum, various specialty metals, chemicals, energy and fertilizer.

Product Summary

Copper

We produce both copper concentrates and copper cathode. Our principal market for copper concentrates is Asia, with a lesser amount sold in Europe. Copper concentrates produced at the Highland Valley Copper mine are distributed to customers in Asia by rail to a port in Vancouver, British Columbia, and from there by ship. Copper concentrates produced at Antamina are transported by a slurry pipeline to a port at Huarmey, Peru and from there by ship to customers in Asia and Europe. Copper concentrates produced at Carmen de Andacollo are trucked to the port of Coquimbo, Chile and from there by ship to customers in Asia and Europe. Copper concentrates are sold primarily under long term contracts, with treatment and refining charges negotiated on an annual basis. Copper cathode from our Quebrada Blanca and Carmen de Andacollo mines is trucked from the mines and sold primarily under annual contracts to customers in Asia, Europe and North America.

The copper business is cyclical. Treatment charges rise and fall depending upon the supply of copper concentrates in the market and the demand for custom copper concentrates by the copper smelting and refining industry. Prices for copper cathode also rise and fall as a result of changes in demand for, and supply of, refined copper metal. The major use of refined copper is in electrical and electronic applications, with prices and premiums highly dependent on the demand for electrical wire in construction, communications and automotive applications.

Global demand for copper metal grew by 2.0% in 2016 to reach an estimated 22.3 million tonnes. Copper consumption growth was lower than initially projected, but at 2.0% was higher than the 1.3% growth rate in 2015. Stronger than expected construction and automotive growth offset declines in manufacturing. The availability of copper scrap remains constrained, with imports of scrap into China down an estimated 8% in 2016.

All of our revenues from sales of copper concentrates and cathode copper were derived from sales to third parties.

Steelmaking Coal

Teck is the second-largest seaborne exporter of steelmaking coal in the world. Our hard coking coal, a type of steelmaking coal, is used primarily for making coke by integrated steel mills in Asia, Europe and the Americas. In 2016, sales to Asia accounted for approximately 75% of our annual coal sales volume, higher than 2015 mainly due to increased sales to Asian customers outside of China. Substantially all of the coal we produce is high quality hard coking coal. We also produce lesser quality semi-hard coking coal, semi-soft coking coal, PCI and thermal coal products, which in aggregate accounted for less than 25% of our annual sales volume in 2016.

Coal is processed at our mine sites. Processed coal is primarily shipped westbound from our mines by rail to terminals along the coast of British Columbia and from there by vessel to overseas customers. In 2016, approximately 5% of our processed coal was shipped eastbound directly by rail, or by rail and ship via Thunder Bay, to customers in North America.

Globally, we compete in the steelmaking coal market primarily with producers based in Australia and the United States. For sales to China, we also compete with Mongolian and Chinese domestic coal producers. Coal pricing is generally established in U.S. dollars and the competitive positioning among producers can be significantly affected by exchange rates. Our competitive position in the coal market continues to be determined primarily by the quality of our various coal products and our reputation as a reliable supplier, as well as by our production and transportation costs compared to other producers throughout the world.

The high quality seaborne steelmaking coal markets are cyclical, being driven by a combination of demand, production and export capacity. In difficult steel markets, steelmakers can use a higher proportion of semi-soft and PCI coal products in their production process, which can result in reduced pricing premiums for higher quality hard coking coals.

We have experienced significant fluctuations in coal prices and sales volumes in the past and have seen a significant decline in realized coal prices over the past few years. In late 2016, there was a dramatic increase in steelmaking coal prices due to tightness in supply. This was the result of numerous factors, including: the implementation of production curtailments that began in 2014 that have depleted global production capacity and inventories; a reduction in Chinese domestic production resulting from the implementation of a 276-day operating policy for steelmaking coal mines; production disruptions at key Australian mines; and increased seaborne demand from most market areas.

The benchmark price for our highest-quality products increased from US$81 per tonne in early 2016 to US$285 per tonne for the first quarter of 2017. Spot price assessments trended up for most of 2016, starting after the Lunar New Year holiday in China. After a short correction in May, price assessments resumed their upward progression from June and exceeded US$200 per tonne in mid-September, crossing US$300 per tonne in early November and then declining to approximately US$155 per tonne as of mid-February. Market expectations are that global steel production and demand for steelmaking coal will continue to increase in 2017.

In the past few years, a number of our customers reduced the proportion of coal purchased through quarterly-priced agreements and requested pricing for a portion of contract volumes on a spot basis in an effort to control costs in an environment of low steel prices. Our overall ratio of

sales priced on shorter than quarterly basis was around 60% in 2016, which was similar to 2015. While a significant portion of our coal sales volumes continue to be made under annual or multi-year arrangements, we expect that substantially all of our 2017 coal sales under these arrangements will be priced on a term basis of up to one year, including on a quarterly and per-vessel or spot basis.

Substantially all of our revenues from sales of coal products were derived from sales to third parties.

Zinc

We produce refined zinc through our metallurgical operations at Trail and zinc concentrates through our mining operations. Our principal markets for refined zinc are North America and Asia. Refined zinc produced at our metallurgical operations at Trail, British Columbia is distributed to customers in North America by rail and/or truck and to customers in Asia by ship.

Our principal markets for zinc concentrates are Asia and Europe. In addition, in 2016, approximately 30% of Red Dog's zinc concentrate production was sold to our metallurgical operations at Trail for treatment and refining. All of the production from our Pend Oreille zinc mine is sold to Trail.

All of our revenues in 2016 from sales of refined zinc and zinc concentrates (other than zinc concentrates produced at Red Dog or Pend Oreille that are sold to Trail) were derived from sales to third parties. We strive to differentiate our refined metal products by producing the alloys, sizes and shapes best suited to our customers' needs.

We have substantial long-term frame contracts for the sale of zinc concentrates from the Red Dog mine to customers in Asia and Europe.

Trail's supply of zinc and lead concentrates, other than those sourced from Red Dog or Pend Oreille, is provided primarily through long-term contracts with mine producers in North America, South America and Australia.

The zinc business is cyclical. Treatment and refining charges rise and fall depending upon the supply of zinc concentrates in the market and the demand for custom zinc concentrates by the zinc smelting and refining industry. Refined zinc is used primarily for galvanizing steel, and prices and premiums are highly dependent on the demand for steel products.

Individual Operations

Copper

Copper Operations

Highland Valley Copper Mine, Canada (Copper)

We hold a 100% interest in the Highland Valley Copper mine located near Kamloops, British Columbia through our wholly-owned subsidiary Teck Highland Valley Copper Partnership ("**HVC**"), having acquired the remaining 2.5% interest previously held by third parties in the third quarter of 2016.

Highland Valley's primary product is copper concentrate and it also produces molybdenum in concentrate. The property comprising the Highland Valley Copper mine consists of mineral leases, mineral claims and Crown grants. The mine property covers a surface area of approximately 34,000 hectares and HVC holds the mineral rights to that area pursuant to various leases, claims and licenses.

The Highland Valley mine is located adjacent to Highway 97C connecting Merritt, Logan Lake, and Ashcroft, British Columbia. Access to the mine is from a 1 kilometre access road from Highway 97C. The mine is approximately 50 kilometres southwest of Kamloops, and approximately 200 kilometres northeast of Vancouver. The mine operates throughout the year. Power is supplied by BC Hydro through a 138kV line which terminates at the Trans-Canada Highway west of Spuzzum in the Thompson Valley. Mine personnel live in nearby areas, primarily Logan Lake, Kamloops, Ashcroft, Cache Creek, and Merritt.

The mine is an open-pit operation. The processing plant, which uses autogenous and semi-autogenous grinding and flotation to produce metal in concentrate from the ore, has the capacity to process up to 145,000 tonnes of ore per day depending on ore hardness. Water from mill operations is collected and contained in a tailings impoundment area. Mill process water is reclaimed from the tailings pond. The operation is subject to water and air permits issued by the Province of British Columbia and is in material compliance with those permits. The operation holds all of the permits that are material to its current operations.

Ore is currently mined from the Valley, Lornex and Highmont pits. The crusher relocation project for the Valley pit was completed in 2015, providing access to over 30 million tonnes of reserves as part of Highland Valley Copper's current life of mine plan. The Valley pit was the main feed source to the mill in 2015 and also provided our highest grade material through 2016. The transition to mining more of the lower grade Lornex ore progressed during the final quarter of 2016 as the current high-grade phase of the Valley pit was exhausted. The Lornex pit will be an important feed source through the remainder of mine life. In 2015, additional drilling and engineering studies were conducted to define resources near the existing Valley, Lornex and Highmont pits and to examine other options to optimize and extend production past the current mine life. Further expansion work was conducted in 2016, with additional studies and drilling planned for 2017 focused on evaluating the viability of a substantial expansion of the Valley and Highmont pits.

The pits are located in the Guichon batholith which hosts all of the ore bodies located in the area. The Lornex orebody occurs in skeena quartz diorite host rock, intruded by younger pre-mineral quartz porphyry and aplite dykes. The skeena quartz diorite is an intermediate phase of the Guichon batholith and is generally a medium-to-coarse grained equigranular rock distinguished by interstitial quartz and moderate ferromagnesian minerals. The sulphide ore is primarily fracture fillings of chalcopyrite, bornite and molybdenite with minor pyrite, magnetite, sphalerite and galena.

The host rocks of the Valley deposit are mainly porphyritic quartz monzonites and granodiorites of the Bethsaida phase of the batholith. These rocks are medium-to-coarse-grained with large phenocrysts of quartz and biotite. The rocks of the deposit were subjected to hydrothermal alteration followed by extensive quartz veining, quartz-sericite veining, and silicification. Bornite, chalcopyrite and molybdenum were introduced with the quartz and quartz-sericite veins and typically fill angular openings in them. Accessory minerals consist of hornblende, magnetite, hematite, sphene, apatite and zircon. Pre-mineral porphyry and aplite dykes intrude the host rocks of the deposit.

Concentrates from the operation are transported first by truck to Ashcroft and then by rail to a port in Vancouver for export overseas, with the majority being sold under long-term sales contracts to smelters in Asia. The price of copper concentrate under these long-term sales agreements is based on LME prices during quotational periods determined with reference to the time of delivery, with treatment and refining charges negotiated annually. The balance is sold on the spot market. Molybdenum concentrates are sold to third party refiners on market terms.

In 2016, 27 diamond drill holes, totalling approximately 4,300 metres were drilled in the Valley, Lornex and Highmont pit areas. In addition, one hole, totalling 600 metres, was drilled in the surrounding district. Twelve reverse circulation holes, totalling 1,600 metres, were drilled within the Valley and Lornex pits. Quick logs of these holes indicate no material impacts on the quantity or grade of reserves and resources. Diamond drill core is split in halves using core saws and sampled in three metre intervals (NQ diameter core) and two metre intervals (HQ diameter core), respectively. The sample interval for reverse circulation drilling is 1.5 metres. One half is sent to an independent, off-site laboratory for analysis and the other is retained for future reference. Field duplicates and external umpire checks of approximately five percent of pulp samples are elements of the Highland Valley quality assurance-quality control program procedures.

Highland Valley Copper's 2016 copper production was 119,300 tonnes of copper in concentrate, compared to 151,400 tonnes in 2015. The decrease was primarily due to lower copper grades and lower recoveries, partially offset by higher mill throughput. Molybdenum production was 59% higher in 2016 at 5.4 million pounds, compared to 3.4 million pounds in 2015, primarily due to higher grades.

As anticipated in the mine plan, production at Highland Valley Copper will vary significantly over the next few years due to significant fluctuations in ore grades and hardness in the three active pits. The production plan relies primarily on Lornex ore in 2017, supplemented by the similarly low-grade Highmont pit and lower grade sources in the Valley pit, which is in a heavier stripping phase over the next three to four years. Copper production in 2017 is anticipated to be between 95,000 and 100,000 tonnes, with lower production in the first half of the year before gradually

recovering in 2018 and 2019. Annual copper production from 2018 to 2020 is expected to be between 115,000 and 135,000 tonnes per year. Copper production is anticipated to return to above life of mine average levels of 140,000 tonnes per year after 2020 through to the end of the current mine plan in 2026. Molybdenum production in 2017 is expected to be approximately 9.0 to 9.5 million pounds contained in concentrate, before declining to more normal levels of approximately 7.0 million pounds contained in concentrate annually from 2018 to 2020.

See "*—Mineral Reserves and Resources*" for information about the mineral reserve and resource estimates for Highland Valley, including metal price and exchange rate assumptions.

The Highland Valley copper mine is subject to British Columbia mineral taxes. The B.C. mineral tax is a two-tier tax with a minimum rate of 2% and a maximum rate of 13%. A minimum tax of 2% applies to operating cash flows, as defined by the regulations. A maximum tax rate of 13% applies to cash flows after taking available deductions for capital expenditures and other permitted deductions.

Our labour agreement at Highland Valley Copper expired at the end of the third quarter of 2016, and negotiations are ongoing.

2017 projected capital costs for Highland Valley are approximately $32 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	18
Major Enhancement	14

2017 projected aggregate cash operating costs for Highland Valley are approximately $505 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	226
Supplies	200
Energy	103
Other (including general & administrative, inventory changes)	40
Less amounts associated with projected capitalized stripping	(64)
Total	505

The cash operating costs presented above do not include transportation or royalties.

Antamina Mine, Peru (Copper, Zinc)

We own indirectly 22.5% of the Antamina copper/zinc mine in Peru, with the balance held indirectly by BHP Billiton plc (33.75%), Glencore plc (33.75%) and Mitsubishi Corporation (10%). The participants' interests are represented by shares of Compañía Minera Antamina S.A. ("**CMA**"), the Peruvian company that owns and operates the project. Our interest is subject to a net profits royalty of 1.667% on CMA's free cash flow.

The Antamina property consists of numerous mining concessions and mining claims (including surface rights) covering an area of approximately 14,000 hectares. These rights concessions and claims can be held indefinitely, contingent upon the payment of annual license fees and provision of certain production and investment information. CMA also owns a port facility located at Huarmey and an electrical substation located at Huallanca. In addition, CMA holds title to all easements and rights of way for the 302 kilometre concentrate pipeline from the mine to CMA's port at Huarmey.

The deposit is located at an average elevation of 4,200 metres, 385 kilometres by road and 270 kilometres by air north of Lima, Peru. Antamina lies on the eastern side of the Western Cordillera in the upper part of the Rio Marañon basin. Mine personnel live in a camp facility while at work and commute from both local communities and larger population centres, including Lima.

The mine is an open-pit, truck/shovel operation. The ore is crushed within the pit and conveyed through a 2.7 kilometre tunnel to a coarse ore stockpile at the mill. It is then processed utilizing two SAG mills, followed by ball mill grinding and flotation to produce separate copper, zinc, molybdenum and lead/bismuth concentrates. A 302 kilometre-long slurry concentrate pipeline, approximately 22 centimetres in diameter with a single pump station at the mine site, transports copper and zinc concentrates to the port where they are dewatered and stored prior to loading onto vessels for shipment to smelters and refineries world-wide.

The mine is accessible via an access road maintained by CMA. Power for the mine is taken from the Peru national energy grid through an electrical substation constructed at Huallanca. Fresh water requirements are sourced from a dam-created reservoir upstream from the tailings impoundment facility. The tailings impoundment facility is located next to the mill. Water reclaimed from the tailings impoundment is used as process water in the mill operation. The operation is subject to water and air permits issued by the Government of Peru and is in material compliance with those permits. The operation holds all of the permits that are material to its current operations.

The Antamina polymetallic deposit is skarn-hosted. It is unusual in its persistent mineralization and predictable zonation, and has a SW-NE strike length of more than 2,500 metres and a width of up to 1,000 metres. The skarn is well-zoned symmetrically on either side of the central intrusion with the zoning used as the basis for four major subdivisions being a brown garnet skarn, green garnet skarn, wollastonite/diopside/green garnet skarn and a marbleized limestone with veins or mantos of wollastonite. Other types of skarn, including the massive sulphides, massive magnetite, and chlorite skarn, represent the remainder of the skarn and are randomly distributed throughout the deposit. The variability of ore types can result in significant changes in the relative proportions of copper and zinc produced in any given year.

In 2016, 86 diamond drill holes were completed within the Antamina pit, for a total of approximately 31,000 metres. In addition, 2 reverse circulation holes with a total length of approximately 500 metres were also drilled in the pit. For diamond core, three-metre samples of half core (HQ or NQ) are taken and crushed for assay at an external laboratory. The remaining half of the core is retained for future reference. The assay program includes approximately 15% of quality-assurance/quality-control samples, comprising reference materials, duplicates and blanks. The reference materials consist of matrix-matched material from Antamina, homogenized and certified in accordance with industry practice.

Antamina's copper production (100% basis) in 2016 was 431,100 tonnes, compared to 390,600 tonnes in 2015, with the increase primarily as a result of higher grades and recovery. Zinc production decreased by 16% to 198,000 tonnes in 2016, primarily due to a lower portion of copper-zinc ore processed, partially offset by higher zinc grades and recoveries. Molybdenum production totalled 10.3 million pounds, which was 134% higher than in 2015, due to higher grades.

Our 22.5% share of Antamina's 2017 production is expected to be in the range of 88,000 to 92,000 tonnes of copper, 75,000 to 80,000 tonnes of zinc and approximately 2.0 million pounds of molybdenum in concentrate. Our share of copper production is expected to be between 90,000 and 100,000 tonnes from 2018 to 2020. Zinc production is expected to remain strong as the mine enters a phase with high zinc grades and a higher proportion of copper-zinc ore. Our share of zinc production is anticipated to average 80,000 tonnes per year during the same 2018 to 2020 period; however, annual production will fluctuate due to feed grades and the amount of copper-zinc ore processed, as anticipated in the mine plan. Our share of annual molybdenum production is expected to be between 2.5 and 3.0 million pounds between 2018 and 2020.

Antamina has entered into long-term off-take agreements with affiliates of the Antamina shareholders on market terms. Molybdenum concentrates are sold to third party refiners on market terms.

In Peru, the mining tax regime includes the Special Mining Tax and the Modified Mining Royalty which apply to CMA's operating margin based on a progressive sliding scale ranging from 3% to 20.4%. CMA is also subject to Peruvian income tax.

Based on current tailings capacity, the mine life is expected to continue until 2028. CMA is currently considering options for storing additional tailings and alternative mine plans that could result in significant mine life extensions.

Our 22.5% share of 2017 projected capital costs for Antamina is approximately US$60 million. The major components of the projected capital costs are:

Component	Approximate projected cost (US$/million)
Sustaining	59
Major Enhancement	1

Our 22.5% share of 2017 projected cash operating costs for Antamina is approximately US$156 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost (US$/million)
Labour	65
Supplies	91
Energy	41
Other (including general & administrative, inventory changes)	14
Less amounts associated with projected capitalized stripping	(55)
Total	156

The cash operating costs presented above do not include transportation or royalties.

Under a long-term streaming agreement with FN Holdings ULC (" **FNH**"), a subsidiary of Franco-Nevada Corporation, Teck has agreed to deliver silver to FNH equivalent to 22.5% of the payable silver sold by Compañia Minera Antamina S.A. using a silver payability factor of 90%. FNH made a payment of US$610 million on closing of the arrangement in 2015 and will pay 5% of the spot price at the time of delivery for each ounce of silver delivered under the agreement. After 86 million ounces of silver have been delivered under the agreement, the stream will be reduced by one-third. The streaming agreement restricts distributions from Teck Base Metals, our subsidiary that holds our 22.5% interest in CMA, to the extent of unpaid amounts under the agreement if there is an event of default under the streaming agreement or an insolvency of Teck. Compañia Minera Antamina S.A., which owns and operates Antamina, is not a party to the agreement and operations will not be affected.

In January 2016, a new labour agreement was ratified that will expire in the third quarter of 2018.

Quebrada Blanca Mine, Chile (Copper)

The Quebrada Blanca mine is owned by a Chilean private company, Compañía Minera Teck Quebrada Blanca S.A. (" **CMTQB**"). We own 90% of the Series A shares of CMTQB. Inversiones Mineras S.A. ("**IMSA**"), a Chilean private company, owns 10% of the Series A shares and 100% of the Series C shares of CMTQB. Empresa Nacional de Minería ("**ENAMI**"), a Chilean government entity, owns 100% of the Series B shares of CMTQB. When combined with the Series B and Series C shares of CMTQB, our 90% holding of the Series A shares equates to a 76.5% interest in CMTQB's total share equity. IMSA's and ENAMI's shareholdings equate to a 13.5% and 10% interest in CMTQB's total share equity, respectively. ENAMI's interest is a carried interest and as a result ENAMI is generally not required to contribute further funding to CMTQB.

CMTQB owns the exploitation and/or exploration rights in the immediate area of the Quebrada Blanca deposit pursuant to various mining concessions and other rights. In addition, CMTQB

owns surface rights covering the mine site and other areas aggregating approximately 3,150 hectares as well as certain other exploration rights in the surrounding area and certain water rights.

The Quebrada Blanca mine is located in the Tarapacá Region of northern Chile approximately 240 kilometres southeast of the port city of Iquique and 1,500 kilometres north of the city of Santiago, the capital of Chile. The Quebrada Blanca property is located at approximately 4,400 metres elevation above sea level. The local topography is represented by rounded hills disrupted by steep gulches. Vegetation cover consists of sparse tufts of grass and small shrubs. Access to the mine site is via road from Iquique. Mine personnel are based in a camp facility and the majority commute from large population centres, including Iquique and Santiago.

Quebrada Blanca is an open-pit mine which produces ore for both heap leach and lower grade dump leach production. Copper-bearing solutions are collected from the heap and dump leach pads for processing in an SX-EW plant which produces copper cathode. Copper cathode is trucked to Iquique for shipment to purchasers.

The Quebrada Blanca orebody is a porphyry copper deposit located in a 30-40 kilometre wide belt of volcanic and sedimentary rocks which contains a number of the world's largest copper mines including Collahuasi (10 kilometres to the east) and Chuquicamata (190 kilometres to the south). All of these deposits are spatially related to a major north-south fault, the West Fissure Fault, or to splays off this fault.

The Quebrada Blanca orebody occurs within a 2 kilometre by 5 kilometre quartz monzonite intrusive stock. Supergene enrichment processes have dissolved and redeposited primary (hypogene) chalcopyrite as a blanket of supergene copper sulphides, the most important being chalcocite and covellite, with lesser copper oxides/silicates such as chrysocolla in the oxide zone. Irregular transition zones, with (locally) faulted contacts separate the higher and lower grade supergene/dump leach ores from the leached cap and hypogene zones.

The majority of copper cathode produced at Quebrada Blanca is sold under annual contracts to metal consumers and metal trading companies. The remaining copper cathode is sold on the spot market. The price of copper cathodes is based on LME prices plus a premium based on market conditions.

At its peak, annual production of the SX-EW plant was approximately 85,000 tonnes of copper cathode per year. Following unexpected ground movement in June 2015, we decommissioned the north portion of the SX-EW plant. We continue to operate the south side of the SX-EW plant which has sufficient production capacity for the available ore sources over the remainder of the mine life. Current capacity is estimated at approximately 40,000 tonnes of copper cathode per year.

In 2016, Quebrada Blanca produced 34,700 tonnes of copper cathode, compared to 39,100 tonnes in 2015, with the reduction primarily as a result of ore availability and declining ore grades as the supergene deposit is depleted.

During the third quarter of 2016, we received our updated environmental permits for the existing facilities. During the first quarter of 2017, the agglomeration circuit will be halted with all

remaining supergene ore sent to the dump leach circuit, further reducing operating costs. Opportunities to recover additional copper from previously processed material continue to be evaluated.

We expect production of approximately 20,000 to 24,000 tonnes of copper cathode in 2017. Future production plans will depend on copper prices and further cost reduction efforts, although we currently anticipate cathode production to continue until mid-2019 at reduced cathode production rates as the supergene deposit is exhausted. Based on current economic conditions, there are sufficient reserves in the mine plan to support production through early 2018.

In early 2017, we completed an updated feasibility study on our Quebrada Blanca Phase 2 project, which incorporates recent project optimization and certain scope changes, including a revised tailings facility located closer to the mine. As previously outlined, the proposed Quebrada Blanca Phase 2 would extend the life of the existing mine as a large scale concentrate producing operation. The project is currently undergoing environmental permitting, with permit approval anticipated in early 2018.

The updated study estimates a capital cost for the development of the project on a 100% basis of US$4.7 billion (in first quarter 2016 dollars, not including working capital or interest during construction). This updates the capital cost estimate of US$5.6 billion (in January 2012 dollars) contained in the 2012 feasibility study.

The study is based on an initial mine life of 25 years, consistent with the capacity of the new tailings facility. The mine plan includes 1.26 billion tonnes of proven and probable mineral reserves grading 0.51% copper and 0.019% molybdenum The project scope includes the construction of a 140,000-tonne-per-day concentrator and related facilities connected to a new port facility and desalination plant by 165-kilometre long concentrate and desalinated water pipelines.

As part of the regulatory process for Quebrada Blanca Phase 2, we submitted a Social and Environmental Impact Assessment to the Region of Tarapacá Environmental Authority in the third quarter of 2016. A decision to proceed with development will be contingent upon regulatory approvals and market conditions, among other considerations. Given the timeline of the regulatory process, such a decision is not expected before mid-2018.

Certain commitments have been made by CMTQB in connection with the development of Quebrada Blanca Phase 2, including with respect to certain long-lead equipment and power purchase contracts. There are three primary power purchase agreements for Quebrada Blanca Phase 2, with staggered supply dates. Each of these agreements imposes a take-or-pay obligation on CMTQB, under which CMTQB is required to pay for the contracted power regardless of whether it is required in the operations. Supply from the first contract commenced in the fourth quarter of 2016 and the other supply dates are expected to commence in early 2018. CMTQB's obligations under the power purchase agreements are guaranteed by Teck until Quebrada Blanca Phase 2 enters production. So long as Teck's unsecured unsubordinated debt does not carry an investment grade credit rating from Moody's, Standard & Poor's or Fitch ratings agencies (or any two of these agencies if Teck is rated by more than one of them), we are required to deliver letters of credit to support these guarantees. There are currently US$672

million of letters of credit outstanding to support the guarantees. The aggregate fixed commitment of the three primary power supply agreements is approximately US$6.5 million per month, determined as of December 31, 2016. CMTQB is taking steps to manage its exposure in connection with these commitments in light of the permitting timeline discussed above, and may sell power at spot market rates or under contract to offset its exposure under these take or pay contracts until power is required for the QB2 project.

Taxes payable in Chile that affect the operation include a mining tax of 4% of net sales revenue under a tax stability agreement until 2018. From 2018 the Chilean Specific Mining Tax will apply to operating margin based on a progressive sliding scale from 5% to 14%. CMTQB is also subject to federal income tax in Chile.

Carmen de Andacollo Mine, Chile (Copper)

The Carmen de Andacollo property is owned by a Chilean private company, Compañía Minera Teck Carmen de Andacollo (" **CDA**"). We own 100% of the Series A shares of CDA while ENAMI owns 100% of the Series B shares of CDA. Our Series A shares of CDA equate to 90% of CDA's total share equity and ENAMI's Series B shares comprise the remaining 10% of total share equity. ENAMI's interest is a carried interest and as a result ENAMI is not required to contribute further funding to CDA.

CDA owns the exploitation and/or exploration rights over an area of approximately 206 square kilometres in the area of the Carmen de Andacollo supergene and hypogene deposits pursuant to various mining concessions and other rights. In addition, CDA owns the surface rights covering the mine site and other areas aggregating approximately 21 square kilometres as well as certain water rights. CDA has, since 1996, been conducting mining operations on the supergene deposit on the Carmen de Andacollo property which overlies the hypogene deposit and since 2010 has been processing hypogene ore through a concentrator on the site.

The Carmen de Andacollo property is located in Coquimbo Province in central Chile. The site is adjacent to the town of Carmen de Andacollo, approximately 55 kilometres southeast of the city of La Serena and 350 kilometres north of Santiago. Access to the Carmen de Andacollo mine is by paved roads from La Serena. The mine is located near the southern limit of the Atacama Desert at an elevation of approximately 1,000 metres. The climate around Carmen de Andacollo is transitional between the desert climate of northern Chile and the Mediterranean climate of the Santiago area. The majority of mine personnel live in the town of Carmen de Andacollo, immediately adjacent to the mine or in the nearby cities of Coquimbo and La Serena.

The Carmen de Andacollo orebody is a porphyry copper deposit consisting of disseminated and fracture-controlled copper mineralization contained within a gently dipping sequence of andesitic to trachytic volcanic rocks and sub-volcanic intrusions. The mineralization is spatially related to a feldspar porphyry intrusion and a series of deeply-rooted fault structures. A primary copper-gold sulphide deposit (the "**hypogene deposit**") containing principally disseminated and quartz vein-hosted chalcopyrite mineralization lies beneath the supergene deposit. The hypogene deposit was subjected to surface weathering processes resulting in the formation of a barren leached zone 10 to 60 metres thick. The original copper sulphides leached from this zone were re-

deposited below the barren leached zone as a copper-rich zone comprised of copper silicates (chrysocolla) and supergene copper sulphides (chalcocite with lesser covellite).

The Carmen de Andacollo mine is an open-pit mine. Copper concentrate is produced by processing hypogene ore through a flotation plant. Some supergene ore is also mined, which is transported to heap leach pads. Copper-bearing solutions are processed in an SX-EW plant to produce grade A copper cathode.

The majority of copper cathode produced at Carmen de Andacollo is sold under annual contracts with metal trading companies. The remaining Carmen de Andacollo copper cathode production is sold in the spot market. The price of copper cathodes is based on LME prices plus a premium based on market conditions. Copper concentrates are sold under long-term contracts to smelters in Asia and Europe using the LME price as the basis for copper pricing and with treatment and refining charges negotiated on an annual basis.

During 2016, 24 diamond drill holes, totaling approximately 3,800 metres were drilled in the Carmen de Andacollo mine. Sixteen of these drill holes were for geological logging purposes. The geological logging of these drill holes confirms the geological features identified in the deposit and only local changes of geological boundaries were recognized. Diamond drill core is split in halves and sampled in 2.5 metre intervals. One half is sent to the lab at the site for analysis and the other is retained for future reference. For this drilling campaign, one in five samples was submitted to metallurgical testing and subsequently these samples returned to the mechanical preparation process. Coarse blank, field duplicated (prior to shipment to the laboratory), crushing duplicated, fine coarse blank, pulp duplicated and standards were used as part of the quality assurance-quality control program.

Carmen de Andacollo produced 69,500 tonnes of copper contained in concentrate in 2016, similar to the amount produced in 2015. Copper cathode production was 3,700 tonnes in 2016, compared with 4,700 tonnes in 2015. Gold production, on a 100% basis, of 53,300 ounces was 12% higher than production of 47,600 ounces in 2015. One hundred percent of the gold produced at Carmen de Andacollo is for the account of RGLD Gold AG (RGLDAG), a wholly-owned subsidiary of Royal Gold, Inc., pursuant to a long term purchase agreement made in 2015. Under the agreement, RGLDAG pays a cash price of 15% of the monthly average gold price at the time of each delivery.

Consistent with the mine plan, copper grades are expected to continue to gradually decline in 2017 and in future years, which we expect to largely offset planned throughput improvements in the mill. Carmen de Andacollo's production in 2017 is expected to be similar to 2016 and in the range of 68,000 to 72,000 tonnes of copper in concentrate and 3,000 to 4,000 tonnes of copper cathode. Copper in concentrate production is expected to be in the range of 65,000 to 70,000 tonnes for the subsequent three year period, with cathode production rates uncertain past 2017, although, there is potential to extend.

The current life of mine for Carmen de Andacollo is expected to continue until 2034. Additional permitting or amendments will be required to execute the life of mine plan.

Taxes payable in Chile that affect the operation include a mining tax of 5% of net sales revenue under a tax stability agreement until 2018. From 2018 the Chilean Specific Mining Tax applies to

operating margin based on a progressive sliding scale from 5% to 14%. CDA is also subject to federal income tax in Chile.

Duck Pond Mine, Canada (Copper/Zinc)

We hold a 100% interest in the Duck Pond copper-zinc property. The Duck Pond property is located in central Newfoundland approximately 100 kilometres southwest of the city of Grand Falls-Windsor. The property covers approximately 12,800 hectares and is held under various mining and surface leases, mineral licenses and contractual mining rights.

The mine permanently closed at the end of June 2015 as planned due to exhaustion of reserves. Mine closure and site restoration activities are progressing as expected.

Copper Projects

NuevaUnión (formerly Project Corridor), Chile

In November 2015 we combined Goldcorp's La Fortuna (formerly El Morro) project and Teck's Relincho project, located approximately 40 kilometres apart in the Huasco Province in the Atacama region of Chile, into a single copper-gold-molybdenum project.

In October 2016, work began on a pre-feasibility study concurrently with early and ongoing engagement with Indigenous Peoples and non-Indigenous communities to gather feedback and help inform project design. In addition, the first environmental baseline campaign was completed in December 2016. Planned 2017 activities include technical drilling on the Relincho and La Fortuna deposits in support of the studies. We expect to complete the pre-feasibility study at the end of the third quarter of 2017.

San Nicolás, Mexico

The San Nicolás property, located in Zacatecas State, one of the oldest mining regions in Mexico, is a significant copper, zinc, gold and silver massive sulphide deposit. The property is held by Minas de San Nicolás S.A. de C.V., which is owned 40% by Teck and 60% by Minera Tama S.A. de C.V. ("**Tama**"). Tama is owned 65% by Teck and 35% by Minera Faja de Plata, S.A. de C.V. resulting in Teck holding a 79% interest in the property. Our interest may vary depending on certain financing elections the parties may make under the agreements governing the project.

Additional drilling and metallurgical test work on the property was conducted in 2015 and an advanced scoping study was completed in 2016. A pre-feasibility study is planned to start in 2017 along with preliminary permitting work including baseline environmental and community studies.

Zafranal, Peru

The Zafranal property, located in southern Peru within the Provinces of Castilla and Caylloma, is a mid-sized copper-gold sulphide porphyry deposit. The project is held by Compañía Minera Zafranal S.A.C., in which we are a 50% direct shareholder. The other 50% shareholding is held by Minera A.Q.M. Copper Peru S.A.C, which is owned 60% by AQM Copper Inc. and 40% by Mitsubishi Materials Corporation. In January 2017, we completed an acquisition of all of the

outstanding shares of AQM Copper Inc. not already owned by us, increasing our ownership of the project to 80%.

A pre-feasibility study was completed on the Zafranal project in 2016. Additional drilling and a feasibility study are planned to start in 2017 along with community engagement activities, environmental studies, archeological studies and permitting work necessary to prepare and submit an Environmental Impact Assessment.

Mesaba, United States

The Mesaba project, located in northeastern Minnesota, is part of a potentially significant new copper-nickel mining district. Known ore deposits in the district, including Mesaba, consist of metallurgically complex disseminated copper-nickel sulphides that require a range of mineral processing to make saleable concentrate or metal products and appropriate considerations to meet State and Federal requirements to protect the environment. The mineral resources and related properties forming the Mesaba project are owned 100% by Teck.

Several drilling campaigns and engineering studies have been completed on the Mesaba project, including an updated scoping study in 2016, which included re-evaluation of the design basis which will inform next stages of study and potential future development of the project. Desktop studies and minor field programs, predominantly with an environmental focus, are planned for 2017.

Galore Creek, Canada

The Galore Creek project, located in the traditional territory of the Tahltan Nation in northwestern British Columbia, is a major copper-gold porphyry deposit. The project is owned by Galore Creek Partnership, a 50/50 partnership between Teck and NovaGold Canada Inc., and is managed by the Galore Creek Mining Corporation, a wholly-owned subsidiary of the Galore Creek Partnership.

The Galore Creek project has undergone several engineering studies since the 2012 Advanced Engineering Study and significant diamond drilling was also carried out in 2013 and 2014. A high level re-assessment of key design features of the project was completed in 2016. Although the project remains on care and maintenance, an updated engineering study is planned for 2017 as well as modest field programs focused on drill core management and preservation. In addition, during 2017 we will work with the Tahltan Central Government to renew the 10 year Participation Agreement entered into in 2007.

Schaft Creek, Canada

The Schaft Creek property, located in the traditional territory of the Tahltan Nation in northwestern British Columbia, approximately 26 kilometres northeast of the Galore Creek property, is a large low-grade copper-molybdenum-gold porphyry deposit. The project is a 75/25 joint venture between Teck and Copper Fox Metals Inc., with Teck as the operator.

The project is at an advanced stage of exploration. A feasibility study was updated in 2013. Ongoing environmental monitoring and engineering studies continued through 2016. Resource

modeling, trade-off and value-add conceptual studies are planned for 2017 along with a continuation of care and maintenance activities.

CESL Limited (CESL)

In 2016, our CESL hydrometallurgical facility, located in Richmond, B.C., continued to advance the commercialization of our proprietary copper, nickel and copper-arsenic process technologies on internal and external opportunities.

Steelmaking Coal

Our coal mineral holdings consist of a mix of fee simple lands owned by us and Crown leases and licenses, which are subject to licensing and leasing fees. In the past, renewals of these licenses and leases have generally been granted although there can be no assurance that this will continue in the future.

Five of Teck's six operating coal mines are in British Columbia and are therefore subject to mineral taxes. British Columbia mineral tax is a two-tier tax with a minimum rate of 2% and a maximum rate of 13%. A minimum tax of 2% applies to operating cash flows, as defined by the regulations. A maximum tax rate of 13% applies to cash flows after taking available deductions for capital expenditures and other permitted deductions. Alberta Crown royalties are assessed on a similar basis, at rates of 1% and 13%, and apply to the Cardinal River mine.

All of Teck's coal mines are conventional open-pit operations and are designed to operate on a continuous basis, 24 hours per day, 365 days per year. Operating schedules can be varied depending on market conditions and are subject to shutdowns for maintenance activities. Capacity may be restricted for a variety of reasons and actual production will depend on sales volumes. All of the mines are accessed by two-lane all-weather roads which connect to public highways. All the mines operate under permits granted by Provincial and/or Federal regulatory authorities. Each of the mines will require additional permits as they progress through their long-term mine plans. All permits necessary for the current operations of the mines are in hand and in good standing. Annual in-fill drilling programs are conducted to confirm and update the geological models used to develop the yearly mine plans.

Following mining, the coal is washed in coal preparation plants using a variety of conventional techniques and conveyed to coal or gas fired dryers for drying. Processed coal is conveyed to clean coal silos or other storage facilities for storage and load-out to railcars.

New five-year collective labour agreements were reached in 2016 at our Fording River and Elkview operations, and a four-year agreement was ratified at our Coal Mountain operations.

Elk Valley Water Management

We continue to implement the water quality management measures required by the Elk Valley Water Quality Plan, which was approved in the fourth quarter of 2014 by the B.C. Minister of Environment.

Implementation of the plan includes the construction of active water treatment facilities to reduce selenium and nitrates in the receiving environment. We expect the long-term costs of water

management, including capital and operating costs, to average in the range of $4 per tonne of steelmaking coal (assuming annual production of 27.5 million tonnes). Final costs of implementing the Plan will depend in part on the technologies applied and on the results of ongoing environmental monitoring.

In 2016, we spent approximately $40 million towards implementation of the plan and in 2017, we expect to spend approximately $100 million.

Our West Line Creek active water treatment facility is operating consistent with design parameters and in compliance with permit limits. We are continuing to investigate an issue regarding selenium compounds in effluent. Work is ongoing to assess the potential implications of this issue, and if associated environmental impacts are identified, modifications to operating parameters or facilities may be required. The cost of modifications may be material. Permitting of future mine expansions may be delayed and design and construction of additional water treatment facilities will likely be delayed while we determine the significance of the issue and how to address it.

We expect that, in order to maintain water quality, water treatment will need to continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring of the regional environment to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provide for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental impacts or technical issues or advances associated with potential treatment technologies that could increase or decrease both capital and operating costs associated with water quality management.

See *Risk Factors—"We face risks associated with the issuance and renewal of environmental permits* " and—"*Changes in environmental, health and safety laws may have a material adverse effect on our operations*" for a further discussion of permitting and water quality management.

Coal Transportation

Most of the coal produced at the five mines in the Elk Valley Region of British Columbia and at the Cardinal River mine in west central Alberta is shipped to west-coast ports in British Columbia.

West-bound rail service from the five mines located in the Elk Valley is provided by Canadian Pacific Railway Company (" **CPR**") pursuant to a 10-year agreement that expires in 2021. CPR transports a portion of these westbound shipments to Kamloops, B.C., and interchanges the trains with Canadian National Railway Company ("**CNR**") for further transportation to the west coast. CNR also provides rail service from the Cardinal River mine to the west coast. Both CNR's Cardinal River services and Kamloops interchange services are provided to Teck Coal under a 2 year agreement expiring at the end of 2017.

A small portion of the coal produced at the five mines in the Elk Valley is transported by rail and ship via Thunder Bay Terminals in Thunder Bay, Ontario, to customers in the Great Lakes region of Canada and by direct rail to the United States. CPR transports the United States shipments via CPR directly or via the Burlington Northern Santa Fe ("**BNSF**") railway, in which case CPR transports the coal from Elk Valley to Coutts, Alberta and then interchanges the trains with BNSF

for further transport to the United States. Rail shipments destined for Thunder Bay and the United States are transported under rail tariff and related agreements.

Teck exports its seaborne coal primarily through three west coast terminals (Westshore, Neptune and Ridley). Westshore Terminals provides ship-loading services at Roberts Bank, British Columbia, and in 2016 provided services for approximately 70% of Teck's steelmaking coal shipments. Our contract with Westshore Terminals provides us with 19 million tonnes of annual capacity through to March 2021, and we have contracted capacity at Ridley Terminals near Prince Rupert to provide for steelmaking coal shipments from our Cardinal River Operations in Alberta.

Neptune Bulk Terminals, in which Teck Coal has a 46% ownership interest, has a current annual capacity for steelmaking coal shipments of 12.5 million tonnes and provides ship-loading services for coal shipments loaded on a cost-of-service basis. Neptune has received the final permit required for execution of a project to expand steelmaking coal throughput capacity. Work is now underway to update engineering for the project, previously suspended in 2013, which would increase throughput capacity to approximately 18.5 million tonnes. If sanctioned in 2017, the project could be completed by early 2020.

Property Description

The following sections cover details for each of the operating mines and potential projects. For the operating mines, the remaining reserve life is shown, calculated by dividing remaining reserves by current annual production rates. As mine plans and capacities change these reserve lives will also change. Because each mine covers a substantial lease area, the development required for accessing the reserves can be substantial, and involve a range of expenditures in terms of pit access and development and infrastructure to support the development. The reserve lives also assume that the required permits for life extensions will be obtained in a timely fashion to maintain production continuity, as has been the case in previous years.

Geology of the Elk Valley Mines (B.C., Canada)

In the mines in the Elk Valley Region of British Columbia, coal is contained within the sedimentary Mist Mountain Formation of the lower Cretaceous Kootenay Group. The Mist Mountain sediments were involved in the mountain-building movements of the late Cretaceous to early Tertiary Laramide orogeny and are approximately 500 metres thick, with the depth of burial ranging from zero to 1,500 metres. The major structural features are north-south trending synclines with near horizontal to steep westerly-dipping thrust faults and a few high angle normal faults. This faulting has allowed for the Mist Mountain sequence to be repeated throughout the Elk Valley.

Fording River Mine, B.C., Canada

The Fording River mine is located 29 kilometres northeast of the community of Elkford, in southeastern British Columbia. The mine site consists of approximately 23,000 hectares of coal lands, including four operating surface coal pits along with several areas planned for surface mine development held under multiple contiguous coal leases and licences. The leases and licenses relating to Fording River are held by Teck Coal. Teck Coal also controls the surface and

subsurface rights to the properties which are in operation and those that are planned for development. In 2015, our Fording River Operation was granted all the necessary permits to begin mining the Swift area of Greenhills Ridge. This extension will allow Fording River to continue mining for approximately 25 more years.

Coal mined at Fording River is primarily steelmaking coal, although a small amount of thermal coal is also produced. The current annual production capacities of the mine and preparation plant are approximately 8.5 million and 9.5 million tonnes of clean coal, respectively.

The majority of current production is derived from the Eagle Mountain pit area. Proven and probable reserves at Fording River are projected to support mining at planned production rates for a further 46 years. Fording River's reserve areas include Eagle Mountain, Greenhills Ridge, Turnbull, Henretta, and Castle Mountain.

2017 projected capital costs for Fording River are approximately $60 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	27
Major enhancement	33

2017 projected cash operating costs for Fording River are approximately $396 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	222
Supplies	183
Energy	83
Other (including general & administrative, inventory changes)	59
Less amounts associated with projected capitalized stripping	(151)
Total	396

The cash operating costs presented above do not include transportation or royalties.

Elkview Mine, B.C., Canada

Teck Coal has a 95% partnership interest in the Elkview mine. The remaining 5% is indirectly held equally by Nippon Steel & Sumitomo Metal Corporation, a Japanese steel producer, and POSCO, a Korean steel producer, each of which acquired a 2.5% interest in 2005. The Elkview mine is an open-pit coal mine located approximately three kilometres east of Sparwood in south-eastern British Columbia. The mine site consists of approximately 27,100 hectares of coal lands.

The coal produced is a high-quality mid-volatile hard coking coal. Lesser quantities of lower grade hard coking coal are also produced. The current annual production capacities of the mine and preparation plant (on a 100% basis) are approximately 7.0 million and 7.0 million tonnes of clean coal, respectively.

Production is derived primarily from the Baldy Ridge and Natal Ridge pit areas. During the third quarter of 2016, our Elkview Operation was granted an environmental assessment certificate for the Baldy Ridge Extension project, which is expected to extend the life of the mine by approximately 23 years. Proven and probable reserves at Elkview are projected to support mining at planned production rates for a further 41 years.

2017 projected capital costs for Elkview are approximately $106 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	61
Major enhancement	45

2017 projected cash operating costs for Elkview are approximately $305 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	157
Supplies	149
Energy	73
Other (including general & administrative, inventory changes)	88
Less amounts associated with projected capitalized stripping	(162)
Total	305

The cash operating costs presented above do not include transportation or royalties.

Greenhills Mine, B.C., Canada

Greenhills is operated under a joint venture agreement (the "**Greenhills Joint Venture Agreement**") among Teck Coal, POSCO Canada Limited ("**POSCAN**") and POSCAN's parent, POSCO. Pursuant to the agreement, Teck Coal has an 80% interest in the joint venture while POSCAN has a 20% interest. The mine equipment and preparation plant are owned by Teck Coal and POSCAN in proportion to their respective joint venture interests. Under the Greenhills Joint Venture Agreement, Teck Coal is the manager and operator of Greenhills and takes 80%of all steelmaking coal produced at Greenhills. POSCAN takes the remaining 20%.

Teck Coal and POSCAN bear all costs and expenses incurred in operating Greenhills in proportion to their respective joint venture interests. POSCAN, pursuant to a property rights grant, has a right to 20% of all coal mined from certain defined lands at Greenhills until the end of the operational phase of the joint venture and POSCAN pays Teck a royalty for access to other coal reserves owned by Teck which are processed by Greenhills equipment and facilities. The joint venture agreement provides for a review of the terms of the agreement in 2018 and 2022 and, in the event the parties disagree on the continuation of the terms of the agreement, the operational phase will come to an end.

The Greenhills mine is located eight kilometres northeast of the community of Elkford, in south eastern British Columbia. The mine site consists of approximately 11,800 hectares of coal lands.

Coal mined at Greenhills is primarily steelmaking coal, although a small amount of thermal coal is also produced. The current annual production capacities of the mine and preparation plant (on a 100% basis) are 5.4 million and 5.4 million tonnes of clean coal, respectively.

Production is derived primarily from the Cougar pit area. Proven and probable reserves at Greenhills are projected to support mining at planned production rates for a further 38 years.

Our 80% share of 2017 projected capital costs for Greenhills is approximately $25 million. The major components of our share of projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	15
Major enhancement	10

Our 80% share of 2017 projected cash operating costs for Greenhills is approximately $228 million. The major components of our share of projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	90
Supplies	89
Energy	53
Other (including general & administrative, inventory changes)	43
Less amounts associated with projected capitalized stripping	(47)
Total	228

The cash operating costs presented above do not include transportation or royalties.

Coal Mountain Mine, B.C., Canada

The Coal Mountain mine is located 30 kilometres southeast of Sparwood in southeastern British Columbia. The mine site consists of approximately 3,000 hectares of coal lands. Coal Mountain produces both steelmaking and thermal coal. The current annual production capacities of the mine and preparation plant are approximately 2.7 million and 3.5 million tonnes of clean coal, respectively. In November 2015 we suspended the Coal Mountain Phase 2 Project, as the project was not economic under the expected market conditions at that time.

We expect mining to conclude at our Coal Mountain Operations in the fourth quarter of 2017.

Line Creek Mine, B.C., Canada

The Line Creek mine is located approximately 25 kilometres north of Sparwood in southeastern British Columbia. Line Creek supplies steelmaking and thermal coal to a variety of international and domestic customers. The Line Creek property consists of approximately 8,200 hectares of coal lands.

The current annual production capacities of the mine and preparation plant are approximately 4.0 million and 4.0 million tonnes of clean coal, respectively. Proven and probable reserves at Line Creek are projected to support mining at planned production rates for a further 19 years.

Cardinal River Mine, Alberta, Canada

The Cardinal River mine is located approximately 42 kilometres south of Hinton, Alberta. Prior to 2003 the mine was owned by Luscar and CONSOL, each of which retain a net revenue royalty of 2.5% based on any coal mined from the Cheviot pit and certain other former Luscar properties. The Cardinal River mine property consists of approximately 15,300 hectares of coal lands.

In 2005, Teck Coal completed the development of the Cheviot Creek pit located approximately 20 kilometres south of the Cardinal River coal plant. Coal mined at Cardinal River is primarily steelmaking coal, although a small amount of thermal coal is also produced. The current annual production capacities of the mine and preparation plant are approximately 2.0 million and 3.5 million tonnes of clean coal, respectively.

Proven and probable reserves at Cardinal River are projected to support mining for a further 9 years. However, mining beyond 2019 will require the coal price to remain high for a sustained period.

Quintette Coal Project, B.C., Canada

Our Quintette mine in northeastern British Columbia has been closed since 2000. In the third quarter of 2012 we completed the feasibility study for re-opening the Quintette mine. The feasibility study estimates the capital cost to re-open Quintette at $858 million, not including escalation or interest during construction. The study contemplates an average clean coal production rate of 3.5 million tonnes per year over the estimated 12-year life of Quintette. We received a Mines Act Permit Amendment for Quintette in June 2013. Quintette has been placed on care and maintenance and the potential restart has been deferred until market conditions improve sufficiently to absorb the incremental tonnage at an attractive price.

Other Coal Projects

Other coal properties include Mt. Duke (92.6% interest) south of Tumbler Ridge B.C., Elco (75% interest) at the north end of the Elk Valley and the Marten Wheeler property south of Elkview.

Zinc

Mining Operations

Red Dog Mine, United States (Zinc, Lead)

The Red Dog zinc-lead mine, concentrator and shipping facility in the Northwest Arctic Borough, approximately 144 kilometres north of Kotzebue, Alaska, commenced production in December 1989 and began shipping concentrates in July 1990. The Red Dog mine is operated by Teck Alaska Incorporated on lands owned by, and leased from, the NANA Regional Corporation. The Red Dog mine covers approximately 1,000 hectares.

Red Dog mine is located on a ridge between the Middle and South Forks of Red Dog Creek, in the DeLong Mountains of the Western Brooks Range. The topography is moderately sloping, with elevations ranging from 260 metres to 1,200 metres above sea level. Vegetation is classified as woody tundra. The mine is accessible from a paved airstrip, five kilometres from the Red Dog mine, which allows jet access from Anchorage and Kotzebue. Mine personnel are generally drawn from surrounding communities and locations in North America. Power for the mine is produced on site by diesel generators with a maximum capacity of 30 MW, sufficient for present and expected future power requirements. Potable water is sourced from Bons Creek.

Red Dog is comprised of a number of sedimentary hosted exhalative lead-zinc sulphide deposits hosted in Mississippian-age to Pennsylvanian-age sedimentary rocks. The orebodies are lens shaped and occur within structurally controlled (thrust faults) plates, are relatively flat-lying and are hosted by marine clastic rocks (shales, siltstones, turbidites) and lesser chert and carbonate rocks. Barite rock is common in and above the sulphide units. Silicification is the dominant alteration type.

The sulphide mineralization consists of semi-massive to massive sphalerite, pyrite, marcasite and galena. Common textures within the sulphide zone include massive, fragmental, veined and, rarely, sedimentary layering.

Red Dog hosts three active deposits that have been developed to support the mine plan: Main, Aqqaluk and Qanaiyaq. Development of the Aqqaluk deposit began in May 2010 and the first ore from the deposit was processed in August 2010. The Red Dog Main pit was exhausted in the first quarter of 2012 and all future ore will come from the Aqqaluk and Qanaiyaq deposits.

The mining method employed is conventional open-pit drill and blast and truck and shovel technology. The mineral processing facilities employ conventional grinding and sulphide flotation methods to produce zinc and lead concentrates.

Tailings storage and waste disposal areas have adequate capacity to sustain the current life of mine plan. All contaminated water from the mine area and waste dumps is collected and

contained in a tailings impoundment and seasonally discharged through a water treatment plant. Mill process water is reclaimed from the tailings pond.

In 2016, 27 holes, totaling approximately 3,200 metres were drilled in the Aqqaluk pit. Nine 1,000 metre holes were drilled for resource infill and confirmation. Quick logs of these holes indicate no material impact on the quantity or grade of reserves or resources. Diamond drill core (both HQ and NQ diameters) is sawn into halves and sampled in 1.5 metre intervals with one half being sent to Bureau Veritas in Vancouver for analysis and the other half retained at Red Dog for future reference. The quality assurance-quality control program consists of standards and blanks inserted at regular intervals as well as core, coarse crush and pulp duplicates all analyzed by Bureau Veritas. Five percent of core sample pulps are split and sent to a second lab as a check.

The mine and concentrator properties are leased from, and are being operated under the terms of a development and operating agreement with, the NANA Regional Corporation, Inc. (“**NANA**”), an Alaskan native regional corporation. Since the third quarter of 2007, we pay NANA a percentage of the net proceeds of production from the mine, starting at 25% and increasing to 50% by successive increments of 5% at five-year intervals. The net proceeds of production percentage increased from 25% to 30% in the fourth quarter of 2012 and will increase to 35% in October 2017. The development and operating agreement also provides for employment and contracting preferences and additional lease rental payments. In addition to the royalties payable to NANA, the operation is subject to federal and state income taxes and the Alaska Mining License tax which applies at 7% of taxable income.

A payment in lieu of taxes (“ **PILT**”) agreement between Teck Alaska and the North West Arctic Borough (the “ **Borough**”) expired December 31, 2015. Prior to the expiry of the PILT agreement, the Borough enacted a new tax ordinance, imposing a severance tax that would have significantly increased local taxes paid by Teck Alaska. Teck Alaska filed a legal complaint challenging the legality of the severance tax and seeking to compel the Borough to engage in good faith negotiations with respect to a new PILT agreement. Early in 2017, Teck Alaska and the Borough agreed on a term sheet, with respect to the terms of a new 10-year PILT agreement. Under the terms contemplated by the term sheet, Teck Alaska’s contribution to the Borough will increase from approximately US$11.5 million per year to approximately US$24–26 million per year on the basis of current metals prices, with a portion of the new payment being allocated to a fund aimed at social investment in villages in the region. This agreement is subject to approvals by the Borough and Teck Alaska and will not be effective until a definitive PILT agreement and related documents are settled.

The mine is in material compliance with all of its permits and related regulatory instruments and has obtained all of the permits that are material to its current operations.

In 2016, approximately 30% of the zinc concentrate produced at Red Dog was shipped to our metallurgical facilities at Trail, British Columbia and the balance to customers in Asia and Europe. The lead concentrate production is also shipped to Trail and to customers in Asia. The majority of concentrate sales are pursuant to long-term contracts at market prices subject to annually negotiated treatment charges. The balance is sold on the spot market at prices based on prevailing market quotations. The shipping season at Red Dog is restricted to approximately 100 days per year because of sea ice conditions and Red Dog’s sales are seasonal, with the majority

of sales in the last five months of each year. Concentrate is stockpiled at the port facility and is typically shipped between July and October.

In 2016, zinc production at Red Dog increased to 583,000 tonnes compared to 567,000 tonnes in 2015, primarily due to increased mill throughput with softer ores processed. Lead production in 2016 rose to 122,300 tonnes, compared to 117,600 tonnes in 2015, primarily due to higher mill throughput.

Red Dog's production of contained metal in 2017 is expected to be in the range of 545,000 to 565,000 tonnes of zinc and 110,000 to 115,000 tonnes of lead. From 2018 to 2020, Red Dog's production of contained metal is expected to be in the range of 500,000 to 525,000 tonnes of zinc and 85,000 to 115,000 tonnes of lead.

The mine life is expected to continue to 2031. In 2017 we plan to undertake an exploration drilling program and various studies focused on extending the life of Red Dog past 2031, including possible development of the Paalaaq and Anarraaq deposits. In addition, a feasibility study is in progress that aims to increase the mill throughput rate to help offset future grade declines and harder ores anticipated in the current mine plan.

2017 projected capital costs for Red Dog are approximately US$52 million. The major components of the projected capital costs are:

Component	Approximate projected cost (US$/million)
Sustaining	42
Major Enhancement	10

2017 projected cash operating costs for Red Dog are approximately US$220 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost (US$/million)
Labour	108
Supplies	73
Energy	33
Other (including general & administrative, inventory changes)	45
Less amounts associated with capitalized stripping	(39)
Total	220

The cash operating costs presented above do not include transportation or royalties.

Pend Oreille Mine, United States (Zinc, Lead)

We own 100% of the Pend Oreille mine, near Metaline Falls, Washington, which began commercial production in early 2004 under Teck's ownership. In February 2009, we suspended operations and put the mine on care and maintenance as a result of low zinc prices. The mine restarted operations in December 2014.

The Pend Oreille mine is a carbonate-hosted zinc-lead orebody situated within the Metaline Formation in the southern portion of the Kootenay arc, an arcuate, narrow belt of sedimentary, volcanic and metamorphic rocks separating Precambrian metasediments to the east and Mesozoic volcanic and sedimentary units to the west. Metaline carbonates host the known zinc-lead deposits within the district.

Mineralization at the Pend Oreille mine is located within the Yellowhead horizon of the Metaline Formation, an intensely altered stratabound dolomitic solution breccia, which has been invaded and replaced by fine-grained pyrite with lesser zinc and lead sulphides. The sulphide zone has relatively simple mineralogy. Sphalerite and galena are the two ore minerals of interest. Gangue minerals include pyrite, dolomite and calcite.

The Pend Oreille mine is an underground mine. The mineral processing facilities employ conventional grinding and sulphide flotation methods to produce high quality zinc and lead concentrates. Pend Oreille holds all permits necessary for its operation and is in material compliance with these permits.

The mine achieved zinc production of 34,100 tonnes in 2016, compared to 30,700 tonnes in 2015.

In response to production challenges, we have undertaken extensive geological studies to improve our knowledge of the mineralization at Pend Oreille and its impact on mineral resources and reserves. We have concluded that mineral reserves in the new MX area, previously under development, are less than anticipated. We have developed a new mine plan for the operation through to early 2018, although there is still significant potential to extend the mine life to at least 2020. We have identified high-potential areas in the currently producing East Mine area and plan to undertake a major exploration and drilling program in 2017.

We expect 2017 production to be between 35,000 and 40,000 tonnes of zinc in concentrate. Production rates beyond 2017 are uncertain, although the potential exists to extend the mine life at similar rates for several more years.

Other Zinc Projects

In October 2016, we announced an agreement to increase our interest to 100% in the Teena/Reward zinc project by acquiring the outstanding 49% interest held by Rox Resources Limited. The transaction closed in February 2017. Teena/Reward is located eight kilometres west of the McArthur River Mine in the Northern Territory of Australia.

Refining and Smelting

Trail Operations

Teck Metals owns and operates the integrated smelting and refining complex at Trail, British Columbia. The complex's major products are refined zinc, lead and silver. It also produces a variety of precious and specialty metals, chemicals and fertilizer products.

The zinc refinery consists of six major metallurgical plants, one fertilizer plant and two specialty metal plants. Depending on the mix of feeds, the facility has an annual capacity of approximately 300,000 to 310,000 tonnes of refined zinc. Zinc concentrates are initially treated in either roasters or pressure leach plants where sulphur is separated from the metal-bearing solids. The zinc is put into solution where it is first purified to remove other metal impurities and then electroplated onto cathodes in an electrolytic refining plant. The zinc cathodes are melted and then the zinc is cast into various shapes, grades and alloys to meet customer requirements. Other valuable metals, including indium and germanium, are also recovered as co-products in the zinc plant. The lead smelting operation consists of two major metallurgical plants and one specialty metal plant. Lead concentrates, recycled lead acid batteries, residues from the zinc circuits and various other lead- and silver-bearing materials are treated in the KIVCET flash furnace to produce lead bullion. The bullion is electro-refined in the refinery to produce high purity lead. The valuable silver and gold are also recovered in this circuit after further processing. Shutdown of the KIVCET furnace for regular maintenance is scheduled to occur approximately every four years, with the next shutdown scheduled for the third quarter of 2018.

Refined zinc production in 2016 was an annual record of 311,600 tonnes, compared with 307,000 tonnes the previous year, primarily due to higher plant availability. Refined lead production set a new annual record of 99,200 tonnes, up from 83,500 tonnes in 2015. Silver production increased to 24.2 million ounces in 2016 from 23.5 million ounces in 2015.

Our recycling process treated 45,500 tonnes of material during the year, and we plan to treat about 43,000 tonnes in 2017. Our focus remains on treating lead acid batteries and cathode ray tube glass, plus small quantities of zinc alkaline batteries and other post-consumer waste through our recycling program.

In November 2016, we announced that we would invest $174 million in the installation of a second new acid plant to improve reliability and environmental performance at Trail Operations. Construction is expected to start in the first quarter of 2017, with the plant becoming operational in the summer of 2019.

In 2017, we expect Trail Operations to produce in the range of 300,000 to 305,000 tonnes of refined zinc, approximately 95,000 tonnes of refined lead and 23 to 25 million ounces of silver. Zinc and lead production from 2018 to 2020 is expected to remain at similar levels, while silver production is dependent on the amount of silver contained in the purchased concentrates.

Metallurgical effluent, together with site rainfall drainage water, is collected in ponds and treated through an effluent treatment plant before discharge into the Columbia River. The smelter operates under a variety of permits, including effluent and air emission permits issued by the

British Columbia Ministry of Environment. The operation is in material compliance with all of its environmental permits and has obtained all of the permits that are material to its operations.

Teck Metals also owns a two-thirds undivided interest in the Waneta hydroelectric power plant near Trail. BC Hydro acquired the balance from Teck in March 2010. The plant has an installed capacity of approximately 490 megawatts and an annual average output of approximately 2,700 gigawatt hours of energy. This plant, pursuant to agreements with BC Hydro, provides electric power to the Trail Operations. The operation of Waneta and other hydroelectric plants located on the Kootenay River are governed by the Canal Plant Agreement (CPA), a contractual arrangement with BC Hydro and other related parties under which Teck receives approximately 1,800 gigawatt hours per year of energy regardless of actual water flows. The term of the CPA extends until 2035.

Teck Metals and BC Hydro are parties to a Co-Ownership and Operating Agreement, which they entered into in connection with BC Hydro's acquisition of its one-third interest in the Waneta power plant. The agreement generally governs the relationship between Teck Metals and BC Hydro as co-owners of Waneta, and addresses matters including operation of the power plant, accounting and ownership. The agreement also generally provides for the firm delivery of energy and capacity from Waneta to BC Hydro until 2036. If Teck Metals fails to deliver power as provided for in the agreement, it could be liable to pay liquidated damages to BC Hydro based on the market rate for power at the time of the shortfall. The costs of the liquidated damages could be significant if the shortfall continues and is not covered by our insurance policies. Power that is surplus to Teck Metals' obligations under the Co-Ownership and Operating Agreement and the requirements of Trail Operations may be sold by Teck Metals, subject to offering BC Hydro the first right to purchase the surplus.

We also own the related 15-kilometre transmission and distribution system from Waneta to the United States.

Energy

Fort Hills Project

The Fort Hills project is a project to develop, mine, extract and sell the recoverable bitumen found in certain oil sands deposits underlying six Alberta Oil Sands Leases No.'s 7404080933, 7404080932, 7400120008, 7406020438, 7405090634 and 7406020437 (collectively, the "**Fort Hills Leases**"). The Fort Hills Leases are located approximately 90 kilometres north of Fort McMurray, Alberta and cover a contiguous area of approximately 23,675 hectares on the east bank of the Athabasca River.

On November 30, 2005, we acquired a 15% limited partnership interest in Fort Hills Energy L.P. (the " **Fort Hills Partnership**"), which owns the Fort Hills oil sands project. On September 19, 2007, we entered into an agreement to increase our interest in the Fort Hills Partnership to 20%. The other limited partners are currently Suncor Energy Inc. ("**Suncor**") with a 50.8% interest and Total E&P Canada Ltd. (" **Total**") with a 29.2% interest. Relations among the partners are governed by a limited partnership agreement and a unanimous shareholder agreement pertaining

to the governance of Fort Hills Energy Corporation, the general partner of the Fort Hills Partnership, in which the limited partners hold pro rata share interests.

Suncor Energy Operating Inc., an affiliate of Suncor, acts as contract operator of the project pursuant to an operating services contract. The contract operator has exclusive authority to operate the project, subject to the oversight of a management committee on which each of the shareholders of the general partner is represented. Certain fundamental decisions concerning the project require super-majority, and in certain cases, unanimous, approval of the management committee. Subject to certain exceptions, limited partners have a right of first refusal in the event of a transfer of another's limited partnership interest.

Suncor has provided an update regarding its recently completed review of schedule, project costs and throughput. Suncor advises that the review, at this state of project development, provides a high degree of confidence on schedule and project costs to completion. In parallel, a review of the plant throughput has confirmed the steady state production target and expected ramp up. Subsequent to the completion of the reserves evaluation for the year ended December 31, 2016, Suncor announced an 8% increase in the nameplate capacity to 194,000 barrels per day (100% basis). We anticipate an average production rate of 186,000 barrels per day over the life of the project.

Teck's share of the overall project costs are now expected to be $3.3 billion from the date the project was sanctioned, up $400 million from our previous forecast of $2.9 billion, primarily due to the wildfires in Fort McMurray and productivity challenges causing an increase in the capital cost estimate for the secondary extraction facility. These same factors are putting pressure on the project start-up date; however, the project remains on track to produce first oil late in 2017.

The revised total project capital forecast is approximately 10% above the project sanction estimate, excluding foreign exchange impacts. Our share of project capital costs through to completion (including foreign exchange) is now expected to be $805 million, of which approximately $640 million will be spent in 2017. Due to the increase in capital cost, we recorded an impairment charge of $222 million in our fourth quarter results.

Construction at the end of 2016 has surpassed 76% of completion, with two of the six major project areas (mining and infrastructure) turned over to operations. All major plant equipment and materials are on site, and all major vessels and process modules have been installed. Shovels, trucks and equipment are mobilizing for operations. As at December 31, 2016, 58% of operations personnel have been hired.

As of December 31, 2016, approximately $15.8 billion (100% basis) has been spent on the Fort Hills project by the Fort Hills Partnership since inception. Teck's cumulative spending on the project since inception was $3.9 billion at the end of 2016, of which $987 million was spent in 2016.

The Fort Hills oil sands leases require first production of bitumen prior to July 31, 2019. Fort Hills is required to upgrade the bitumen produced from the second phase of the project in Alberta or to pay a penalty to the Government of Alberta.

Teck has entered into a number of pipeline and related infrastructure agreements regarding its 20% portion of bitumen production. Construction of regional pipelines and associated facilities is

underway and they will be in service prior to Fort Hills start-up. These infrastructure arrangements include storage and blending facility capacity and pipeline transportation agreements, including agreements to provide diluent pipeline capacity to Fort Hills and diluted bitumen pipeline capacity to Hardisty, Alberta, Eastern Canada and to the Gulf Coast area of the United States. These arrangements are generally on a "take-or-pay" basis and Teck is required to pay for capacity on the pipelines and storage infrastructure regardless of whether we use this capacity. Certain of these infrastructure arrangements are in their preliminary stages and require various conditions to be fulfilled, including regulatory approvals, prior to potential construction or operation. Teck's "take-or-pay" obligations do not commence until the infrastructure is in operation; until then Teck's obligations are limited to providing financial support related to regulatory obligations and related actions as the infrastructure providers progress through construction and regulatory work.

These arrangements also permit the infrastructure owners to require Teck to deliver letters of credit or other financial assurances if Teck does not maintain investment grade ratings by specified ratings agencies. Teck has posted approximately $265 million of letters of credit under certain pipeline and storage agreements we entered into in connection with the Fort Hills project. In addition, if requested by all of Teck's counterparties, the amount of these letters of credit could increase up to approximately $740 million in 2017. Following the in-service dates for certain of these infrastructure arrangements, these potential obligations will decrease to approximately $530 million. Generally, these Fort Hills-related letters of credit will be terminated if and when we regain investment grade ratings.

Teck engaged GLJ Petroleum Consultants Ltd. (" **GLJ**") to prepare an independent evaluation of the reserves at the Fort Hills project effective as of December 31, 2016. The best estimate of our 20% share of the proven plus probable reserves at Fort Hills is 573 million barrels of bitumen. Teck's share of project reserves have been reduced by approximately 10% to account for reductions made in the planned mining area in order to manage potential inflows of saline basal water. The revised mine plan is still expected to support mining at design production rates for over 44 years. See "*Oil and Gas Resources*" below for a further discussion of the reserves for the Fort Hills project.

Frontier Project

The Frontier oil sands project is wholly-owned by Teck and consists of approximately 60,700 hectares of oil sands leases and is located on the west side of the Athabasca River. The Frontier project was designed for a total nominal production of approximately 260,000 barrels per day of bitumen.

The regulatory application review of Frontier is continuing with an appointed federal-provincial Frontier hearing panel reviewing information filed to date. The regulatory application review process for Frontier is continuing, with an appointed federal-provincial Frontier hearing panel reviewing information filed to date. The process is expected to continue through 2017, making 2018 the earliest a federal decision statement is expected. Our current expenditures on Frontier are limited to supporting this process. We are evaluating the future project schedule and development options as part of our ongoing capital review and prioritization process.

Should the project proceed, first oil is not expected before the first quarter of 2026 with production expected to continue for 41 years.

Lease 421 Area

We own a 50% interest in the Lease 421 Area – oil sands leases 421, 022, 023 and 899 – east of the Athabasca River (approximately 13,300 hectares on a 100% basis). To date, a total of 89 core holes have been completed in the Lease 421 Area.

Wintering Hills Wind Power Facility

At December 31, 2016, we held a 49% interest in the Wintering Hills Wind Power Facility near Drumheller, Alberta, and a subsidiary of TransAlta Corporation, our joint venture, held the remaining 51% interest and operated the project. In January 2017, we announced that we had entered into an agreement to sell our interest in Wintering Hills for approximately $59 million. TransAlta has also agreed to sell its interest in Wintering Hills pursuant to the same agreement. The transaction is expected to close in the first quarter of 2017.

Exploration

In 2016, we incurred exploration expenditures of $51 million, including $3 million for mine site and development/engineering projects. Approximately 33% of expenditures were dedicated to exploration for zinc, 43% for copper, 19% for gold and approximately 5% were dedicated to other commodities. Of the total exploration expenditures, approximately 51% was spent in North America, 25% in South America, 14% in Europe and Africa and 10% in Asia-Pacific. In 2017, planned exploration expenditures are expected to be approximately $67 million, including $3 million for mine site and development /engineering projects.

Exploration is carried out through sole funding and joint ventures with major and junior exploration companies. Exploration is focused on areas in proximity to our existing operations or development projects in regions that we consider have high potential for discovery.

Corporate

For financial reporting purposes, we report on a corporate segment which includes all of our activities in commodities other than copper, coal, zinc and energy, our corporate development and growth initiatives and groups that provide administrative, technical, financial and other support to all of our business units.

Mineral Reserves and Resources

See “Notes to Mineral Reserves and Resources Tables” below, after the Mineral Resources table.

MINERAL RESERVES(1) AT DECEMBER 31, 2016

	Proven		Probable		Total		Teck Interest	
	Tonnes (000's)	Grade (%)	Tonnes (000's)	Grade (%)	Tonnes (000's)	Grade (%)	Teck Interest (%)	Recoverable Metal(7) (000 t)
Copper								
Highland Valley Copper	334,700	0.31	211,900	0.26	546,600	0.29	100.0%	1,400
Antamina								
Copper only ore	115,100	1.03	190,200	1.02	305,400	1.02	22.5%	650
Copper-zinc ore	58,900	0.98	188,300	0.82	247,200	0.86	22.5%	370
	174,000	1.01	378,500	0.92	552,600	0.95	22.5%	1,020
Quebrada Blanca								
Heap leach (2)	3,800	0.53	1,900	0.47	5,800	0.51	76.5%	20
Dump leach (2)	700	0.18	1,900	0.17	2,600	0.17	76.5%	2
	4,500	0.47	3,800	0.32	8,400	0.40	76.5%	22
Quebrada Blanca - Mill	40,800	0.62	1,218,000	0.51	1,258,800	0.51	76.5%	4,470
Andacollo								
Heap leach (2)	500	0.42	4,000	0.17	4,500	0.20	90%	4
Dump leach (2)	-	-	-	-	-	-	-	-
	500	0.42	4,000	0.17	4,500	0.20	90%	4
Andacollo - Mill	122,400	0.37	227,300	0.33	349,700	0.35	90%	950
Galore Creek	69,000	0.61	459,100	0.58	528,000	0.59	50%	1,390
NuevaUnión								
Relincho	435,300	0.38	803,800	0.37	1,239,100	0.37	50%	2,040
La Fortuna	321,800	0.55	277,200	0.43	599,100	0.49	50%	1,280
Molybdenum								
Highland Valley Copper	334,700	0.007	211,900	0.010	546,600	0.008	100.0%	30
Antamina	115,100	0.038	190,200	0.032	305,400	0.034	22.5%	20
Quebrada Blanca - Mill	40,800	0.010	1,218,000	0.019	1,258,800	0.019	76.5%	130
NuevaUnión								
Relincho	435,300	0.016	803,800	0.018	1,239,100	0.017	50%	60
Zinc								
Red Dog								
Mine	-	-	50,900	15.0	50,900	15.0	100%	6,330
District	-	-	-	-	-	-	-	-
Pend Oreille	-	-	700	8.1	700	8.1	100%	50
Antamina	58,900	2.1	188,300	2.0	247,200	2.0	22.5%	920
Lead								
Red Dog								
Mine	-	-	50,900	4.2	50,900	4.2	100%	1,100
District	-	-	-	-	-	-	-	-
Pend Oreille	-	-	700	1.6	700	1.6	100%	10

MINERAL RESERVES[1] AT DECEMBER 31, 2016

	Proven		Probable		Total		Teck Interest	
	Tonnes (000's)	Grade (g/t)[4]	Tonnes (000's)	Grade (g/t)[4]	Tonnes (000's)	Grade (g/t)[4]	Teck Interest (%)	Recoverable Metal [7] (000 oz)
Gold								
Andacollo - Mill [6]	122,400	0.13	227,300	0.12	349,700	0.12	90%	840
Galore Creek	69,000	0.52	459,100	0.29	528,000	0.32	50%	2,040
NuevaUnión								
La Fortuna	321,800	0.56	277,200	0.35	599,100	0.46	50%	3,000
Silver								
Antamina								
Copper only ore	115,100	7.8	190,200	8.2	305,400	8.0	22.5%	14,170
Copper-zinc ore	58,900	16.6	188,300	13.2	247,200	14.0	22.5%	16,060
	174,000	10.8	378,500	10.7	552,600	10.7	22.5%	30,230
Red Dog								
Mine	-	-	50,900	76.4	50,900	76.4	100.0%	78,100
District	-	-	-	-	-	-	-	-

	Proven	Probable	Total	Teck Interest	
	Tonnes (000's)	Tonnes (000's)	Tonnes (000's)	Teck Interest (%)	Clean Coal (000 t)
Metallurgical Coal [3]					
Fording River	169,900	220,500	390,400	100%	390,400
Elkview	11,200	254,800	265,900	95%	252,600
Greenhills	25,400	147,900	173,300	80%	138,600
Line Creek	3,000	61,700	64,800	100%	64,800
Cardinal River	4,900	12,000	16,900	100%	16,900
Quintette (Mt Babcock)	30,800	5,000	35,800	100%	35,800
PCI Coal [3]					
Coal Mountain	2,700		2,700	100%	2,700
Cardinal River	300	400	700	100%	700
Thermal Coal [3]					
Line Creek	1,200	9,500	10,700	100%	10,700
Quintette (Mt Babcock)	900	300	1,200	100%	1,200

MINERAL RESOURCES[1] AT DECEMBER 31, 2016

	Measured		Indicated		Inferred		
	Tonnes (000's)	Grade (%)	Tonnes (000s)	Grade (%)	Tonnes (000s)	Grade (%)	Teck Interest
Copper							
Highland Valley Copper	517,400	0.31	953,700	0.23	501,200	0.24	100.0%
Antamina							
Copper only ore	45,900	0.55	330,500	0.77	815,600	0.82	22.5%
Copper-zinc ore	19,100	0.85	138,100	1.06	431,000	0.98	22.5%
	65,000	0.64	468,600	0.86	1,246,600	0.87	22.5%
Quebrada Blanca							
Heap leach [2]	-	-	-	-	100	0.44	76.5%
Dump leach [2]	-	-	-	-	200	0.15	76.5%
					300	0.25	76.5%
Quebrada Blanca - Mill	15,500	0.41	1,308,900	0.39	2,140,800	0.37	76.5%
Andacollo							
Heap leach [2]	6,900	0.39	26,400	0.15	-	-	90.0%
Dump leach ore [2]	-	-	-	-	-	-	90.0%
	6,900	0.39	26,400	0.15	-	-	90.0%
Andacollo - Mill	13,100	0.30	89,400	0.29	7,900	0.27	90%
Galore Creek	39,500	0.25	247,200	0.34	346,600	0.42	50%
San Nicolas	-	-	91,700	1.24	10,800	1.24	79%
NuevaUnión							
Relincho	79,900	0.27	317,100	0.34	610,800	0.38	50%
La Fortuna	19,800	0.51	72,600	0.39	678,100	0.35	50%
Molybdenum							
Highland Valley Copper	517,400	0.008	953,700	0.010	501,200	0.008	100.0%
Antamina	45,900	0.020	330,500	0.023	815,600	0.024	22.5%
Quebrada Blanca - Mill	15,500	0.006	1,308,900	0.015	2,140,800	0.018	76.5%
NuevaUnión							
Relincho	79,900	0.009	317,100	0.012	610,800	0.013	50%
Zinc							
Red Dog							
Mine	-	-	16,400	7.7	6,600	12.0	100%
District	-	-	-	-	19,400	14.4	100%
Pend Oreille	200	7.8	1,000	6.3	2,700	6.5	100%
Antamina	19,100	1.3	138,100	1.5	431,000	1.5	22.5%
San Nicolas	-	-	91,700	1.7	10,800	1.0	79%
Lead							
Red Dog							
Mine	-	-	16,400	2.7	6,600	4.6	100%
District	-	-	-	-	19,400	4.2	100%
Pend Oreille	200	1.3	1,000	1.0	2,700	1.3	100%

	Measured		Indicated		Inferred		
	Tonnes (000's)	Grade (g/t)[4]	Tonnes (000's)	Grade (g/t)[4]	Tonnes (000's)	Grade (g/t)[4]	Teck Interest
Gold							
Andacollo - Mill [6]	13,100	0.09	89,400	0.10	7,900	0.10	90%
Galore Creek	39,500	0.39	247,200	0.26	346,600	0.24	50%
San Nicolas	-	-	91,700	0.46	10,800	0.26	79%
NuevaUnión							
La Fortuna	19,800	0.53	72,600	0.38	678,100	0.30	50%
Silver							
Antamina							
Copper only ore	45,900	6.4	330,500	8.6	815,600	8.1	22.5%
Copper-zinc ore	19,100	16.1	138,100	17.7	431,000	15.3	22.5%
	65,000	9.3	468,600	11.3	1,246,600	10.6	22.5%
San Nicolas	-	-	91,700	26.7	10,800	17.4	79.0%
Red Dog							
Mine	-	-	16,400	49.7	6,600	87.2	100%
District	-	-	-	-	19,400	73.4	100%

MINERAL RESOURCES(1) AT DECEMBER 31, 2016

	Measured	Indicated	Inferred	
	Tonnes (000's)	Tonnes (000's)	Tonnes (000's)	Teck Interest
Metallurgical Coal (5)				
Fording River	486,700	945,800	789,000	100%
Elkview	432,500	157,500	246,000	95%
Greenhills	220,100	269,500	182,600	80%
Line Creek	320,600	419,400	413,400	100%
Cardinal River	48,300	6,100	1,100	100%
Quintette (Mt Babcock)	32,200	92,000	114,400	100%
Mt Duke	24,300	102,400	122,600	92.68%
Elco	25,100	115,300	112,300	75%
Marten Wheeler (CMO2)	102,200	71,700	7,900	100%
PCI Coal (5)				
Coal Mountain	56,100	23,100	4,900	100%
Cardinal River	400	100	30	100%
Thermal Coal (5)				
Line Creek	4,800	4,000	2,700	100%
Quintette (Mt Babcock)	30	200	200	100%
Mt Duke	200	700	1,300	92.68%
Elco	700	6,100	6,000	75%
Marten Wheeler (CMO2)	2,800	3,700	900	100%

Notes to Mineral Reserves and Resources Tables:

(1) Mineral reserves and resources are mine and property totals and are not limited to our proportionate interests.
(2) For heap leach and dump leach operations, copper grade are reported as % soluble copper rather than % total copper. Soluble copper is defined by an analytical methodology which uses acid and cyanide reagents to approximate the portion of copper recoverable in the heap and dump leach processes.
(3) Coal reserves are reported as tonnes of clean coal.
(4) g/t = grams per tonne.
(5) Coal resources are reported as tonnes of raw coal.
(6) In 2010, an interest in future gold production from the Andacollo mine was sold. The purchaser is entitled to payments based on 75% of the payable gold produced until total cumulative sales reach 910,000 ounces of gold, and 50% thereafter. Reserves and resources are stated without accounting for this production interest.
(7) Recoverable Metal refers to the amount of metal contained in concentrate or cathode copper.

Definitions for Mineral Reserves and Mineral Resources

Mineral Reserves and Mineral Resources: "**Proven**" and "**probable**" mineral reserves and "**measured**", "**indicated**" and "**inferred**" mineral resources are estimated in accordance with the definitions of these terms adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") in November, 2010 updated in May 2014 and incorporated in National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), by Canadian securities regulatory authorities. Estimates of coal reserves and resources can be prepared and classified using guidance from Geologic Survey of Canada Paper 88-21, however, classification terminology must conform to CIM definitions incorporated into NI 43-101.

Mineral resources are reported separately from, and do not include that portion of the mineral resources classified as mineral reserves.

Metallurgical coal: means the various grades of coal that are used to produce coke which is used in the steel making process.

PCI coal: means coal that is pulverized and injected into a blast furnace. Those grades of coal used in the PCI process are generally non-coking. PCI grade coal is used primarily as a heat source in the steel making process in partial replacement for high quality coking coals which are typically more expensive.

Thermal coal: means coal that is used primarily for its heating value. Thermal coals tend not to have the carbonization properties possessed by metallurgical coals. Most thermal coal is used to produce electricity in thermal power plants.

The CIM definitions for mineral resources and mineral reserves are as follows:

A "**mineral resource**" is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

An "**inferred mineral resource**" is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration. An inferred mineral resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drillholes. Inferred mineral resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed pre-feasibility or feasibility studies, or in the life of mine plans and cash flow models of developed mines. Inferred mineral resources can only be used in economic studies as provided under NI 43-101.

An "**indicated mineral resource**" is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An indicated mineral resource has a lower level of confidence than that applying to a measured mineral resource and may only be converted to a probable mineral reserve. Mineralization may be classified as an indicated mineral resource by the qualified person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. An indicated mineral resource estimate is of sufficient quality to support a pre-feasibility study which can serve as the basis for major development decisions.

A "**measured mineral resource**" is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or to a probable mineral reserve.

Mineralization or other natural material of economic interest may be classified as a measured mineral resource when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

A "**mineral reserve**" is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. These studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

A "**probable mineral reserve**" is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable mineral reserve is lower than that applying to a proven mineral reserve.

A "**proven mineral reserve**" is the economically mineable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors.

Methodologies and Assumptions

Mineral reserve and mineral resource estimates are based on various assumptions relating to operating matters, including with respect to production costs, mining and processing recoveries, mining dilution, cut-off values or grades, as well as assumptions relating to long-term commodity prices and, in some cases, exchange rates. Cost estimates are based on feasibility study estimates or operating history.

Methodologies used in reserve and resource estimates vary from property to property depending on the style of mineralization, geology and other factors. Geostatistical methods, appropriate to the style of mineralization, have been used in the estimation of reserves at Teck's material base metal properties.

Assumed metal prices vary from property to property for a number of reasons. Teck has interests in a number of joint ventures for which assumed metal prices are a joint venture decision. In certain cases, assumed metal prices are historical assumptions made at the time of the relevant reserve and resource estimates. For operations with short remaining lives, assumed metal prices may reflect shorter-term commodity price forecasts.

Comments on Individual Operations

Highland Valley Copper

Reserve and resource estimates were prepared assuming long-term metal prices of US$3.00/lb copper, US$10.00/lb molybdenum, US$18.00/oz silver and US$1,175/oz gold and an exchange rate of CAD$1.20 per US$1.00. Resources and reserves are reported at a 0.10% copper equivalent cut-off.

Reserves in 2016 were down by 30.6 million tonnes due to regular mining activities. Resources are up 509.1 million tonnes compared to 2015 results, mostly due to a change in exchange rate assumptions and lower long term operating cost assumptions. The resource estimate at Highland Valley is extremely sensitive to changes in these assumptions.

Antamina

Reserve and resource estimates were prepared assuming long-term metal prices of: US$2.97/lb copper, US$1.03/lb zinc, US$10.70/lb molybdenum and US$18.72/oz silver.

The cut-off grades at Antamina are based on the net value before taxes that the material is expected to generate per hour of concentrator operation at assumed prices, and varies by year in an effort to maximize the net present value of the pit.

Production depletion is mostly responsible for a net decrease of 45.2 million tonnes in year-end 2016 copper reserves compared to the year-end 2015 estimate.

Quebrada Blanca

Supergene (heap and dump leach materials) reserves were estimated using a short-term copper metal price of US$2.30/lb, given the short-term nature of the operation. The supergene life of mine plan is based is expected to sustain heap and dump leach mining operations until December 2017.

An update to the Quebrada Blanca Phase 2 hypogene (concentrator) feasibility study has redefined the mine plan to a 25-year life span with a new location for tailings deposition, which resulted in a transfer of 325 million tonnes from reserves to resources this year. The hypogene mineral reserves and mineral resources were estimated assuming a long-term copper price of US$3.00/lb and a long-term molybdenum price of US$10.00/lb.

Carmen de Andacollo

The Carmen de Andacollo operation includes a heap leach copper operation and a copper-gold hypogene concentrator. The resource model was updated in 2016 with adjustments to the geological interpretation based on new drilling and surface mapping information.

Supergene mineral reserve estimates assume a 49.7% leach recovery for soluble copper, a long-term copper price of US$3.00/lb and a soluble copper cut-off of 0.20%. Supergene reserves are estimated to sustain mining until 2018. Supergene reserves have increased by 3.27 million tonnes at the end of 2016, compared to 2015. The change is primarily due to conversion of a small portion of resource back into reserves.

The hypogene reserves are estimated using variable mill recovery values for copper and an average fixed mill recovery of 67.4% for gold. Hypogene reserve estimates assume long-term prices of US$3.00/lb copper and US$1,175/oz gold. Current hypogene feeds are expected to sustain concentrator operations until 2034. The reduction in hypogene reserve tonnage by 67 million tonnes in comparison to the estimate at year-end 2015 is partially due to depletion due to regular mining operations and partially the result of updated operating cost assumptions and restrictions due to the proximity to the town of Andacollo. Hypogene resources have been reduced to 110 million tonnes for similar reasons.

NuevaUnión

As a result of the combination of our Relincho project with Goldcorp Inc.'s La Fortuna (formerly El Morro) project, forming NuevaUnión, the 2016 reserves and resource for Relincho and La Fortuna are reported under NuevaUnión.

The closing of the NuevaUnión transaction in November 2015 reduced Teck's interest in the Relincho deposit to 50% and resulted in the acquisition by Teck of a 50% interest in the La Fortuna project. However, the mineral reserves and mineral resources for Relincho and La Fortuna continue to be presented on a 100% interest basis and remain unchanged from 2015.

Relincho reserves have been reported within the designed life of mine pits created during the 2013 feasibility study for the project, assuming US$2.80/lb copper and US$13.70/lb molybdenum and assumed metallurgical recoveries of 88.8% for copper and 47.2% for molybdenum. La Fortuna copper reserves and resources are estimated assuming US$2.80/copper and US$1,200/oz gold.

A pre-feasibility study commenced in 2016 in order to develop a combined life-of-mine plan for the La Fortuna and Relincho projects.

Red Dog

The 2016 reserves and resource for Red Dog are divided into two reporting groups based on the spatial proximity and the land ownership associated with the deposit in and around Red Dog. The names assigned to these groups are "Mine" and "District". Teck has assumed long-term prices of US$1.00/lb zinc and US$0.90/lb lead for estimating reserves and resources at Red Dog.

All reserves and resources reported in 2015 were from the Aqqaluk and Qanaiyaq deposits, updates to the reserves and resource for 2016 from these two deposits are now reported under the "Mine" group. In addition, indicated and inferred resources from the neighbouring Paalaaq deposit are included in this group.

The "District" group consists entirely of inferred resources from the Anarraaq deposit which lies approximately 11 km northwest of the current Red Dog operations.

Red Dog Mine reserves decreased by 5.7 million tonnes in 2016, due to production depletion and transfer of low-grade mineralisation back to resources. The low-grade resources are scheduled to be stockpiled and may be processed at the end of the mine life. The operating cut-off for the Aqqaluk and Qanaiyaq pits was revised to an average of $3.80/second over the life of the mine compared to $4.358/second at the end of 2015.

Red Dog Mine resources increased by 22.8 million tonnes primarily due to the inclusion of resources from the Paalaaq deposit, the transfer of low-grade mineralisation out of reserves and into resources and the implementation of a lower operating cut-off.

Red Dog District resources increased by 19.4 million tonnes due to the reporting of resources from the Anarraaq deposit. There are currently no reserves for the Red Dog District.

Estimated resources for the Paalaaq and Anarraaq deposits are constrained within resource stope shapes evaluated assuming a US$100/tonne NSR cut-off.

Pend Oreille

During 2016, significant work to revise resource models and mine plans at Pend Oreille resulted in a net decrease of 2.1 million tonnes of reserves and an aggregate net increase of 1 million tonnes of measured and indicated. Other changes included an increase to the cut-off grade used for reporting reserves and resources from 3.51% zinc to a 4.722% zinc-equivalent.

Reserves at Pend Oreille assume prices of US$1.10/lb zinc and US$0.95/lb lead. At the forecast production rate the remaining reserves will provide just over one year of mill feed.

Work is ongoing to review and identify the requirements to allow the conversion of a proportion of the reported resources to reserves. Additionally, Pend Oreille is executing a significant drilling program that aims to identify and delineate additional reserves and resources adjacent to the existing workings.

Galore Creek

Reserves and resource estimates assume US$2.50/lb copper, US$1,050/oz gold and US$16.85/oz silver. The reserve and resource estimates are unchanged from 2011, when the estimates, including the metal price assumptions, were produced.

San Nicolás

The resource estimate is based on a scoping study produced in 2012 and remains unchanged. This study assumed US$2.75/lb copper, US$1.00/lb zinc, US$1,275/oz gold and US$22.50/oz silver.

Fording River

Total reserves have decreased from year-end 2015 by 49.5 million tonnes of clean coal. Production removed 7.3 million tonnes. In addition, mine design work on the Swift Pit reduced reserves by 19.9 million tonnes and Eagle Pits by 25.8 million tonnes. These reserves were somewhat offset by increases through interpretation updates to the Fording River West model area. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$130/tonne of metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Elkview

Teck has a 95% interest in the Elkview mine. Mine production in 2016 removed 7.1 million tonnes of clean coal reserves. Minor increases in mine design and model parameters were offset

by reductions through geology interpretation updates, resulting in a net decrease of 7.3 million tonnes of reserves in 2016 as compared to 2015. The reserve estimate assumes a long-term selling price at the Port of Vancouver of US$130/ tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Greenhills

Teck has an 80% interest in the Greenhills joint venture, which operates in certain areas of the Greenhills Operations. Normal mine depletion accounted for a 5.8 million tonnes reduction in clean coal reserves in 2016 as compared to 2015. Reserves decreased by 35.7 million tonnes primarily due to mine design changes driven by optimization efforts to remove high strip ratio areas and improve economics. There were also multiple changes to model parameters that resulted in a further reduction of 5.1 million tonnes of clean coal. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$130/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Line Creek

Reserves of clean coal decreased 2.3 million tonnes as compared to 2015 mainly due to changes in geology interpretation, mine design and mine production. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$130/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Coal Mountain

The reserve estimate assumes a short term selling price of US$79/tonne for PCI coal at a short-term exchange rate of CAD$1.30 per US$1.00.

Cardinal River

In 2016, Cardinal River's net reduction in reserves was 1.3 million tonnes of clean coal as compared to 2015. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$130/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Quintette (Mt Babcock)

Quintette reserves were reduced by 2.1 million tonnes between 2015 and 2016. Most of the reduction came from the redesigned pit with a small reduction due to an adjustment in the yield calculation. The resource estimates assume a long-term selling price of US$130/tonne for metallurgical coal with discounts to the premium product benchmark price to reflect the specific quality attributes of products. The exchange rate was CAD$1.20 per US$1.00. Quintette remained on care and maintenance status for 2016.

Other Coal Properties

Other properties include Mt Duke (92.683% interest) south of Tumbler Ridge B.C., Elco (75% interest) at the north end of the Elk Valley and the Coal Mountain Phase 2 (CMO2) property south of Elkview. The resource estimates for these other coal properties assume a long term selling price of US$130/tonne for metallurgical coal, US$100/tonne for clean PCI, US$75/tonne for clean thermal coal and an exchange rate of CAD$1.20 per US$1.00.

Risks and Uncertainties

Mineral reserves and mineral resources are estimates of the size and grade of the deposits based on the assumptions and parameters currently available. These assumptions and parameters are subject to a number of risks and uncertainties, including, but not limited to, future changes in metals prices and/or production costs, differences in size, grade, continuity, geometry or location of mineralization from that predicted by geological modeling, recovery rates being less than those expected and changes in project parameters due to changes in production plans. There are no known environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues that are currently expected to materially affect the mineral reserves or resources. Certain operations will require further permits over the course of their operating lives in order to continue operating. Where management expects such permits to be issued in the ordinary course, material that may only be mined after such permits are issued is included in proven and probable reserves. Specific current permitting issues are described in the narrative concerning the relevant operation under the heading "*Description of the Business*" and *"Safety and Environmental Protection*" and under the headings "*Risk Factors — We face risks associated with the issuance and renewal of environmental permits.*"

Qualified Persons

Estimates of mineral reserves and resources for our material base metal properties have been prepared under the general supervision of Rodrigo Marinho, P.Geo., who is an employee of Teck Resources Limited. Mineral reserve and resource estimates for Antamina have been prepared under the supervision of Luis Mamani and Lucio Canchis, who are both SME Registered Members and employees of Compañía Minera Antamina S.A. Messrs. Marinho, Canchis and Mamani are the Qualified Persons for the purposes of National Instrument 43-101. Reserve and resource estimates for coal properties were prepared under the general supervision of Don Mills P.Geo. and Eric Jensen P.Eng., employees of Teck Coal Limited, who are the Qualified Persons for the purposes of National Instrument 43–101.

Oil and Gas Reserves

The reserves information set out below for the Fort Hills oil sands project is based upon evaluations conducted by GLJ, an independent qualified reserves evaluator.

The effective date of the reserves data and other oil and gas information below for Fort Hills is December 31, 2016. Estimates of reserves and projections of production were prepared by GLJ using information provided up to December 31, 2016. The preparation date of the GLJ report that the reserves information set out below for Fort Hills is taken from is January 29, 2017.

All reserves information in this section is based on Teck's 20% interest in the Fort Hills oil sands project.

Classifications of oil and gas reserves as proved or probable are only attempts to define the degree of certainty associated with the estimates. There are numerous uncertainties inherent in estimating quantities of oil reserves. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material. The reserves estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates disclosed.

Reserve Categories and Resources

Reserves

For oil and gas, reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified into proved or probable according to the degree of certainty associated with the estimates.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Each of the proved and probable reserves categories may be divided into developed and undeveloped categories. All of Teck's reserves are currently categorized as **Undeveloped reserves.** Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g. construction of a primary extraction facility) is required and the necessary equipment is not yet installed to render them capable of production. Teck does not have any developed reserves at this time.

Fort Hills Project

The reserves data presented below summarizes our proved and probable reserves and the net present values of future net revenue for these reserves. The reserves data uses forecast prices and costs prior to provision for interest, general and administrative expenses, the impact of any hedging activities or the liability associated with abandonment and all well, lease, pipeline and facilities reclamation costs. These forecasts and other assumptions are taken from the GLJ evaluation report effective December 31, 2016. Future net revenues have been presented on a before and after tax basis in accordance with NI 51-101.

The future net revenue, development and operating cost, exchange rate, price and other assumptions set out in this " *Description of the Business — Oil and Gas Reserves and Resources—Fort Hills Project*" section of this AIF are the estimates or assumptions of GLJ, our independent reserves evaluator. In order to estimate reserves and resources and future net revenues, GLJ makes a number of assumptions, including assumptions regarding inflation rates, currency exchange rates and prices for oil and other products. For planning, project economics, forecasts, accounting and other purposes our management makes assumptions regarding those same factors and our assumptions generally differ from those of GLJ. Different assumptions would lead to different present value and net revenue figures, and could affect reserve estimates.

GLJ estimates capital and operating costs associated with the Fort Hills project based on Suncor's estimates, as operator, with consideration to those achieved by other oil sands mining projects. These GLJ estimated costs differ somewhat from those the Fort Hills partners use for construction planning and decision making for the project, which are based on detailed engineering studies. See "*Description of the Business — Energy—Fort Hills Project*" for a further description of the project operator estimates regarding development costs.

All of our reserves are associated with our Fort Hills project. Bitumen is the only product type associated with our reserves. Reserves have been updated by GLJ to reflect scope changes to the project made to manage potential saline basal water ingress in the South Pit.

Reserves are presented on a gross and net basis. **Gross** in relation to Teck's interest in reserves means Teck's working interest share before deduction of royalties. **Net** in relation to Teck's interest in reserves means Teck's working interest share after deduction of royalties.

Summary of Oil and Gas Reserves
at December 31, 2016
(at forecast prices and costs)

	Reserves	
	Bitumen	
Reserves Category	Gross (MMbbl)	Net (MMbbl)
Proved Reserves		
Developed Producing	0	0
Developed Nonproducing	0	0
Undeveloped	346	320
Total Proved Reserves	346	320
Probable Reserves	227	193
Total Proved plus Probable Reserves	573	513

Summary of Net Present Value of Future Net Revenue at December 31, 2016
(forecast prices and costs)

The net present value of future net revenues below in respect of Teck's interest in Fort Hills were computed by applying an average price forecast based on forecasts from three qualified reserves evaluators (including GLJ), GLJ's forecast costs, as described below, legislated tax rates and Teck's tax pools. The estimates of future net revenue do not necessarily provide a reliable estimate of the expected future cash flows to be obtained from our share of the Fort Hills reserves and do not necessarily represent the fair market value of our proved and probable oil reserves. The independent reserves evaluator makes various assumptions, including with respect to production rates and capital and operating costs which may differ from those the Fort Hills partners use for construction planning and decision-making for the project, which are based on detailed engineering studies.

	Net Present Value of Future Revenue										
Reserves Category	Before income taxes discounted at (%/year) ($ millions)					After income taxes discounted at (%/year) ($ millions)					Unit value ($/bbl)(1)
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved Reserves											
Producing	0	0	0	0	0	0	0	0	0	0	0
Developed Nonproducing	0	0	0	0	0	0	0	0	0	0	0
Undeveloped	4,565	1,718	583	80	-165	3,963	1,537	525	60	-172	1.82
Total Proved	4,565	1,718	583	80	-165	3,963	1,537	525	60	-172	1.82
Total Probable	5,151	1,093	334	154	96	3,658	814	270	136	89	1.73
Total Proved plus Probable	9,717	2,810	917	234	-69	7,622	2,351	795	196	-83	1.79

(1) Unit values are future net revenues, before deducting estimated cash income taxes payable, discounted at 10%, using net reserves.

Total Future Net Revenue as at December 31, 2016 (undiscounted)
(forecast prices and costs)

The future net revenues below in respect of Teck's interest in Fort Hills were computed by applying an average price forecast based on forecasts from three qualified reserves evaluators (including GLJ), GLJ's forecast costs, as described below, legislated tax rates and Teck's tax pools. The estimates of future net revenue do not necessarily provide a reliable estimate of the expected future cash flows to be obtained from our share of the Fort Hills reserves and do not necessarily represent the fair market value of our proved and probable oil reserves. The

development and operating costs below reflect GLJ's estimates and differ from those the Fort Hills partners use for construction planning and decision-making for the project, which are based on detailed engineering studies. See "*Description of the Business — Energy—Fort Hills Project*" for a further description of the project operator projections regarding development costs.

(in $ millions) (undiscounted)	Revenue	Royalties	Operating Costs	Capital Development Costs	Abandonment and Reclamation Costs	Future net revenue before income taxes	Income taxes	Future net revenue after income taxes
Reserves Category								
Proved Producing	0	0	0	0	0	0	-	-
Proved Developed Nonproducing	0	0	0	0	0	0	-	-
Proved Undeveloped	23,346	1,864	13,421	3,036	459	4,565	602	3,963
Total Proved	23,346	1,864	13,421	3,036	459	4,565	602	3,963
Total Probable	23,822	3,541	12,821	1,932	377	5,152	1,493	3,659
Total Proved Plus Probable Reserves	47,168	5,405	26,242	4,968	836	9,717	2,095	7,622

Future Net Revenue by Product Type at December 31, 2016
(forecast prices and cost)

Reserves Category	Production group	Future net revenue before income taxes(1) (discounted at 10%/year) ($ millions)	Future net revenue before income taxes(1) (discounted at 10%/year) ($/bbl)
Proved Producing	Bitumen	0	0.00
Total Proved	Bitumen	583	1.82
Total Proved Plus Probable Reserves	Bitumen	917	1.79

(1) Unit values are based on Teck's net reserves.

Forecast Prices Used in Estimates

The determination of reserves requires assumptions of crude oil, natural gas and other important benchmark reference prices, as well as inflation and exchange rates. The forecast prices used in preparing Teck's reserves data, including estimated future net revenues, are provided below and were used by GLJ, our independent qualified reserves evaluator.

The table below reflects a December 31, 2016 average of three qualified reserves evaluators (including GLJ), forecast reference prices and associated inflation and exchange rates. For determining costs associated with the Fort Hills project, GLJ has included a 2.0% inflation for 2018 onwards.

The forecast reference prices, exchange rates, inflationary assumptions and other forecasts used in preparing the reserves data do not necessarily reflect the assumptions of Teck's management or the Fort Hills partners. The forecast price and other assumptions noted below are not used in Teck's investment or management decisions or for Teck's accounting purposes.

Year	Exchange Rate ($US/$Cdn)	West Texas Intermediate Crude Oil at Cushing Oklahoma $US/bbl (then current USD)	WCS Crude at Hardisty $Cdn/bbl (then current Cdn)	Edmonton Pentanes Stream Quality $Cdn/bbl(1) (then current Cdn)
2017	0.7600	55.00	53.38	70.95
2018	0.7900	60.90	58.95	75.40
2019	0.8167	65.47	62.70	78.72
2020	0.8333	69.13	65.48	81.52
2021	0.8500	73.21	68.39	84.77
2022	0.8500	75.19	70.49	87.17
2023	0.8500	77.19	72.58	89.44
2024	0.8500	79.23	74.73	91.86
2025	0.8500	81.28	76.88	94.67
2026	0.8500	83.39	79.08	96.73
2027+	0.8500	+2.0%	+2.0%	+2.0%

(1) Price used when determining the cost of diluent associated with bitumen reserves. Assumed diluent prices equal the posted pentanes prices plus a premium of US$0.25/bbl (2017 dollars)

Reconciliation of Changes in Reserves

NI 51-101 requires a reporting issuer to disclose changes between the reserves estimates as at the effective date and the corresponding estimates made as at the last day of the preceding financial year of the reporting issuer.

	Total Oil Reserves		
	Bitumen (Company Gross)		
	Proved (MMbbl)	Probable (MMbbl)	Proved Plus Probable (MMbbl)
At December 31, 2015	414.0	213.3	627.3
Extensions	—	—	—
Revisions	(68.0)	13.7	(54.3)
At December 31, 2016	346.0	227.0	573.0

The reduction in proved reserves is primarily due to a reduction in the mining area designed to manage potential inflows of saline basal water.

Additional Information Relating to Reserves Data - Undeveloped Reserves

All of Teck's proved undeveloped reserves and probable undeveloped reserves relate to our Fort Hills project and were first attributed to Teck in 2013. On October 30, 2013, the co-owners of Fort Hills announced project sanction and the project is expected to produce first oil by year-end 2017. No undeveloped reserves have been first attributed to Teck in the past three years.

Future Development Costs

The table below provides the development costs GLJ has estimated and assumed are to be incurred for purposes of the estimation of the future net revenue attributable to the reserves. The GLJ future development costs set out below differ from those the Fort Hills partners use for construction planning and decision making for the project, which are based on detailed engineering studies. See "*Description of the Business — Energy—Fort Hills Project*" for a further description of the project operator projections regarding development costs.

Reserves Category ($ millions)	2017	2018	2019	2020	2021	Remainder	Total	Total (10% discounted)
Total Proved	533	166	185	88	106	1,958	3,036	1,422
Total Proved plus Probable Reserves	533	169	188	91	109	3,878	4,968	1,512

We believe that internally-generated cash flows, existing credit facilities and access to capital markets will be sufficient to fund our future development costs. However, there can be no guarantee that the necessary funds will be available or that we will allocate funding to develop all of our reserves. Failure to develop those reserves would have a negative impact on our future cash flow.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates and would reduce future net revenue depending upon the funding sources utilized. We do not believe that interest or other funding costs would make development of any property uneconomic.

Production Estimate

GLJ has forecast Fort Hills production to begin in 2017 and by 2019 to reach 170,000 bbl per day and 180,000 bbl per day in the total proved and the total proved plus probable reserves categories, respectively (34,000 bbl per day and 36,000 bbl per day related to Teck's interest). The gross proved reserves and gross probable reserves forecast by GLJ reflect an estimated bitumen production in Fort Hills' first year of operation of 274 bbl per day and 274 bbl per day, respectively, for a gross proved plus probable total of 548 bbl per day. This relatively small average yearly rate, when compared to the expected peak production rate, is reflective of the expectation of a late 2017 start date.

Other Oil and Gas Information

Tax Horizon

Because of available tax pools, we are currently shielded from cash income taxes, but not resource taxes in Canada. We remain subject to cash taxes in foreign jurisdictions. When we would become subject to cash income taxes in Canada is dependent on a number of factors, including but not limited to, the price of the commodities that our various business units deal in and the level of our future investments in Canadian operations.

Health and Safety and Environmental Protection

Our current and future operations, including development activities and commencement of production on our properties or areas in which we have an interest, are subject to laws and regulations in Canada and elsewhere governing occupational health and safety, protection and remediation of the environment, site reclamation, management of toxic substances and similar matters. Compliance with these laws and regulations can affect the planning, designing, operating, closing and remediating of our mines, refineries and other facilities.

Whether in Canada or abroad, we work to apply technically proven and economically feasible measures to protect the environment and worker health and safety throughout exploration, construction, mining, processing and closure. Although we believe that, except as described in the narrative concerning the relevant operation, our operations and facilities are currently in substantial compliance in all material respects with all existing laws, regulations and permits, there can be no assurance that additional significant costs will not be incurred to comply with current or future regulations or that liabilities associated with non-compliance will not be incurred.

We are often an active participant in public regulatory review, revision and development processes with government agencies and non-governmental organizations and, as such, typically have reasonable insight regarding emerging regulatory developments and trends. We apply this insight when we estimate risks and liabilities associated with current and future health and safety and environmental matters. We conduct regular environmental and health and safety audits. The overall objective of our audits is to identify environmental and health and safety risks, assess regulatory compliance and conformance with applicable laws, and assess conformance with appropriate environmental and health and safety management systems and good risk management practices.

Health and Safety

Safety performance and workplace occupational health and hygiene are key priorities for us. Safety statistics are collected from each operation monthly. Targets for safety performance are set each year and are one factor used in determining management compensation. Safety incidents are thoroughly investigated and finding reports are shared across our business, and occasionally across the industry, to assist in the prevention of similar incidents. At this time we do not anticipate significant liability associated with long- term occupational health issues.

Reclamation and Closure

In order to obtain mining permits and approvals from regulatory authorities, mine operators must typically submit a reclamation plan for restoring, upon prolonged suspension or completion of mining operations, the mined property to a productive use and meet many other permitted conditions. Typically, we submit the necessary permit applications several months or even years before we plan to begin activities. Some of the permits we require are becoming increasingly difficult and expensive to obtain, and the application and review processes are taking longer to complete and becoming increasingly subject to challenge. For a further discussion of risks associated with the issuance and renewal of environmental permits see "*Risk Factors —We face risks associated with the issuance and renewal of environmental permits*".

For accounting purposes, current costs associated with permit compliance are treated as normal operating costs necessary to maintain operations on an ongoing basis. In addition, amounts are accrued in our accounts to provide for certain and likely future decommissioning, reclamation, site restoration and other closure costs. Financial guarantees of various forms, including letters of credit, are posted with various governmental authorities as security to cover estimated reclamation obligations. Our provisions for future reclamation and site restoration are estimated based on known requirements. Many of our sites undergo extensive progressive reclamation during operations so as to proactively address mined out areas and lessen the works required upon mine closure. The reclamation programs are guided by land capability assessments, which integrate several factors in the reclamation approach including biological diversity, establishment of sustainable vegetation, diversity of physical landforms and requirements for wildlife habitat. All of our mining operations have closure plans in place that are developed to the level of detail appropriate to the stage of life of the operation. All of the plans undergo regular updates.

Certain idle and closed mines are under continuous care and maintenance as well as progressive closure. Cost estimates for these planned and anticipated closure and remediation activities are reviewed on a regular basis and revised as plans for individual sites are refined and implemented,

typically with input and oversight from regulatory agencies and other stakeholders. Our decommissioning and restoration provision as at December 31, 2016 is $1,220 million of which $412 million is attributable to our operating coal operations, $268 million is attributable to our operating copper operations, $312 million is attributable to our operating zinc operations, $34 million is attributable to our Energy operations and $194 million is attributable to closed properties. Of that amount, we expect to spend approximately $55 million in 2017. As at December 31, 2016, we had letters of credit and other bonding in place to secure our reclamation obligations in the aggregate amount of approximately $1.6 billion. B.C. is currently undergoing a review of their reclamation security requirements which we expect may result in increases to our reclamation obligations in the future.

Climate Change and Carbon Pricing

Climate change is a significant environmental issue, one which governments, businesses and society as a whole must collectively work to address. Regulations to control greenhouse gas emissions continue to be developed and enhanced in many jurisdictions. Recognizing our role in combating climate change, we continue to take action to reduce greenhouse gas emissions by improving our energy efficiency and implementing low carbon technologies and by working with governments and regulators for effective and efficient carbon pricing. However, regulatory uncertainty and the costs of technology required to comply with current or anticipated regulations introduces a high degree of uncertainty to predicting the full costs of compliance.

In 2015, governments from across the globe met in Paris for CoP21, producing the Paris Agreement, an agreement under the United Nations Convention on Climate Change aimed at minimizing climate change and preparing for climate adaptation. As a result, national governments have begun to establish emissions reductions targets, though the regulatory tools to meet these targets are yet to be articulated by many governments. In the lead up to Paris, both the Government of British Columbia and the Government of Alberta launched reviews of their climate change plans, including a re-examination of the primary carbon price policies, the Carbon Tax (B.C.) and the Specified Gas Emitters Regulation (Alberta). While initial recommendations were released in 2015 in both provinces, final details have not been established. We will continue to participate in the consultation processes and to assess the potential implications of the updated policies on our operations, projects and products.

To respond to this changing environment, Teck has established a climate change strategy which is built around four pillars:

1) *Reducing our Carbon Footprint*
We have set long-term targets to reduce greenhouse gas emissions and are working to achieve them through innovation, improved efficiency and adoption of low-carbon technologies.

2) *Positioning Teck to Thrive in the Low Carbon Economy*
Our diversified mix of products and focus on efficient, low-cost operations will ensure Teck remains competitive throughout the shift to a low-carbon economy.

3) *Advocating for Climate Action*
We support action at all levels to combat climate change and are actively advocating for broad-based, effective carbon pricing.

4) *Adapting to the Physical Impacts of Climate Change*
We are analyzing and adapting to the physical impacts of climate change and increasing the resilience of our operations by incorporating forecasted climate scenarios into project design and mine closure planning.

While climate change regulations continue to evolve in most jurisdictions in which we operate, we anticipate that regional, national, or international regulations will continue to be established or revised which seek to reduce greenhouse gas emissions. If regulations are based on cap-and-trade mechanisms, the cost of reducing our emissions or of obtaining the equivalent amount of credits or offsets in the future remains highly uncertain in light of the ongoing policy changes. The cost of compliance with various climate change regulations will ultimately be determined by the regulations themselves and by the markets which evolve for carbon credits and offsets. Teck's direct greenhouse gas emissions for 2016 are estimated to be in the range of 2.7 to 3.0 million tonnes (CO_2e) and actual figures are being finalized. The most material indirect emissions associated with our activities are those from the use of our steelmaking coal by our customers. Based on our 2016 sales volumes emissions from the use of our steel making coal would have been approximately 79 million tonnes of CO_2 emissions.

For 2016, our seven B.C.-based operations incurred $48 million in British Columbia provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas. We may in the future face similar taxation for our activities in other jurisdictions. Similarly, the customers of some of our products such as steelmaking coal may also be subject to new carbon costs or taxation in the future in jurisdictions where they are ultimately used.

Water Governance

In addition to climate change, issues surrounding water governance remain of particular importance. British Columbia is in the process of updating its water governance framework. The new *Water Sustainability Act* which came into force in February 2016 updated and replaced the historic *Water Act*. Much of the detail related to the implementation of the *Water Sustainability Act* is provided in regulations and operational policies. Although the initial set of regulations came into effect in February 2016, due to the number of proposed regulations and policies the government is taking a phased approach to the development of additional regulations and policies and more are expected in the future. Among the initiatives related to the new Act are permitting for groundwater withdrawals and updated licensing fee schedules, which we do not expect to have a material impact on Teck at this time. Given the early stage of development of these regulations it is uncertain how they might further affect Teck's British Columbia operations. We continue to monitor regulatory initiatives and participate in consultation opportunities with the government. Related to water governance, we are continuing to work to implement a plan for the management of selenium and other constituents at all of our operating steelmaking coal mines in the Elk Valley. See "*Description of the Business—Coal*" and "*Risk Factors—We face risks associated with the issuance and renewal of environmental permits* " for further information.

Social and Environmental Policies

We have adopted and implemented social and environmental policies that are essential to our operations. Our operating practices are governed by the principles set out in our Charter of Corporate Responsibility (the "**Charter**") and Code of Sustainable Conduct (the " **Code**"). The Charter sets out corporate commitments related to ethical business conduct, providing a workplace free of discrimination, open and fair dealings with all stakeholders, and support for sustainable development.

The Code sets out specific requirements in areas related to (i) legal compliance and ethical business conduct, (ii) prohibition of discriminatory conduct and commitment to job selection on the basis of merit and ability, (iii) identification, control and promotion of safety and health performance, (iv) sound environmental conduct and continuous improvement in performance, (v) regular auditing of environmental, health, safety and emergency preparedness, (vi) continual improvement of environmental, health and safety management systems, (vii) closure and reclamation planning as a component of all development projects, (viii) the safe use, reuse and recycling of products, (ix) support for research on environmental, health and safety performance, (x) fostering dialogue with stakeholders and respect for the rights, interests, and aspirations of indigenous people, and (xi) support for local communities and their development.

In addition to the Charter and Code, we have adopted a Safety and Health Policy, a Health and Safety Guide for Exploration, a Human Rights Policy, an Indigenous Peoples Policy and a Code of Ethics. We have taken steps to implement the Charter, Code and policies through adoption of Safety, Health, Environment and Community Management Standards, which provide direction to all operations and auditable criteria against which performance is measured. Safety and sustainability (including environment and community) performance are metrics used in our bonus plan.

We set objectives in these areas for improvement on an annual basis and these are used to determine specific objectives for corporate and operational groups within our organization. Overall responsibility for achievement of objectives rests with senior personnel. Our Safety and Sustainability Committee of the Board (which reports to the Board of Directors) and our corporate Health, Safety, Environment, and Community Risk Management Committee and our Materials Stewardship Committee, which are comprised of members of senior management, provide oversight in these areas.

We measure our performance on an ongoing and comprehensive basis. Internal monthly, quarterly and annual reporting tracks performance indicators including compliance with permits, environmental monitoring, health and safety performance, materials inputs and outputs, community concerns expressed and actions taken in response, and reclamation and remediation activities. We report publicly on our performance through our Sustainability Report and website.

Human Resources

As at December 31, 2016 there were nearly 9,400 employees classified as "regular" employees working at the various operations we manage. Of those 9,400 employees approximately 2,600 were employed by our Copper operations, 4,000 by our Coal operations, 2,100 by our Zinc operations and 700 by our exploration, projects, energy and corporate groups. Our regular

employees figure excludes employees classified as casual, fixed-term or inactive and also excludes employees and contractors at the Antamina and Fort Hills operations, which Teck does not manage.

New five-year collective labour agreements were achieved in 2016 at Fording River and Elkview operations, and a four-year agreement was ratified at Coal Mountain Operations. Collective bargaining agreements covering unionized employees at our principal operations (including Antamina) are as follows:

	Expiry Date of Collective Agreement
Antamina	July 31, 2018
Cardinal River	June 30, 2017
Carmen de Andacollo	September 30, 2019 (worker's union) and December 31, 2019 (supervisor's union)
Coal Mountain	December 31, 2018
Elkview	October 31, 2020
Fording River	April 30, 2021
Highland Valley Copper	September 30, 2016
Line Creek	May 31, 2019
Quebrada Blanca	January 31, 2019 (administrative union); November 30, 2017 (Union No. 1); and March 31, 2019 (Union No. 2)
Quintette	April 30, 2018
Trail	May 31, 2017

Our labour agreement at Highland Valley Copper expired at the end of the third quarter of 2016, and negotiations are ongoing. Our collective agreements at Cardinal River, Quebrada Blanca and Trail will expire in 2017 and negotiations will commence shortly.

Technology

Teck undertakes and participates in a number of research and development programs designed to improve exploration, mining and processing for new projects and operations, environmental performance in operations, and technologies to assist the sale of products, and hence enhance overall competitiveness and reduce costs.

We have technology and research groups at our Applied Research and Technology facility located in Trail, B.C., at our CESL facility in Richmond, B.C., and at our Product Technology Centre in Mississauga, Ontario. The primary focus of these facilities is to create value through the development, testing and implementation of technologies related to our principal products. The programs are aligned with business units and are integrated with operations or other business activities. Our research and development expense for 2016 was $30 million.

Foreign Operations

The Red Dog mine located in Alaska, the Pend Oreille mine in Washington State, the Antamina mine located in Peru and the Quebrada Blanca and Carmen de Andacollo mines located in Chile are our significant assets located outside of Canada. We hold our 22.5% interest in Antamina through our equity interest in the operating company for the mine, CMA. We hold a 100% interest

in the Red Dog mine, subject to the royalty in favour of NANA described under the heading " *Description of the Business—Zinc—Red Dog Mine, United States (Zinc, Lead)*" above. We own 76.5% and 90%, respectively, of the Chilean operating companies that own Quebrada Blanca and Carmen de Andacollo. Foreign operations accounted for approximately 30 % of our 2016 consolidated revenue and represented approximately 28% of our total assets as at December 31, 2016.

We also have interests in various exploration and development projects in various foreign countries, with significant activities in Australia, Colombia, Chile, Ireland, Namibia, Peru, Turkey and the United States. We currently have foreign exploration offices in all of the foregoing countries other than Colombia and the United States.

See "*Risk Factors— We operate in foreign jurisdictions and face added risks and uncertainties due to different economic, cultural and political environments*" for further information on the risks associated with these foreign properties.

Competitive Conditions

Our business is to sell base metals, metal concentrates, specialty metals and steelmaking coal at prices determined by world markets over which we have no influence or control. These markets are cyclical. Our competitive position is determined by our costs compared to those of other producers throughout the world, and by our ability to maintain our financial capacity through metal and coal price cycles and currency fluctuations. Costs are governed principally by the location, grade and nature of ore bodies and mineral deposits, costs of equipment, fuel, power and other inputs, the location of our metal refining facility and its cost of power and, as well, by operating and management skill.

Over the long term, our competitive position will be determined by our ability to locate, acquire and develop economic ore bodies and replace current production, as well as by our ability to hire and retain skilled employees. In this regard, we also compete with other mining companies for employees, mineral properties, joint venture agreements and the acquisition of investments in other mining companies.

Risk Factors

You should carefully consider the risks and uncertainties described below as well as the other information contained in this Annual Information Form. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of these events actually occur, our business, prospects, financial condition, cash flows and operating results could be materially harmed.

We face risks in the mining and metals business.

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines.

The reasons why a mineral property may be non-productive often cannot be anticipated in advance. Even after the commencement of mining operations, those operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, seismic activity, weather events and flooding. Our mining and exploration operations require reliable infrastructure, such as roads, rail, ports, power sources and transmission facilities and water supplies. Availability and cost of infrastructure affects the production and sales from operations, as well as our capital and operating costs. Water rights are an area of significant and increasing focus for our foreign operations and community relations are significantly impacted by access and sourcing of water. If water supplies become scarce or are negatively affected by environmental events or factors such as drought, water supplies to our operations might be reduced in order to maintain supplies to the local communities in which we operate or for ecological purposes. Any reduction in water, or other necessary infrastructure supplies, may preclude development of otherwise potentially economic mineral deposits or may negatively affect costs, production and/or sales from our affected operations.

The Trail metallurgical operations, and our concentrate mills and coal preparation plants are also subject to risks and hazards including process upsets and equipment malfunctions. Equipment and supplies may from time to time be unavailable on a timely basis. Our operating mines have large tailings dams which could fail as a result of seismic activity or for other reasons.

The occurrence of any of the foregoing could result in damage to or destruction of mineral properties or production facilities, personal injuries or death, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and/or adverse governmental action.

Fluctuations in the market price of base metals, steelmaking coal and specialty metals may significantly adversely affect the results of our operations.

The results of our operations are significantly affected by the market price of base metals, steelmaking coal and specialty metals, which are cyclical and subject to substantial price fluctuations. Our earnings are particularly sensitive to changes in the market price of steelmaking coal, copper and zinc. Market prices can be affected by numerous factors beyond our control, including levels of supply and demand for a broad range of industrial products, substitution of new

or different products in critical applications for our existing products, expectations with respect to the rate of inflation, the relative strength of the Canadian dollar and of certain other currencies, interest rates, speculative activities, global or regional political or economic crises and sales of base metals by holders in response to such factors.

The Chinese market is a significant source of global demand for commodities, including steelmaking coal and copper. A sustained slowdown in China's growth or demand, or a significant slowdown in other markets, in either case that is not offset by reduced supply or increased demand from other regions could have an adverse effect on the price and/or demand for our products.

If prices should decline below our cash costs of production and remain at such levels for any sustained period, we could determine that it is not economically feasible to continue commercial production at any or all of our mines. We may also curtail or suspend some or all of our exploration activities, with the result that our depleted reserves are not replaced.

Our coal production and transportation costs are not competitive with those of large thermal coal producers. A substantial reduction in hard coking coal price premiums would have a material adverse effect on our business.

Our general policy has been not to hedge changes in prices of our mineral products. From time to time, however, we have in the past and may in the future undertake hedging programs in specific circumstances, with an intention to reduce the risk of declines in a commodity's market price while optimizing upside participation, to maintain adequate cash flows and profitability to contribute to the long-term viability of our business. There are, however, risks associated with hedging programs including, among other things, the risk of opportunity losses in the event of an increase in the world price of the commodity, an increase in interest rates, the possibility that rising operating costs will make delivery into hedged positions uneconomic, counterparty risks and production interruption events.

Product alternatives may reduce demand for our products.

Most of our products are primarily used in specific applications, such as the use of copper in electrical and electronic applications, the use of refined zinc to galvanize steel and the use of steelmaking coal in steel production. Alternative technologies are continually being investigated and developed with a view to reducing production costs or for other reasons, such as minimizing environmental or social impact. If competitive technologies emerge that use other materials in place of our products, demand and price for our commodities might fall.

For example, substantially all of our coal production is high-quality hard coking coal, which commands a significant price premium over other forms of coal because of its value in use in blast furnaces for steel production. High quality hard coking coal is globally scarce, and has specific physical and chemical properties which are necessary for efficient blast furnace operation. Steel producers are continually investigating alternative steel production technologies with a view to reducing production costs. Many of those alternative technologies are designed to use lower quality coals or other sources of carbon instead of higher cost high-quality hard coking coal. While conventional blast furnace technology has been the most economic large-scale steel production technology for a number of years, and while emergent technologies typically take

many years to commercialize, there can be no assurance that over the longer term competitive technologies not reliant on hard coking coal could emerge which could reduce demand and price premiums for hard coking coal.

Volatility in commodity markets and financial markets may adversely affect our ability to operate and our financial condition.

Recent global financial conditions and commodity markets have been volatile. From time to time, access to financing has been negatively affected by many factors, including the financial distress of banks and other credit market participants. This volatility has from time to time affected and may in the future affect our ability to obtain equity or debt financing on acceptable terms, and may make it more difficult to plan our operations and to operate effectively. If volatility or market disruption affects our access to financing on reasonable terms, our operations and financial condition could be adversely affected.

Our arrangements resulting from the sale of a one-third interest in the Waneta hydroelectric plant to BC Hydro may require us to incur substantial costs.

Teck Metals has agreed to generally provide the firm delivery of energy from the Waneta hydroelectric plant to BC Hydro until 2036, in proportion to BC Hydro's ownership interest. If Teck Metals does not deliver power as required it could be required to purchase replacement power in the open market or to pay liquidated damages to BC Hydro based on the market rate for power at the time of the shortfall. These costs are generally not covered by our insurance policies and we could incur substantial costs, especially if the shortfall is protracted. In addition, the portion of power Teck Metals is required to make available to BC Hydro is estimated to be surplus to the current and anticipated future requirements of our Trail Operations. If our entitlement to power from the Waneta hydroelectric plant (taking into account our arrangements with BC Hydro) is not sufficient to supply the requirements of our Trail Operations, we may be required to reduce production at our Trail Operations, or purchase power in the open market, in order to address any shortfall.

We face risks in connection with our downstream arrangements in connection with the Fort Hills Project.

Under the arrangements governing the Fort Hills project, we are obliged to lift our pro rata share of project production, and to supply the diluent required in order to create a bitumen blend which meets pipeline specifications. In order to meet our lifting obligations and to ensure that our share of project production reaches a market, we are required to enter into commitments to secure tankage and transportation (pipeline, rail) capacity. These commitments involve long term take or pay obligations. There is a risk that there may be delays or interruptions in the availability of appropriate pipeline or rail capacity, that we may be unable to provide the required diluent despite our efforts to secure diluent supply, or that unanticipated events may otherwise interfere with our ability to lift and dispose of our share of Fort Hills project production. In any of these events we may face additional costs or penalties under the Fort Hills project arrangements. In addition, delays in construction or interruptions in production at Fort Hills may not relieve us of take or pay obligations incurred in connection with our downstream arrangements, causing us to incur

significant costs. We may face material losses in any of these situations, which may not be covered by insurance.

The terms of our outstanding indebtedness require us to comply with certain covenants that may impose restrictions on our business.

As of December 31, 2016, we and our consolidated subsidiaries had total indebtedness of $8.3 billion. We must generate sufficient amounts of cash to service and repay our debt and our ability to generate cash will be affected by general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Certain of our credit facilities and the indentures governing our other long-term debt securities contain restrictive covenants. See " *Credit Facilities and Debt Securities*" for further information regarding these restrictive covenants.

Our material financing agreements contain financial and other covenants that, if breached by us, may require us to redeem, repay, repurchase or refinance our existing debt obligations prior to their scheduled maturity.

We are party to a number of financing agreements, including our credit facilities and the indentures governing our various public indebtedness, which contain financial and other covenants. If we breach covenants contained in our financing agreements, we may be required to redeem, repay, repurchase or refinance our existing debt obligations prior to their scheduled maturity and our ability to do so may be restricted or limited by the prevailing conditions in the capital markets, available liquidity and other factors. If we are unable to refinance any of our debt obligations in such circumstances, our ability to make capital expenditures and our financial condition and cash flows could be adversely impacted. In addition, our ability to borrow under our credit facilities is subject to our compliance with certain covenants, and the making of certain representations and warranties at the time of a borrowing request. See "*Credit Facilities and Debt Securities*" for further information regarding a further discussion of the covenants in our financing arrangements.

In addition, from time to time, new accounting rules, pronouncements and interpretations are enacted or promulgated which may require us, depending on the nature of those new accounting rules, pronouncements and interpretations, to reclassify or restate certain elements of our financing agreements and other debt instruments, which may in turn cause us to be in breach of the financial or other covenants contained in our financing agreements and other debt instruments.

We may not have access to credit in the future, and access to letters of credit may require the deposit of cash collateral.

If future debt financing is not available to us when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressure or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition.

We also have significant financial support in the form of outstanding letters of credit issued by banks, which reduces the amount of other credit, including loans, that issuing banks may be willing to extend to us by way of debt financing. We also have a significant amount of surety bonds issued by insurance companies. These letters of credit and surety bonds are required for a number of purposes, mainly as security for reclamation obligations and security for our take-or-pay commitments in respect of our Fort Hills downstream arrangements and Quebrada Blanca Phase 2 power arrangements. The surety bonds and credit facilities that support our letters of credit do not currently require us to deliver cash collateral or other security. If letters of credit, surety bonds or other acceptable financial assurance, are not available to us on an unsecured basis we may be required to deliver cash collateral to a financial institution that will issue the financial assurance, which will reduce our cash available for use in our business.

In addition, certain of our letters of credit are issued under uncommitted standby facilities. Our standby letter of credit facilities may be terminated at the election of the bank counterparty upon at least 90 days' notice. In the event that a standby letter of credit facility is terminated, we would be required to deliver cash collateral to the bank counterparty if we were unable to terminate the letter of credit issued by the bank. Our surety bonds also have the right to require the delivery of cash collateral upon 60 days' notice.

We may be adversely affected by interest rate changes.

Our exposure to changes in interest rates results from investing and borrowing activities undertaken to manage our liquidity and capital requirements. We have incurred indebtedness that bears interest at fixed and floating rates, and we may from time to time enter into interest rate swap agreements to effectively convert some fixed rate exposure to floating rate exposure. There can be no assurance that we will not be materially adversely affected by interest rate changes in the future. In addition, our use of interest rate swaps exposes us to the risk of default by the counterparties to those arrangements. Any default by a counterparty could have a material adverse effect on our business.

Our business is subject to the Canadian *Corruption of Foreign Public Officials Act*, the U.S. *Foreign Corrupt Practices Act* and similar worldwide anti-bribery laws, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licenses or permits and reputational harm.

We operate in certain jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. For example, the Canadian *Corruption of Foreign Public Officials Act*, the U.S. *Foreign Corrupt Practices Act* and anti-corruption and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from

making improper payments for the purpose of obtaining or retaining business or other commercial advantage. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny of and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents.

Our Code of Ethics, our Anti-Corruption Policy and other corporate policies mandate compliance with these anti-corruption and anti-bribery laws and we have implemented training programs, internal monitoring and controls, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees, contractors or agents. Violations of these laws, or allegations of such violations, could lead to civil and criminal fines and penalties, litigation, loss of operating licenses or permits or withdrawal of mining tenements, and may damage our reputation, which could have a material adverse effect on our business, financial position and results of operations or cause the market value of our shares to decline.

Our insurance may not provide adequate coverage.

Our property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to us or to other companies within the industry. In addition, our insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on our business.

We could be subject to potential labour unrest or other labour disturbances as a result of the failure of negotiations in respect of our collective agreements.

Approximately 5,600 of our nearly 9,400 regular employees (as of December 31, 2016) are employed under collective bargaining agreements. We could be subject to labour unrest or other labour disturbances as a result of delays in or the failure of negotiations in respect of our collective agreements, which could, while ongoing, have a material adverse effect on our business. See "*Description of the Business—Human resources*" for a description of our regular employee category and the expiry dates of the collective bargaining agreements covering unionized employees at our material projects.

We may not be able to hire enough skilled employees to support our operations.

We compete with other mining companies to attract and retain key executives and skilled and experienced employees. The mining industry is labour intensive and our success depends to a significant extent on our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which we operate. With the recent prolonged downturn in commodity prices we saw mining companies reduce investment in institutions, trades colleges and other avenues where potential pipelines of candidates train for work in the mining industry. We could experience increases in our recruiting and training costs

and decreases in our operating efficiency, productivity and profit margins if we are not able to attract, hire and retain a sufficient number of skilled employees to support our operations.

Our pension and other post-retirement liabilities and the assets available to fund them could change materially.

We have assets in defined benefit pension plans which arise through employer contributions and returns on investments made by the plans. The returns on investments are subject to fluctuations depending upon market conditions and we are responsible for funding any shortfall of pension assets compared to our pension obligations under these plans.

We also have certain obligations to former employees with respect to post-retirement benefits. The cost of providing these benefits can fluctuate and the fluctuations can be material.

Our liabilities under defined benefit pension plans and in respect of other post-retirement benefits are estimated based on actuarial and other assumptions. These assumptions may prove to be incorrect and may change over time and the effect of these changes can be material.

A number of our concentrate products include varying amounts of minor elements that are subject to increasing environment regulation, which may expose us to higher smelter treatment charges, penalties or limit our ability to sell certain products.

Our customer smelters are subject to increasingly stringent environmental regulation, in particular with respect to minor elements such as mercury and cadmium, which could adversely affect their ability to treat copper and zinc from certain of our operations. We rely on customer smelters to process our concentrates into metals for sale. We may be required to pay higher smelter treatment charges or specific penalties relating to minor elements present in our concentrates, we may incur additional costs to blend certain products, or we may not be able to sell certain products at all, depending on how the regulatory environment evolves.

The profitability of our Trail Operations depends in part on our ability to sell various products that may face more stringent environmental regulation.

In addition to zinc and lead, Trail Operations produces various minor metals, salts and other compounds which are sold into specialized markets. Changes in market demand for these products, or changes in export regulations or other regulatory restrictions may limit our ability to sell these products. If we are unable to sell certain products at a profit we may incur significant storage and disposal costs, or costs to change our production facilities or processes.

Fluctuations in the price and availability of consumed commodities affect our costs of production.

Prices and availability of commodities consumed or used in connection with exploration, development, mining, smelting and refining, such as natural gas, diesel, oil and electricity, as well as reagents such as copper sulfate, fluctuate and these fluctuations affect the costs of production at our various operations. Our smelting and refining operations at Trail require concentrates, some of which are produced at our Red Dog and Pend Oreille mines and some of which we purchase from third parties. The availability of those concentrates and the treatment charges we can negotiate fluctuate depending on market conditions. These fluctuations can be

unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects. Our general policy is not to hedge our exposure to changes in prices of the commodities we use in our business.

Our ability to acquire properties may be affected by competition from other mining companies.

Because the life of a mine is limited by its ore reserves, we are continually seeking to replace and expand our reserves through the exploration of our existing properties as well as through acquisitions of interests in new properties or of interests in companies which own the properties. We encounter strong competition from other mining companies in connection with the acquisition of properties. This competition may increase the cost of acquiring suitable properties, should those properties become available to us.

We face competition in product markets.

The mining industry in general is intensely competitive and even if commercial quantities of mineral resources are developed, a profitable market may not exist for the sale of the minerals. We must sell base metals, metal concentrates, by-product metals and concentrate and steelmaking coal at prices determined by world markets over which we have no influence or control. Our competitive position is determined by our costs in comparison to those of other producers in the world. If our costs increase due to our locations, grade and nature of ore bodies, foreign exchange rates, or our operating and management skills, our profitability may be affected. We have to compete with larger companies that have greater assets and financial and human resources than us, and which may be able to sustain larger losses than us to develop or continue business.

We may face market access restrictions or tariffs.

Access to our markets may be subject to ongoing interruptions or trade barriers due to policies and tariffs of individual countries, and the actions of certain interest groups to restrict the import of certain commodities. Our products may also be subject to tariffs that do not apply to producers based in other countries. Although there are currently no significant trade barriers existing or impending of which we are aware that do, or could, materially affect our access to certain markets, there can be no assurance that our access to these markets will not be restricted in the future or that tariffs or similar measures will not impair the competitiveness of our products.

Our reserve and resource estimates may prove to be incorrect.

Disclosed reserve and mine life estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. We estimate and report our mineral reserves and resources in accordance with the requirements of the applicable Canadian securities regulatory authorities and industry practice. We estimate and report oil and gas reserves and resources in accordance with the requirements of the applicable Canadian securities regulatory authorities and industry practice.

The United States Securities and Exchange Commission (“ **SEC**”) does not permit mining companies in their filings with the SEC to disclose estimates other than mineral reserves.

However, because we prepared this disclosure document in accordance with Canadian disclosure requirements, this disclosure document also incorporates estimates of mineral resources. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves.

Our mineral reserves and resources are estimated by persons who are, or were at the time of their report, employees of the respective operating company for each of our operations under the supervision of our employees. These individuals are not "independent" for purposes of applicable securities legislation. As a rule, we do not use outside sources to verify mineral reserves or resources except at the initial feasibility stage.

The mineral and oil and gas reserve and resource figures included or incorporated in this disclosure document by reference are estimates based on the interpretation of limited sampling and subjective judgments regarding the grade, continuity and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future commodity prices. The sampling, interpretations or assumptions underlying any reserve or resource estimate may be incorrect, and the impact on reserves or resources may be material. Should the mineralization and/or configuration of a deposit ultimately turn out to be significantly different from that currently envisaged, then the proposed mining plan may have to be altered in a way that could affect the tonnage and grade of the reserves mined and rates of production and, consequently, could adversely affect the profitability of the mining operations. In addition, short term operating factors relating to the reserves, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause reserve and resource estimates to be modified or operations to be unprofitable in any particular fiscal period.

There can be no assurance that our projects or operations will be, or will continue to be, economically viable, that the indicated amount of minerals or petroleum products will be recovered or that they will be recovered at the prices assumed for purposes of estimating reserves.

We face risks associated with the issuance and renewal of environmental permits.

Numerous governmental permits or approvals are required for mining operations. We have significant permitting activities currently underway for new projects and for the extension or expansion of existing operations. In addition, many existing permits require periodic renewals. Examples of current significant permitting efforts include, for example, the Frontier oil sands project, coal mine operations in the Elk Valley and Quebrada Blanca Phase 2. When we apply for these permits and approvals, we are often required to prepare and present data to various government authorities pertaining to the potential effects or impacts that any proposed project may have upon the environment. The authorization, permitting and implementation requirements imposed by any of these authorities may be costly and time consuming and may delay commencement or continuation of mining operations. Regulations also provide that a mining

permit or modification can be delayed, refused or revoked. In certain jurisdictions, some parties have extensive rights to appeal the issuance of permits or to otherwise intervene in the regulatory process. Permits may be stayed or withdrawn during the pendency of appeals. Delays associated with permitting may cause us to incur material additional costs in connection with the development of new projects, including penalties or other costs in relation to long-lead equipment orders and other commitments associated with projects.

Past or ongoing violations of mining or environmental laws could provide a basis to revoke existing permits or to deny the issuance of additional permits. In addition, evolving reclamation or environmental concerns may threaten our ability to renew existing permits or obtain new permits in connection with future development, expansions and operations. The ability of our steelmaking coal operations in the Elk Valley, British Columbia to access new areas of resources requires new permits or amendments to existing permits from applicable government agencies. We received approval in 2014 of a plan to manage water quality for the Elk Valley watershed as a whole. The plan is intended to provide a regulatory framework for permitting current and future projects and managing the cumulative effects of new projects. The plan contemplates ongoing monitoring of the receiving environment, and adjustment of water quality targets if unacceptable environmental impacts are identified. There can be no assurance that the water quality targets set out in our valley-wide water quality management plan will prove to be suitably protective of the environment that our planned mitigation efforts will be sufficient to meet those targets, or that ongoing monitoring will not disclose unanticipated environmental effects of our operations which will require additional mitigation. Any such development may result in consequential delays in permitting new mining areas, which would limit our ability to maintain or increase coal production in accordance with our long-term plans or to realize the projected mine life of our operations. The potential shortfall in production may be material.

We face risks associated with our reclamation obligations.

We are required by various governments in the jurisdictions in which we operate to provide financial assurances to cover any reclamation obligations we may have at our mine sites. The amount of these financial assurances is significant and is subject to change from time to time by the governments in the jurisdictions in which we operate. The amount and nature of our financial assurance obligations depend on a number of factors, including our financial condition and reclamation cost estimates. Reclamation cost estimates can escalate because of new regulatory requirements, changes in site conditions or conditions in the receiving environment, or changes in analytical methods or scientific understanding of the impacts of various constituents in the environment. Changes to the form or amount of our financial assurance obligations in respect of reclamation obligations could significantly increase our costs, making the maintenance and development of existing or new mines less economically feasible. Increases in financial assurance requirements could severely impact our credit capacity and our ability to raise capital for other projects or acquisitions.

Although we currently make provisions for our reclamation obligations, there can be no assurance that these provisions will be accurate in the future. Failure to provide regulatory authorities with the required financial assurances could potentially result in the closure of one or more of our

operations, which could result in a material adverse effect on our operations and therefore our profitability.

We may be adversely affected by currency fluctuations.

Our operating results and cash flow are affected by changes in the Canadian dollar exchange rate relative to the currencies of other countries. Exchange rate movements can have a significant impact on results as a significant portion of our operating costs are incurred in Canadian and other currencies and most revenues are earned in U.S. dollars. To reduce the exposure to currency fluctuations, we enter into foreign exchange contracts from time to time, but these hedges do not eliminate the potential that those fluctuations may have an adverse effect on us. In addition, foreign exchange contracts expose us to the risk of default by the counterparties to those contracts, which could have a material adverse effect on our business.

The depletion of our mineral reserves may not be offset by future discoveries or acquisitions of mineral reserves.

We must continually replace mineral reserves depleted by production to maintain production levels over the long term. This is done by expanding known mineral reserves or by locating or acquiring new mineral deposits.

There is, however, a risk that depletion of reserves will not be offset by future discoveries of mineral reserves. Exploration for minerals and oil and gas is highly speculative and the projects involve many risks. Many projects are unsuccessful and there are no assurances that current or future exploration programs will be successful. Further, significant costs are incurred to establish mineral or oil and gas reserves and to construct mining and processing facilities. Development projects have no operating history upon which to base estimates of future cash flow and are subject to the successful completion of feasibility studies, obtaining necessary government permits, obtaining title or other land rights and availability of financing. In addition, assuming discovery of an economic orebody, depending on the type of mining operation involved, many years may elapse from the initial phases of drilling until commercial operations are commenced. Accordingly, there can be no assurances that our current work programs will result in any new commercial mining operations or yield new reserves to replace and/or expand current reserves in a timely manner.

Changes in environmental, health and safety laws may have a material adverse effect on our operations.

Environmental, health and safety legislation affects nearly all aspects of our operations, including mine development, worker health and safety, waste disposal, emissions controls and protection of endangered and protected species. Compliance with environmental, health and safety legislation can require significant expenditures.

In addition, failure to comply with environmental, health or safety legislation may result in the imposition of fines and/or penalties, the temporary or permanent suspension of operations, or other regulatory sanctions including clean-up costs arising out of contaminated properties, damages, and the loss of important permits. Exposure to these liabilities arises not only from our existing operations, but from operations that have been closed or sold to third parties. We are

required to reclaim properties after mining is completed and specific requirements vary among jurisdictions. In some cases, we may be required to provide financial assurances as security for reclamation costs, which may exceed our estimates for such costs. Financial assurance requirements could increase significantly in light of evolving environmental, health or safety concerns or as a result of evolving regulatory pressures. The cost to Teck of supplying the assurance could increase significantly as a consequence. Some of our historical operations have generated significant environmental contamination and other issues in the context of current regulation. We could also be held liable for worker exposure to hazardous substances. There can be no assurance that we will at all times be in compliance with all environmental, health and safety regulations or that steps to achieve compliance would not materially adversely affect our business.

Environmental, health and safety laws and regulations are evolving in all jurisdictions where we have activities. We are not able to determine the specific impact that future changes in environmental laws and regulations may have on our operations and activities, and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental, health and safety regulations. For example, emissions standards for carbon dioxide and sulphur dioxide are becoming increasingly stringent as are laws relating to the use and production of regulated chemical substances. Further changes in environmental, health and safety laws, new information on existing environmental, health and safety conditions or other events, including legal proceedings based upon such conditions, or an inability to obtain necessary permits, could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on us. Changes in environmental, health and safety legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution. In the event that any of our products were demonstrated to have negative health effects, we could be exposed to workers compensation and product liability claims which could have a material adverse effect on our business.

Our operations depend on information technology systems, which may be disrupted.

We rely on information technology systems and networks in our operations. We could be materially and adversely affected in the event that our information technology systems or networks are compromised. This information technology infrastructure may be subject to security breaches or other cybersecurity incidents, or may be compromised by natural disasters or defects in software or hardware systems. The consequences of our information technology systems being compromised include material and adverse impacts on our financial condition, operations, production, sales, and reputation and could also result in environmental and physical damage to our operations or surrounding areas.

We are highly dependent on third parties for the provision of transportation services.

Due to the geographical location of many of our mining properties and operations, we are highly dependent on third parties for the provision of transportation services, including rail and port services. We negotiate prices for the provision of these services in circumstances where we may not have viable alternatives to using specific providers, or have access to regulated rate setting mechanisms. Contractual disputes, demurrage charges, rail and port capacity issues, availability of vessels and rail cars, weather problems or other factors can have a material adverse effect on our ability to transport materials according to schedules and contractual commitments.

Our Red Dog operation is subject to a limited annual shipping window, which increases the consequences of restrictions on our ability to ship concentrate from the operation.

Like our other mines, our Red Dog mine operates year-round on a 24 hour per day basis. The annual production of the mine must be stored at the port site and shipped within an approximate 100-day window when sea ice and weather conditions permit. Two purpose-designed shallow draft barges transport the concentrates to deep water moorings. The barges cannot operate in severe swell conditions.

Unusual ice or weather conditions, or damage to the barges or ship loading equipment could restrict our ability to ship all of the stored concentrate. Failure to ship the concentrate during the shipping season could have a material adverse effect on our sales, as well as on our Trail Operations, and could materially restrict mine production subsequent to the shipping season.

Indigenous Peoples' title claims and rights to consultation and accommodation may affect our existing operations as well as development projects and future acquisitions.

Governments in many jurisdictions must consult with Indigenous Peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. Consultation and other rights of Indigenous Peoples may require accommodations, including undertakings regarding financial compensation, employment and other matters in impact and benefit agreements. This may affect our ability to acquire within a reasonable time frame effective mineral titles in these jurisdictions, including in some parts of Canada in which aboriginal title is claimed, and may affect the timetable and costs of development of mineral properties in these jurisdictions. The risk of unforeseen aboriginal title claims also could affect existing operations as well as development projects and future acquisitions. These legal requirements may increase our operating costs and affect our ability to expand or transfer existing operations or to develop new projects.

We operate in foreign jurisdictions and face added risks and uncertainties due to different economic, cultural and political environments.

Our business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Some of these risks include nationalization and expropriation, social unrest and political instability, uncertainties in perfecting mineral titles, trade barriers and exchange controls and material changes in taxation. Further, developing country status or an unfavourable political climate may make it difficult for us to obtain financing for projects in some countries.

We face risks associated with our development projects.

We are involved in a number of development projects. Our major projects include our Fort Hills, Quebrada Blanca Phase 2, Galore Creek, Frontier and NuevaUnión (formerly Project Corridor) projects. We also have a number of other projects in our development portfolio.

Construction of the Fort Hills project was sanctioned in October 2013. Suncor, as project operator, in consultation with Total and us, will be responsible for the construction of the project. There can be no assurance that the construction of the Fort Hills project will be completed in the manner currently approved or in accordance with the schedule or within the cost estimates prepared by the project operator.

Development and exploitation of the hypogene resource at Quebrada Blanca Phase 2 will require considerable capital expenditures and various environmental and other permits and governmental authorizations. NuevaUnión, Galore Creek and our Frontier project are also all in early stages of development.

Construction and development of these projects are subject to numerous risks, including, without limitation:

- risks resulting from the fact that the projects are at various early stages of development and therefore are subject to development and construction risks, including the risk of significant cost overruns and delays in construction, and technical and other problems;
- risks associated with delays in obtaining, or conditions imposed by, regulatory approvals;
- risks associated with obtaining amendments to existing regulatory approvals or permits and additional regulatory approvals or permits which will be required;
- risks of other adverse regulatory developments, including the imposition of new regulations;
- risks of significant fluctuation in prevailing prices for copper, oil, other petroleum products and natural gas, which may affect the profitability of the projects;
- risks resulting from the fact that we are a minority partner in the Fort Hills Energy Limited Partnership and major decisions with respect to project schedule, design and construction may be made without our consent;
- risks associated with the fact that our company and Goldcorp Inc. are 50% partners in NuevaUnión and major project decisions require the agreement of both parties;
- risks associated with the fact that our company and NovaGold Canada Inc. are 50% partners in the Galore Creek project and major project decisions require the agreement of both parties;
- risks associated with litigation;
- risks resulting from dependence on third parties for services and utilities;
- risks associated with the ability of our partners to finance their respective shares of project expenditures; and

- risks associated with our being in a position to finance our share of project costs, or obtaining financing for these projects on commercially reasonable terms or at all.

Climate change may have an adverse effect on our operations or on demand for our products.

Climate change may have an adverse effect on our operations or on demand for our products. Climate change may, among other things, cause or result in sea level increases, changes in precipitation, changes in freshwater levels, increases in extreme weather events and resource shortages. While our operations are located well above sea level an increase in sea level could affect our ocean transportation and shipping facilities. Extreme weather events have the potential to disrupt operations at our mines and to impact our transportation infrastructure, including by affecting the length of our shipping season at our Red Dog mine. Climate change may also result in shortages in certain consumables and other products required to maintain our operations. Any such shortage could impact our production capacity.

Climate change may have similar impacts on our major customers, reducing demand for our products. In addition, government action to address climate change may reduce the demand for our products, result in increased regulations for our operations or those of our major customers, and/or restrict the development of our projects, which may increase costs and/or limit production.

Although we make efforts to mitigate the physical risks of climate change and work with governments to consider regulatory requirements regarding climate change, there can be no assurances that these efforts will be effective or that climate change will not have an adverse impact on our operations and therefore our profitability.

Regulatory efforts to control or reduce greenhouse gas emissions could materially negatively affect our business.

Our businesses include several operations that emit large quantities of carbon dioxide, or that produce or will produce products that emit large quantities of carbon dioxide when consumed by end users. This is particularly the case with our steelmaking coal operations and our oil sands projects. Carbon dioxide and other greenhouse gases are the subject of increasing public concern and regulatory scrutiny. See "*—Safety and Environmental Protection*".

The primary source of greenhouse gas emissions in Canada is the use of hydrocarbon energy. Our operations depend significantly on hydrocarbon energy sources to conduct daily operations, and there are typically no economic substitutes for these forms of energy. It is not yet possible to reasonably estimate the nature, extent, timing and cost of any programs proposed or contemplated, or their potential effects on operations. Most of our steelmaking coal products are sold outside of Canada, and sales are not expected to be significantly affected by the greenhouse gas emissions targets Canada committed to under the Paris Agreement. However, the broad adoption of emission limitations or other regulatory efforts to control or reduce greenhouse gas emissions by other countries could materially negatively affect the demand for steelmaking coal and oil, as well as restrict development of new steelmaking coal or oil sands projects and increase production and transportation costs.

Although we believe our financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance.

We prepare our financial reports in accordance with accounting policies and methods prescribed by International Financial Reporting Standards. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the company. Significant accounting policies are described in more detail in the notes to our annual consolidated financial statements for the year ended December 31, 2016. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

We are subject to legal proceedings, the outcome of which may affect our business.

The nature of our business subjects us to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of our business. The results of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on our business. See "*Legal Proceedings*" below.

Dividends

Our Class A common shares and Class B subordinate voting shares rank equally as to the payment of dividends. In 2014, we declared a dividend of $0.45 per share in April that was paid in July and declared a dividend of $0.45 per share in November that was paid in January 2015. In 2015, we declared a dividend of $0.15 per share in June that was paid in July and declared a dividend of $0.05 per share in November that was paid in December. In 2016, we declared a dividend of $0.05 per share in April that was paid in June and declared a dividend of $0.05 per share in November that was paid in December.

All dividends paid on our Class A common shares and Class B subordinate voting shares after 2005 are eligible dividends for purposes of the enhanced dividend tax credit that may be claimed by Canadian resident individuals.

We may not pay dividends on the Class A common shares and Class B subordinate voting shares unless all dividends on any preferred shares outstanding have been paid to date. We do not currently have any preferred shares outstanding.

Description of Capital Structure

General Description of Capital Structure

Share Capital

Teck is authorized to issue an unlimited number of Class A common shares and Class B subordinate voting shares and an unlimited number of preference shares, issuable in series.

Class A common shares carry the right to 100 votes per share. Class B subordinate voting shares carry the right to one vote per share. Each Class A common share is convertible, at the option of the holder, into one Class B subordinate voting share. In all other respects, including dividend rights and the distribution of property upon dissolution or winding-up of the Company, the Class A common shares and Class B subordinate voting shares rank equally.

The attributes of the Class B subordinate voting shares contain so called "coattail provisions" which provide that, in the event that an offer (an "**Exclusionary Offer**") to purchase Class A common shares, which is required to be made to all or substantially all holders thereof, is not made concurrently with an offer to purchase Class B subordinate voting shares on identical terms, then each Class B subordinate voting share will be convertible into one Class A common share at the option of the holder during a certain period provided that any Class A common shares received upon such conversion are deposited to the Exclusionary Offer. Any Class B subordinate voting shares converted into Class A common shares pursuant to such conversion right will automatically convert back to Class B subordinate voting shares in the event that any such shares are withdrawn from the Exclusionary Offer or not otherwise ultimately taken up and paid for under the Exclusionary Offer.

The Class B subordinate voting shares will not be convertible in the event that holders of a majority of the Class A common shares (excluding those shares held by the offeror making the Exclusionary Offer) certify to Teck that they will not, among other things, tender their Class A common shares to the Exclusionary Offer.

If an offer to purchase Class A common shares does not, under applicable securities legislation or the requirements of any stock exchange having jurisdiction, constitute a "take-over bid" or is otherwise exempt from any requirement that such offer be made to all or substantially all holders of Class A common shares, the coattail provisions will not apply.

The above is a summary only. Reference should be made to the articles of Teck, a copy of which may be obtained on SEDAR at www.sedar.com or by writing to the Corporate Secretary.

Securities subject to contractual restriction on transfer

On July 15, 2009 Teck issued 101.3 million Class B subordinate voting shares to Fullbloom Investment Corporation (" **Fullbloom**"), a wholly-owned subsidiary of China Investment Corporation ("**CIC**"). Each of Fullbloom and CIC have agreed that neither of them will, without the prior written consent of Teck, knowingly dispose or agree to dispose (directly or indirectly) of all or a significant portion of their Class B shares to any person that at the time of the disposition is (i) either itself, or through its affiliates, a direct participant in the mining, metals or minerals industries with respect to a substantial portion of the business of itself and its affiliates taken together, (ii) a

material customer of Teck, or (iii) a person who, based on Fullbloom and CIC's actual knowledge without inquiry, is not dealing at arm's length with any of the persons referred to in (i) or (ii) in connection with securities of Teck, in each case anywhere in the world. These transfer restrictions are subject to certain exceptions. As of February 17, 2017, the shares subject to these restrictions represent 17.84% of Teck's outstanding Class B subordinate voting shares.

Credit Facilities and Debt Securities

Credit Facilities

We maintain various committed and uncommitted credit facilities for liquidity and for the issuance of letters of credit. As at December 31, 2016, we were party to various credit agreements establishing the following credit facilities (collectively, the "**credit facilities**"):

- A US$3 billion revolving credit facility provided by a syndicate of lenders which matures on July 26, 2020 and which, as at December 31, 2016, was undrawn.
- A US$1.2 billion revolving credit facility provided by a syndicate of lenders, US$1.14 billion of which matures on June 24, 2019 and the remaining US$60 million of which matures on June 24, 2017. As at December 31, 2016 US$981.2 million of letters of credit were outstanding.
- A $150 million uncommitted standby letter of credit facility with Bank of Montreal. As at December 31, 2016, $98.2 million of letters of credit under the facility were outstanding.
- A $150 million uncommitted credit facility established by Royal Bank of Canada. As at December 31, 2016, $91.5 million of letters of credit under the facility were outstanding.
- A $100 million uncommitted standby letter of credit facility with Canadian Imperial Bank of Commerce. As at December 31, 2016, $72.0 million of letters of credit under the facility were outstanding.
- A $50 million uncommitted standby letter of credit facility with the Toronto-Dominion Bank. As at December 31, 2016, $36.6 million of letters of credit under the facility were outstanding.
- A $75 million uncommitted standby letter of credit facility with BNP Paribas. As at December 31, 2016, $50.0 million of letters of credit under the facility were outstanding.
- A $75 million uncommitted standby letter of credit facility with United Overseas Bank. As at December 31, 2016, $75.0 million of letters of credit under the facility were outstanding.
- A US$450 million Performance Security Guarantee Issuance and Indemnity Agreement with Export Development Canada (" **EDC**"), regarding our Red Dog mine. As at December 31, 2016, US$450.0 million of letters of credit, issued by third-party banks but secured by EDC under this arrangement, were outstanding.
- A $150 million Performance Security Guarantee Issuance and Indemnity Agreement with EDC, regarding our coal operations. As at December 31, 2016, $74.6 million of letters of credit, issued by third-party banks but secured by EDC under this arrangement, were outstanding.

In addition to the letters of credit outstanding under the facilities listed above, we also had, as at December 31, 2016, $260.7 million of stand-alone letters of credit and $214.3 million of surety bonds outstanding. The stand-alone letters of credit are issued by financial institutions on as-negotiated basis mainly to support our reclamation obligations. While a variety of banks issue these stand-alone letters of credit, approximately $212.2 million were issued by the Bank of Nova Scotia. The surety bonds are provided by insurance companies and support our reclamation obligations.

Our uncommitted standby letter of credit facilities may be terminated at the election of the bank counterparty upon at least 90 days' notice. In the event that a standby letter of credit facility is terminated, we would be required to deliver cash collateral to the bank counterparty if we were unable to terminate the letter of credit issued by the bank. These facilities are typically renewed on an annual basis. From time to time, at our election, we may reduce the fees paid to banks issuing letters of credit by making short-term deposits of excess cash with those banks. The deposits earn a competitive rate of interest and are generally refundable on demand. At December 31, 2016 we had US$414 million of such deposits. Our surety bonds provide the insurance issuer with the right on 60 days' notice, in certain circumstances, to require Teck to obtain the return of a surety bond or to deliver cash collateral if we are unable to return the bond.

Teck's indebtedness outstanding under each of the credit facilities ranks pari passu in right of payment with the indebtedness under each of the other credit facilities and with all of Teck's other indebtedness for borrowed money, except that which is secured by liens permitted by the credit facilities and indentures.

The owner of the Antamina project, CMA, is party to a credit facility. We hold a 22.5% interest in CMA. As at December 31, 2016, our proportionate share of CMA's US$100 million senior revolving credit facility was US$22.5 million. This facility is fully drawn and is non-recourse to us and the other Antamina project sponsors. The facility matures on April 30, 2020.

Both of our US$3.0 billion and US$1.2 billion revolving credit facilities contain restrictive and financial covenants, including:

- a requirement to maintain a debt to total capitalization (debt-plus-equity) ratio of not more than 0.5:1.0. As of December 31, 2016 our ratio of debt to total capitalization for purposes of our credit facilities was 0.32:1.0;
- a restriction on certain of our subsidiaries (which are not guarantors) incurring indebtedness of more than an aggregate of US$250 million;
- a provision requiring prepayment in the event of a change of control at Teck; and
- a prohibition on agreements that might restrict certain subsidiaries from issuing dividends or other distributions to, or making or repayment of loans to, Teck.

As part of the extension of a majority of the US$1.2 billion revolving credit facility that occurred in 2016, certain wholly-owned subsidiaries guaranteed our obligations under that revolving credit facility. In connection with that extension, those guarantors also guaranteed any other credit facilities between Teck and an extending lender, any hedging obligations owed to a lender under the US$1.2 billion revolving credit facility, and the Teck bonds issued in June 2016 (which are described below). As of the date of this annual information form, the guarantors are TCL U.S. Holdings Ltd., Teck Alaska Incorporated, Teck Metals Ltd., Teck Coal Partnership, Teck South American Holdings Ltd. (formerly named Teck Financial Corporation Ltd.) and Teck Highland Valley Copper Partnership. TCL U.S. Holdings Ltd., Teck Alaska Incorporated and Teck Metals Ltd. also guarantee our obligations under the US$3.0 billion revolving credit facility.

The U.S. $1.2 billion revolving credit facility agreement was amended to include certain restrictive covenants in addition to those described above, including restrictions on further indebtedness of the guarantor subsidiaries, use of borrowings and covenants regarding additional guarantors and use of proceeds.

The revolving credit facilities also provide for customary events of default, which include non-payment of principal, interest, fees or other amounts owing in connection with such credit facilities, inaccuracy of representations and warranties , violation of covenants (subject, in the case of certain affirmative covenants, to a grace period), a payment default by Teck or any material subsidiary (as defined in the applicable credit facility) in respect of indebtedness equal to or in excess of US$100 million, acceleration of indebtedness equal to or in excess of US$100 million, bankruptcy or insolvency events of Teck or a material subsidiary, the rendering of a final judgment against Teck or any material subsidiary or a combination thereof in excess of US$100 million, the rendering of a final judgment not involving the payment of money against Teck or any material subsidiary that could reasonably be expected to result in a material adverse effect (as defined in the applicable credit facility) and certain events under the United States *Employee Retirement Income Security Act of 1974*.

Borrowing under our primary committed credit facilities is subject to our compliance with the covenants in the relevant agreement and our ability to make certain representations and warranties at the time of the borrowing request.

Our reclamation obligations are included in “Other Liabilities and Provisions” on our balance sheet. Associated letters of credit would not become a liability unless the letter of credit is drawn by the beneficiary, which drawing would be triggered if we did not perform our obligations under the relevant contract or permit. In the event of the drawing, we would be required to reimburse the issuing bank for the amount drawn on the letter of credit. Issued letters of credit do not constitute debt for the purpose of the debt-to-debt plus equity covenant in our bank credit agreements.

There are no restrictions on borrowing, or additional covenants, triggered under our credit facilities as a result of ratings downgrades, although the pricing under certain of our credit facilities varies with ratings.

Public Indebtedness

As of December 31, 2016, our public indebtedness consists of 14 series of outstanding notes.

We have issued notes under an indenture dated September 12, 2002, an indenture dated August 17, 2010 (as supplemented from time to time in connection with an offering of notes) and an indenture dated June 7, 2016. The Bank of New York Mellon acts as trustee under each indenture. All of our public notes are issued under the 2010 indenture, except for our (a) 6.125% notes due October 1, 2035, which was issued under the 2002 indenture, and (b) 8.000% notes due 2012 and 8.500% notes due 2024, which were issued under the 2016 indenture. The details of the principal amount offered, coupon and issuance date of each issuance of our outstanding series of notes as of December 31, 2016 follows:

- US$15.736 million of 3.850% notes due 2017 issued on August 17, 2010;
- US$33.726 million of 3.15% notes due 2017 issued on July 5, 2011;
- US$22.474 million of 2.500% notes due 2018 issued on August 8, 2012;
- US$278.064 million of 3.000% notes due 2019 issued on February 28, 2012;
- US$500 million of 4.500% notes due 2021 issued on September 8, 2010;
- US$650 million of 8.000% notes due 2021 issued on June 7, 2016;
- US$700 million of 4.75% notes due 2022 issued on July 5, 2011;
- US$670.505 million of 3.750% notes due 2023 issued on August 8, 2012;
- US$600 million of 8.500% notes due 2024 issued on June 7, 2016;
- US$609.355 million of 6.125% notes due October 1, 2035 issued on September 28, 2005;
- US$490.670 million of 6.000% notes due 2040 issued on August 17, 2010 and September 8, 2010;
- US$794.717 million of 6.25% notes due 2041 issued on July 5, 2011;
- US$399.043 million of 5.200% notes due 2042 issued on February 28, 2012; and
- US$376.908 million of 5.400% notes due 2043 issued on August 8, 2012.

In January 2017, our 3.15% notes due 2017 matured and were repaid.

The indentures contain covenants requiring us to offer to purchase the notes in the event of a change in control (as defined in the indentures), and restrictive covenants regarding liens on certain assets of Teck and certain of restricted subsidiaries (as defined in the indentures). The indentures also provide for customary events of default, which include non-payment of principal or interest, failure to comply with covenants, the bankruptcy or insolvency of Teck or a material subsidiary, final judgments against Teck or a material subsidiary in excess of US$100 million, failure to pay other indebtedness in excess of US$100 million, or an acceleration of other indebtedness in excess of US$100 million.

The notes issued under the 2016 indenture are guaranteed by TCL U.S. Holdings Ltd., Teck Alaska Incorporated, Teck Metals Ltd., Teck Coal Partnership, Teck South American Holdings Ltd. (formerly named Teck Financial Corporation Ltd.) and Teck Highland Valley Copper Partnership. Each guarantee may be released and terminated in a number of circumstances, including if the relevant guarantee is released in respect of our revolving credit facilities and at least two of Moody's, S&P or Fitch affirm that the rating assigned by them to the notes issued under the 2016 indenture would not be downgraded if the guarantee was released in respect of the relevant notes.

On February 21, 2017, we commenced cash tender offers to purchase up to US$650 million aggregate principal amount of the following series of notes: 3.000% Notes due 2019; 8.000% Notes due 2021; 4.500% Notes due 2021; 4.750% Notes due 2022; and 8.500% Notes due 2024. In conjunction with the tender offers, we are soliciting consents from holders of certain of the notes to amend the indentures governing those notes to shorten the minimum notice period for optional redemption. The tender offers and consent solicitations are scheduled to expire on March 20, 2017, and may expire earlier in certain circumstances. We have reserved the right to amend, extend, terminate and otherwise modify the tender offers and consent solicitations.

The foregoing is summary of the terms of our public notes and is qualified in its entirety by reference to the indentures under which the notes were issued. A copy of the indentures can be found under Teck's profile on SEDAR at www.sedar.com.

Ratings

The following table sets forth the current ratings that we have received from rating agencies in respect of our outstanding securities. The cost of funds under our credit facilities depend in part on our credit ratings from time to time. In addition, credit ratings affect our ability to obtain other short-term and long-term financing and the cost of such financing. The drawn and undrawn costs under some of our credit facilities are based upon our credit ratings, and could increase, or decrease, if Teck's credit ratings are downgraded, or upgraded, respectively.

Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings may not reflect the potential impact of all risks on the value of securities and may be revised or withdrawn at any time by the credit rating organization. In addition, real or anticipated changes in the ratings assigned to a security will generally affect the market value of that security. We cannot guarantee that a rating will remain in effect for any given period of time or that a rating will not be revised or withdrawn entirely by a rating agency in the future.

Our current credit ratings are as follows.

	Moody's	Standard & Poor's	Dominion Bond Rating Service	Fitch
Guaranteed Senior Unsecured Notes [1]	Ba2	BB	BB (high)	BB-
Senior Unsecured Notes [2]	B1	BB	BB	B-

1 Our guaranteed senior unsecured notes are issued under the 2016 indenture
2 Our senior unsecured notes are issued under the 2002 Indenture and the 2010 Indenture.

A description of the rating categories of each of the rating agencies is set out below.

Moody's Investor Service (Moody's)

Moody's long-term credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of securities rated. Moody's Ba2 rating assigned to our guaranteed senior unsecured notes is the fifth highest rating of nine major rating categories. Obligations rated "Ba" are judged to be speculative and are subject to substantial credit risk. Moody's B1 rating assigned to our senior unsecured notes is the sixth highest rating of the nine major rating categories. Obligations rated "B" are considered speculative and are subject to high credit risk. Moody's appends numerical modifiers from 1 to 3 to its long-term debt ratings, which indicates where the obligation ranks within its ranking category, with 1 being the highest.

Standard & Poor's (S&P)

S&P's long-term issue credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of securities rated. S&P's "BB" rating assigned to both our guaranteed senior unsecured notes and our senior unsecured notes is the fifth highest rating of 10 major rating categories. A "BB" rating is among those S&P's ratings that indicate an obligation is regarded as having significant speculative characteristics; however, such obligation is considered less vulnerable to nonpayment than speculative issues with lower ratings. "BB" rated obligations face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular rating category.

Dominion Bond Rating Service (DBRS)

DBRS's long-term credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of securities rated. DBRS has assigned a BB (high) rating to our guaranteed senior unsecured notes and a BB rating to our senior unsecured notes. A "BB" rating is the fifth highest of the 10 rating categories for long-term debt. Debt securities rated "BB" are of speculative, non-investment grade credit quality and the obligor capacity for the payment of financial obligations is considered uncertain and vulnerable to future events. A reference to "high" or "low" reflects the relative strength within the rating category.

Fitch Ratings (Fitch)

Fitch's long-term credit ratings are on a scale ranging from AAA to D, representing the range from highest to lowest quality of securities rated. Fitch has assigned ratings of BB- and B- to our guaranteed senior unsecured notes and our senior unsecured notes, respectively. The ratings assigned to Teck are the fifth and sixth highest of Fitch's nine major rating categories for long-term debt. Debt securities rated "BB" are considered speculative. Such rating indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met. Debt securities rated "B" are considered highly speculative and indicate material credit risk is present. Fitch's may append the modifier "+" or "-" to a rating to denote the relative status of a security within a major rating category.

Payments to Agencies

We have made payments to Moody's and S&P in connection with the assignment of ratings to our long-term debt. In addition, we have made payments in respect of certain other services provided to us by each of Moody's, S&P, DBRS and Fitch during the last two years.

Market for Securities

Trading Price and Volume

Our Class A common shares are listed on The Toronto Stock Exchange under ticker symbol TECK.A. Our Class B subordinate voting shares are listed on The Toronto Stock Exchange under ticker symbol TECK.B and on the New York Stock Exchange under the symbol TECK. The following tables set out the monthly price ranges and volumes traded on The Toronto Stock Exchange during 2016 for the Class A common shares and Class B subordinate voting shares.

	Teck Resources A			Teck Resources B		
Date	**High ($)**	**Low ($)**	**Volume**	**High ($)**	**Low ($)**	**Volume**
January	8.25	5.69	62,524	5.84	3.65	102,326,439
February	12.42	7.48	62,714	9.93	4.67	126,605,501
March	14.51	10.64	81,646	11.99	7.79	157,618,398
April	17.5	11.9	78,810	15.68	9.05	165,982,922
May	17.2	13.6	37,812	15.67	11.80	131,710,175
June	18.05	13.91	51,087	17.09	12.08	116,586,459
July	20.86	17.4	57,542	20.81	16.53	85,944,669
August	22.76	19.75	69,826	22.5	19.44	87,076,512
September	25	20.72	69,758	24.89	20.42	105,269,187
October	29.44	22.65	120,820	29.09	22.38	91,995,948
November	36.49	27.14	187,117	35.67	27.55	81,138,381
December	36	30.2	215,513	34.73	26.87	53,739,034

Source: TSX

Directors and Officers

Directors

As of February 23, 2017, the directors of Teck are as follows:

Name, City, Province/State and Country of Residence	Principal Occupations within Previous Five Years	Director Since
Mayank M. Ashar (3)(5)(6) Canmore, Alberta, Canada, and Delhi, India	Currently, an advisor for Reliance Industries Limited. Managing Director and Chief Executive Officer of Cairn India Limited from November 2014 to June 2016. Previously, President and Chief Executive Officer of Irving Oil Limited	November 2007
Quan Chong Beijing, China	Deputy China International Trade Representative (Vice-Ministerial level) since 2010	April 2016
Jack L. Cockwell (1)(2)(6)(7) Toronto, Ontario, Canada	Director, Brookfield Asset Management Inc. (asset management company)	April 2009
Laura L. Dottori-Attanasio (2)(4)(5) Toronto, Ontario, Canada	Senior Executive Vice President and Chief Risk Officer for the Canadian Imperial Bank of Commerce. Prior to 2013 Managing Director & Global Head of Corporate Credit Products at CIBC	November 2014
Edward C. Dowling (1)(3)(4)(6) Castle Rock, Colorado, United States	Chairman, Alacer Gold Corp. and Polyus Open Joint Stock Company and Director of Detour Gold Corporation. Prior to July 2012 President, Chief Executive Officer and Director, Alacer Gold Corp.	September 2012
Eiichi Fukuda (6) Vancouver, British Columbia, Canada	Director and Executive Vice President of Sumitomo Metal Mining America, Incorporated since 2016 and President of Sumitomo Metal Mining Canada Limited, SMM Resources Incorporated, Sumac Mines Limited, SMM Exploration Corporation and Stone Boy Incorporated. Previously General Manager of Exploration and Development Department, Mineral Resources Division, a position he held since 2013.	April 2016
Norman B. Keevil (1) West Vancouver, British Columbia, Canada	Chairman of the Company	July 1963
Norman B. Keevil III (5)(6) Victoria, British Columbia, Canada	President of Boydel Wastewater Technologies Inc. Previously Chief Operating Officer of Sunpump Solar Inc. 2015 to 2016 and President of Poncho Wilcox Engineering from 2009-2015	April 1997
Takeshi Kubota (5)(6) Tokyo, Japan	Director & Senior Managing Officer of Sumitomo Metal Mining Co., Ltd. since July 2012; previously Managing Executive Officer, General Manager of Non-Ferrous Metals Division of Sumitomo Metal Mining Co., Ltd.	April 2012
Donald R. Lindsay (1) Vancouver, British Columbia, Canada	President and Chief Executive Officer of the Company	February 2005

Name, City, Province/State and Country of Residence	Principal Occupations within Previous Five Years	Director Since
Tracey L. McVicar (2)(3)(8) Vancouver, British Columbia, Canada	Managing Partner of CAI Capital Management Co. since 2014; previously Managing Director of CAI Capital Management Co.	November 2014
Kenneth W. Pickering (5)(6) Chemainus, British Columbia Canada	Private international mining operations and project development consultant. Previously VP Major Products, Closed Mines & North American Assets, BHP Billiton Base Metals	April 2015
Warren S. R. Seyffert (1)(2)(3)(4)(5) Toronto, Ontario, Canada	Lead Director and Deputy Chairman of the Company; Chair of Coco Paving Inc. (private heavy construction company)	August 1989
Timothy R. Snider (2)(3)(4) Tucson, Arizona United States	Chairman of Cupric Canyon Capital, LLC. Previously President & COO, Freeport-McMoRan Copper and Gold, Inc.	April 2015

(1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee
(4) Member of the Corporate Governance and Nominating Committee
(5) Member of the Safety & Sustainability Committee
(6) Member of the Reserves Committee
(7) Mr. Jack L. Cockwell was a director of Fraser Papers Inc. until April 29, 2009. On June 18, 2009, Fraser Papers Inc. announced that it, together with its subsidiaries, initiated a court-supervised restructuring under the Companies' Creditors Arrangement Act in the Ontario Superior Court of Justice and that they would be seeking similar relief pursuant to chapter 15 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware.
(8) Ms. McVicar was a director of G.L.M. Industries LP (" **GLM**"), a portfolio company of CAI Capital Management Co. In July 2015, at the time Ms. McVicar was a director of GLM, a court order granted by the Court of Queen's Bench of Alberta placed GLM into receivership and appointed a receiver of GLM. Ms. McVicar was a director of Tervita Corporation ("**Tervita**") until December 2016. In December 2016, Tervita completed a recapitalization by way of court approved plan of arrangement significantly reducing Tervita's total debt.

Each of the directors is elected to hold office until the next annual meeting of the Company or until a successor is duly elected or appointed. The next annual meeting of the Company is scheduled to be held on April 26, 2017.

Officers

As of February 23, 2017, the officers of Teck are as follows:

Name, City, Province/State and Country of Residence	Office Held With Company and Principal Occupations within Previous Five Years
Norman B. Keevil West Vancouver, British Columbia, Canada	Chairman
Warren S. R. Seyffert Toronto, Ontario, Canada	Lead Director and Deputy Chairman of the Company; Chair of Coco Paving Inc. (private heavy construction company)
Donald R. Lindsay Vancouver, British Columbia, Canada	President and Chief Executive Officer of the Company
Dale E. Andres Vancouver, British Columbia, Canada	Senior Vice President, Base Metals since May 2016; Senior Vice President Copper since June 2013 and previously Vice President, Copper Strategy & North American Operations
Alex N. Christopher Vancouver, British Columbia, Canada	Senior Vice President, Exploration, Projects & Technical Services since July 2016; previously Vice President Exploration
Andrew J. Golding West Vancouver, British Columbia, Canada	Senior Vice President, Corporate Development since September 2013; previously Commercial Vice President, BHP Billiton Energy Coal
Ronald A. Millos Vancouver, British Columbia, Canada	Senior Vice President, Finance and Chief Financial Officer
Raymond A. Reipas Calgary, Alberta, Canada	Senior Vice President, Energy
Peter C. Rozee West Vancouver, British Columbia, Canada	Senior Vice President, Commercial and Legal Affairs
Robin B. Sheremeta Sparwood, British Columbia, Canada	Senior Vice President, Coal since May 2016; previously Vice President, Operations, Coal since January 2013 and previously Vice President, Health and Safety Leadership
Marcia M. Smith Vancouver, British Columbia, Canada	Senior Vice President, Sustainability and External Affairs
Andrew A. Stonkus North Vancouver, British Columbia, Canada	Senior Vice President, Marketing and Sales since March 2015; previously Vice President, Base Metals Marketing; previously Vice President, Concentrate Marketing
Gregory A. Waller North Vancouver, British Columbia, Canada	Senior Vice President, Investor Relations & Strategic Analysis since December 2016; previously Vice President, Investor Relations & Strategic Analysis.
Timothy C. Watson Vancouver, British Columbia, Canada	Senior Vice President since July 2016; previously Senior Vice President, Project Development

Name, City, Province/State and Country of Residence	Office Held With Company and Principal Occupations within Previous Five Years
Shehzad Bharmal Vancouver, British Columbia, Canada	Vice President, Planning & Development, Base Metals since May 2016; Vice President, Strategy & Development, Copper since March 2014; previously General Manager, Operations Development
Anne J. Chalmers Vancouver, British Columbia, Canada	Vice President, Risk and Security and Chair, Materials Stewardship Committee
Larry M. Davey Coleman, Alberta, Canada	Vice President, Planning & Development, Coal since May 2016; previously Vice President, Development, Coal since March 2014; and General Manager Elkview Coal Mine June 2010-March 2014
Michael P. Davies Langley, British Columbia, Canada	Vice President, Environment since April 2012; previously Vice-President Mining/Principal Engineer, AMEC Environment & Infrastructure
Christopher J. Dechert Santiago, Chile	Vice President, Copper, Chile Operations since April 2015, previously General Manager, Teck Highland Valley Copper
Karen L. Dunfee Richmond, British Columbia, Canada	Corporate Secretary
Mark Edwards Port Moody, British Columbia, Canada	Vice President, Community and Government Relations since March 2013; previously Director, Environment
Réal Foley Calgary, Alberta, Canada	Vice President, Coal Marketing
John F. Gingell Tsawwassen, British Columbia, Canada	Vice President and Corporate Controller
M. Colin Joudrie North Vancouver, British Columbia, Canada	Vice President, Business Development
Ralph J. Lutes Beijing, China	Vice President, Asia
Douglas J. Powrie Vancouver, British Columbia, Canada	Vice President, Tax
Keith G. Stein Anmore, British Columbia, Canada	Vice President, Project Development since July 2016; previously Vice President Projects
Lawrence A. Watkins Abbotsford, British Columbia, Canada	Vice President, Health and Safety since September 2015; Director, Health and Safety since 2014, previously Principal, HSE Consulting
Scott R. Wilson Vancouver, British Columbia, Canada	Vice President and Treasurer

Name, City, Province/State and Country of Residence	Office Held With Company and Principal Occupations within Previous Five Years
Dean C. Winsor West Vancouver, British Columbia, Canada	Vice President, Human Resources since November 2012; previously General Manager, Human Resources, Teck Coal

Audit Committee Information

Mandate of Audit Committee

The full text of our Audit Committee's mandate is included as Schedule A to this Annual Information Form.

Composition of the Audit Committee

Our Audit Committee consists of five members. All of the members of the Committee are independent and financially literate. The name, relevant education and experience of each Audit Committee member are outlined below:

Tracey L. McVicar (Chair)

Ms. McVicar is a graduate of the Sauder School of Business (B.Comm, Finance). She has over 20 years of experience in finance and investment banking. She is a Chartered Financial Analyst (CFA Institute) and Institute Certified Director (Institute of Corporate Directors). She served as the audit committee chair of BC Hydro Corporation, an energy company, from 2009 to 2014.

Jack L. Cockwell

Mr. Cockwell is a graduate of Selborne College and University of Cape Town (M.Com., Post graduate work completed with distinction). He is currently the Group Chairman of Brookfield Asset Management.

Laura L. Dottori-Attanasio

Ms. Dottori-Attanasio is a graduate of the University of Western Ontario (Bachelor of Administrative and Commercial Studies (Finance and Economics)). She has over 20 years of experience in the finance sector, and is currently the Senior Executive Vice President and Chief Risk Officer at the Canadian Imperial Bank of Commerce.

Warren S. R. Seyffert, Q.C.

Mr. Seyffert is a graduate of University of Toronto Law School (LL.B.) and York University, Osgoode Hall (LL.M). He was a partner of the law firm Lang Michener LLP from 1969 to 2001 and counsel from 2002 to 2007, practicing in the areas of taxation, mergers and acquisitions, financing, securitization and banking. He is a director of various public and private corporations including Allstate Insurance Company of Canada, Coco Paving Inc. (chair), Pembridge Insurance Company, The Kensington Health Centre and St Andrew Goldfields Ltd.

Timothy R. Snider

Mr. Snider is a graduate of Northern Arizona University (B.Sc). Currently Chairman of Cupric Canyon Capital, LLC. Prior to this he was President and COO of Freeport McMoRan and Phelps Dodge Corporation.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by PricewaterhouseCoopers LLP. All non-audit services are pre-approved by the Committee prior to commencement. In addition, the Committee has prohibited the use of the external auditors for the following non-audit services:

- bookkeeping or other services related to the accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources functions;
- broker or dealer, investment advisor, or investment banking services;
- legal services;
- expert services unrelated to the audit; and
- all other non-audit services unless there is a strong financial or other reason for external auditors to provide those services.

Auditor's Fees

For the years ended December 31, 2016 and 2015, the Company paid the external auditors $5,781,419 and $4,532,828, respectively, as detailed below:

	Year Ended 2016 ($000)	Year Ended 2015 ($000)
Audit Services(1)	5,306	4,157(2)
Audit Related Services(3)	326	302(2)
Tax Fees(4)	3	11
All Other Fees(5)	146	63

Notes:

(1) Includes services that are provided by the Corporation's external auditors in connection with the audit of the financial statements and internal controls over financial reporting.
(2) Certain review, prospectus consent and comfort letter related fees have been reclassified as "Audit Services" rather than "Audit Related Services".
(3) Includes assurance and related services that are related to the performance of the audit, principally for quarterly reviews, pension plan and special purpose audits and prospectuses.
(4) Fees are for corporate and international expatriate tax services.
(5) Amounts relate to a number of projects, including ISO 14001/9001 audits, greenhouse gas verification and sustainability assurance.

Ownership by Directors and Officers

As of February 17, 2017, the directors and executive officers as a group beneficially own or exercise control or direction, directly or indirectly, over the following shares issued by the Company:

	Shares beneficially owned or over which control or direction is exercised	As a % of the total outstanding of the class
Class A common shares	418,880	4.48
Class B subordinate voting shares	817,330	0.14

In addition, one of our directors is a trustee of a trust which holds shares carrying 98% of the votes attached to outstanding shares of Keevil Holding Corporation and is a director of Keevil Holding Corporation. Keevil Holding Corporation beneficially owns 51% of the outstanding shares of Temagami Mining Company Limited ("**Temagami**") which, as of February 17, 2017, beneficially owned or exercised direction or control, directly or indirectly, over 4,300,000 Class A common shares, representing 45.97% of the Class A common shares outstanding and 890,000 Class B subordinate voting shares, representing 0.15% of the Class B subordinate voting shares outstanding. Four of our directors are directors of Temagami.

Legal Proceedings

Upper Columbia River Basin (Lake Roosevelt)

Prior to our acquisition in 2000 of a majority interest in Cominco Ltd. (now Teck Metals Ltd.), the Trail smelter discharged smelter slag into the Columbia River. These discharges commenced prior to Teck Metals' acquisition of the Trail smelter in 1906 and continued until 1996. Slag was discharged pursuant to permits issued in British Columbia subsequent to the enactment of relevant environmental legislation in 1967.

Slag is a glass-like compound consisting primarily of silica, calcium and iron, and also contains small amounts of base metals including zinc, lead, copper and cadmium. It is sufficiently inert that it is not characterized as a hazardous waste under applicable Canadian or U.S. regulations and is sold to the cement industry.

While slag has been deposited into the river, further study is required to assess what effect the presence of metals in the river has had and whether it poses an unacceptable risk to human health or the environment.

A large number of studies regarding slag deposition and its effects have been conducted by various governmental agencies on both sides of the border. The historical studies of which we are aware have not identified unacceptable risks resulting from the presence of slag in the river. In June 2006, Teck Metals and its affiliate, Teck American Incorporated ("**TAI**"), entered into a Settlement Agreement (the "**EPA Agreement**") with the U.S. Environmental Protection Agency ("**EPA**") and the United States under which TAI is paying for and conducting a remedial investigation and feasibility study (" **RI/FS**") of contamination in the Upper Columbia River under the oversight of the EPA.

The RI/FS is being prepared by independent consultants approved by the EPA and retained by TAI. TAI is paying the EPA's oversight costs and providing funding for the participation of other governmental parties: the Department of Interior, the State of Washington and two native tribes, the Confederated Tribes of the Colville Nation (the "**Colville Tribe**") and the Spokane Tribe. Teck Metals has guaranteed TAI's performance of the EPA Agreement. TAI has also placed US$20 million in escrow as financial assurance of its intention to discharge its obligations under the EPA Agreement. We have accrued our estimate of the costs of the RI/FS.

Two citizens of Washington State and members of the Colville Tribe have commenced an enforcement proceeding under the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") to enforce an EPA administrative order against Teck and to seek fines and penalties against Teck Metals for non-compliance. In 2006, an amended complaint was filed in District Court adding the Colville Tribe as a plaintiff and seeking natural resource damages and costs. Teck Metals sought to have the claims dismissed on the basis that the court lacked jurisdiction because the CERCLA statute, in Teck Metals' view, was not intended to govern the discharges of a facility in another country. That case proceeded through U.S. Federal District Court and the Federal Court of Appeals for the 9th Circuit. The 9th Circuit found that CERCLA could be applied to Teck Metals' disposal practices in British Columbia because they may have resulted in a release of toxic materials from a facility in Washington State.

The litigation continues. In September 2012, Teck Metals entered into an agreement with the plaintiffs, agreeing that certain facts were established for purposes of the litigation. The agreement stipulates that some portion of the slag discharged from our Trail Operations into the Columbia River between 1896 and 1995, and some portion of the effluent discharged from Trail Operations, has been transported to and is present in the Upper Columbia River in the United States, and that some hazardous substances from the slag and effluent have been released into the environment within the United States. In December 2012 the District Court found in favour of the plaintiffs in phase one of the case, issuing a declaratory judgement that Teck Metals is liable under CERCLA for response costs, the amount of which will be determined in a subsequent phase of the case.

In October 2013, the Confederated Tribes of the Colville Reservation filed an omnibus motion with the District Court seeking an order stating that they are permitted to seek recovery from Teck Metals for environmental response costs and, in a subsequent proceeding, natural resource damages and assessment costs arising from the alleged deposition of hazardous substances in the United States from aerial emissions from Teck Metals' Trail Operations. Prior allegations by the Tribes related solely to solid and liquid materials discharged to the Columbia River. The motion does not state the amount of response costs allegedly attributable to aerial emissions, nor does it attempt to define the extent of natural resource damages, if any, attributable to past smelter operations. In December 2013, the District Court ruled in favour of plaintiffs. The plaintiffs have subsequently filed amended pleadings in relation to air emissions. The Court dismissed a motion to strike the air claims on the basis that CERCLA does not apply to air emissions in the manner proposed by the plaintiffs, and a subsequent Teck Metals motion seeking reconsideration of the dismissal. Teck Metals sought leave to appeal both of these decisions in the Ninth Circuit on an interlocutory basis, and the appeal was heard in April 2016. On July 27, 2016 the Ninth Circuit unanimously ruled in favour of Teck Metals. Plaintiffs sought an *en banc* review of the decision in the Ninth Circuit, which was denied in October 2016.

A hearing with respect to past response costs took place in December 2015. In August the trial court judge ruled in favour of the plaintiffs and the decision is under appeal. A hearing with respect to liability in connection with air emissions, if that claim survives, and past response costs has been deferred in light of the interlocutory appeals, and a subsequent hearing with respect to claims for natural resource damages and assessment costs is expected to follow, assuming the remedial investigation and feasibility study being undertaken by TAI are completed, which is now expected to occur in 2017.

Natural resource damages are assessed for injury to, destruction of, or loss of natural resources including the reasonable cost of a damage assessment. TAI commissioned a study by recognized experts in damage assessment in 2008. Based on the assessment performed, Teck Metals estimates that the compensable value of such damage will not be material.

TAI intends to fulfill its obligations under the EPA Agreement reached with the United States and the EPA in June 2006 and to complete the RI/FS mentioned above. The EPA Agreement is not affected by the litigation.

There can be no assurance that we will ultimately be successful in our defence of the litigation or that we or our affiliates will not be faced with further liability in relation to this matter. Until the

studies contemplated by the EPA Agreement and additional damage assessments are completed, it is not possible to estimate the extent and cost, if any, of any additional remediation or restoration that may be required or to assess our potential liability for damages. The studies may conclude, on the basis of risk, cost, technical feasibility or other grounds, that no remediation other than some residential soil removal should be undertaken. If other remediation is required and damage to resources found, the cost of that remediation may be material.

Transfer Agents and Registrars

CST Trust Company is the transfer agent and registrar for the Class A common and Class B subordinate voting shares and maintains registers in Vancouver, British Columbia and Toronto, Ontario.

Material Contracts

The following are the only contracts entered into by Teck since January 1, 2002 which are material, still in effect and not entered into in the ordinary course of business:

- Co-Ownership and Operating Agreement, dated as of March 5, 2010, between Teck Metals Ltd. and British Columbia Hydro and Power Authority.
- Indenture, dated as of August 17, 2010, between Teck and The Bank of New York Mellon, as trustee, and the first, second, third, fourth and fifth supplemental indentures thereto.
- Indenture, dated as of June 7, 2016, between Teck and The Bank of New York Mellon, as trustee.

Interests of Experts

PricewaterhouseCoopers LLP, Chartered Professional Accountants, are the Company's auditors and have prepared an opinion with respect to the Company's consolidated financial statements as at and for the year ended December 31, 2016. PricewaterhouseCoopers LLP report that they are independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

Rodrigo Marinho, P.Geo., Don Mills, P.Geo., Eric Jensen, P.Eng., Luis Mamani, SME Registered Member, and Lucio Canchis, SME Registered Member have acted as qualified persons in connection with the estimates of mineral reserves and resources presented in this Annual Information Form. Mr. Marinho is an employee of the Company. Messrs. Mills and Jensen are employees of Teck Coal Limited, which is directly and indirectly wholly owned by Teck. Messrs. Mamani and Canchis are employees of Compañía Minera Antamina S.A., in which the Company holds a 22.5% share interest.

GLJ Petroleum Consultants Ltd. has acted as an independent qualified reserves evaluator in connection with our interest in the Fort Hills oil sands project and Sproule Unconventional Limited has acted as an independent reserves evaluator in connection with our interest in the Frontier oil sands project.

Messrs. Marinho, Mills, Jensen, Mamani, Canchis and the designated professionals of GLJ Petroleum Consultants Ltd. and Sproule Unconventional Limited, each respectively, hold beneficially, directly or indirectly, less than 1% of any class of the Company's securities.

Disclosure Pursuant to the Requirements of the New York Stock Exchange

The Board and management are committed to leadership in corporate governance. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange, we have in place a system of corporate governance practices that meets or exceeds all applicable Canadian requirements.

Notwithstanding that Teck is a "foreign private issuer" for purposes of its New York Stock Exchange (NYSE) listing and, as such, the NYSE director independence requirements that are applicable to U.S. domestic issuers do not apply to Teck, the Board has established a policy that at least a majority of its directors must satisfy the director independence requirements under Section 303A.02 of the NYSE corporate governance rules. The Board annually reviews and makes such determination as to the independence of each director for both Canadian and NYSE purposes.

The NYSE requires that, as a foreign private issuer that is not required to comply with all of the NYSE's corporate governance rules applicable to U.S. domestic issuers, Teck disclose any significant ways in which its corporate governance practices differ from those followed by NYSE listed U.S. domestic issuers. The differences between our practices and the NYSE rules are not material and are more of a matter of form than substance.

Additional Information

1. Additional information relating to the Company may be found on SEDAR at www.sedar.com.
2. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, securities authorized for issuance under equity compensation plans, options to purchase securities and interests of insiders in material transactions is contained in the Management Proxy Circular to be issued for our Annual Meeting of Shareholders to be held on April 26, 2017. Additional financial information is also provided in our comparative financial statements and Management's Discussion and Analysis for the year ended December 31, 2016. Copies of these documents are available upon request from our Corporate Secretary.
3. Unless otherwise stated information contained herein is as at December 31, 2016.

Schedule A – Audit Committee Charter

Teck Resources Limited

AUDIT COMMITTEE CHARTER

A. GENERAL

1. Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Teck Resources Limited (the "Corporation") is to provide an open avenue of communication between management, the external auditor, the internal auditors and the Board and to assist the Board in its oversight of the:

- integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of the Corporation and reviewing the Corporation's internal control systems to ensure that they are adequate to ensure fair, complete and accurate financial reporting;
- Corporation's compliance with legal and regulatory requirements related to financial reporting;
- accounting principles, policies and procedures used by management in determining significant estimates;
- antifraud programs and controls, including management's identification of fraud risks and implementation of antifraud measures;
- mechanisms for employees to report concerns about accounting policies and financial reporting;
- engagement, independence and performance of the Corporation's external auditor; and
- internal audit mandate, internal audit plans, internal audit and Sarbanes Oxley (SOX) audit programs and results of internal audits and SOX compliance audits performed by the Corporation's internal audit department.

Another purpose of the Committee is to assist the Board in fulfilling its responsibilities to oversee and monitor the management and overall governance of the Corporation's various pension plans ("Pension Matters").

The Committee shall also perform any other activities consistent with this Charter, the Corporation's by-laws and governing laws as the Committee or Board deems necessary or appropriate.

2. Responsibilities

The Committee's role is one of oversight. Management is responsible for preparing the Corporation's financial statements and other financial information, for the fair presentation of the information set forth in the financial statements in accordance with GAAP, for establishing, documenting, maintaining and reviewing systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations. Management has also been delegated responsibility for day-to-day administrative and sponsorship responsibilities with respect to Pension Matters.

The external auditors' responsibility is to audit the Corporation's financial statements and provide an opinion, based on their audit conducted in accordance with Canadian generally accepted auditing

standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation in accordance with GAAP.

In accordance with the Sarbanes Oxley Act of 2002, Section 404, the external auditors are also responsible for providing an opinion on the effectiveness of the Corporation's internal controls over financial reporting.

The Committee is responsible for recommending to the Board for recommendation to the shareholders of the Corporation the appointment of the external auditor. The Committee is responsible for the evaluation and oversight of the work of the external auditor and oversees the resolution of any disagreements between management and the external auditor regarding financial reporting and SOX assessment. The external auditor shall report directly to the Committee, as the external auditor is accountable to the Board as representatives of the Corporation's shareholders. It is not the duty or responsibility of the Committee or any of its members to plan or conduct any type of audit or accounting review or procedure.

The Committee shall be responsible for approving the external auditor's remuneration.

B. AUTHORITY AND RESPONSIBILITIES WITH RESPECT TO FINANCIAL REPORTING AND RELATED MATTERS

In performing its oversight responsibilities, the Committee shall:

1. Meet at least five times per year. The Committee may ask members of management or others to attend meetings to provide information as necessary.

2. Meet separately with the Chief Executive Officer and the Chief Financial Officer, senior financial management, the external auditor and the Corporation's chief audit executive at least four times per year, or more frequently as required, to discuss matters that the Committee or these individuals or groups believe should be discussed privately with the Committee.

3. Review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval at least once per year.

4. Review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

5. Review with management, the external auditor and the Corporation's chief audit executive the adequacy and effectiveness of the Corporation's systems of internal control, the status of management's implementation of internal audit recommendations and the remediation status of any reported control deficiencies. Particular emphasis will be placed on those deficiencies evaluated as either a significant deficiency or a material weakness, which have been identified as a result of audits and/or during annual controls compliance testing as required under SOX legislation.

6. Review the Corporation's process for the CEO and CFO certifications required by securities regulations to which the Corporation is subject with respect to the Corporation's financial statements, disclosures and internal controls, including any significant changes or deficiencies in such controls.

7. Review with management and the external auditor the annual audited financial statements and management's discussion and analysis and recommend their approval by the full Board prior to their release and/or filing with the applicable regulatory agencies.

8. Review with management and the external auditor the unaudited quarterly financial statements, associated management's discussion and analysis and interim earnings news releases and approve

them on behalf of the Board, prior to their release and/or filing with the applicable regulatory agencies.

9. As appropriate, review other news releases and reporting documents that include material non-public financial information prior to their public disclosure by filing or distribution of these documents. Such review includes financial matters required to be reported under applicable legal or regulatory requirements, but does not necessarily include news releases that contain financial information incidental to the announcement of acquisitions, financings or other transactions.

10. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure documents referred to above, and periodically assess the adequacy of these procedures.

11. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

12. Review the quality and appropriateness, not just the acceptability, of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the external auditors' judgments about the quality and appropriateness of the Corporation's accounting policies. This review shall include discussions with the external auditor without the presence of management.

13. Review with management, the external auditor and the Corporation's chief audit executive significant related party transactions and potential conflicts of interest.

14. Review with management the tax policy adopted by the Corporation and material developments in the Corporation's tax affairs.

15. To assist the Board with its recommendations to shareholders, recommend (a) the external auditor to be nominated to examine the Corporation's accounts and financial statements and prepare and issue an auditor's report on them or perform other audit, review or attest services for the Corporation and (b) the compensation of the external auditor.

16. Approve all audit engagement terms and fees.

17. Review with management and the external auditor and approve the annual external audit plan and results of and any problems or difficulties encountered during any external audits and management's responses thereto.

18. Receive the reports of the external auditor on completion of the quarterly reviews and the annual audit.

19. Monitor the independence of the external auditors by reviewing all relationships between the external auditor and the Corporation and all audit, non-audit and assurance work performed for the Corporation by the external auditor on at least a quarterly basis. The Committee will receive an annual written confirmation of independence from the external auditor.

20. Pre-approve all audit, non-audit and assurance services provided by the independent auditor prior to the commencement of any such engagement. The Committee may delegate the responsibility for approving non-audit services to the Chair or another member of the Committee appointed by the Chair where the fee does not exceed $50,000. The Committee will review a summary of all audit, non-audit and assurance work performed for the Corporation at least twice per year.

21. Review and approve the Corporation's hiring policies regarding partners, employees or former partners and employees of the present or former external auditor of the Corporation, including:

    — the appointment of any employee or former employee of the Corporation's present and former external auditor to a senior financial management position with the Corporation, and

    — management's reports of the profiles of all individuals hired during the past year who were employed by the present and former external auditor at any time during the two years prior to being hired by the Corporation.

22. Review and approve the functions of the Corporation's Audit and Operational Review Department, including:

    — its mandate, authority and organizational reporting lines;

    — its annual and longer term internal audit plans, budgets and staffing;

    — its performance; and

    — the appointment, reassignment or replacement of the Corporation's chief audit executive.

    This review will include discussions with the Corporation's chief audit executive without the presence of management or the external auditor.

23. Review the Corporation's procedures and establish procedures for the Committee for the:

    — receipt, retention and resolution of complaints regarding accounting, internal accounting controls, financial disclosure or auditing matters; and

    — confidential, anonymous submission by employees regarding questionable accounting, auditing or financial reporting and disclosure matters or violations of the Corporation's Code of Ethics or associated policies.

24. Review the adequacy of the Corporation's bank lines of credit and guidelines for the investment of cash.

25. Review with senior financial management, the external auditor, the Corporation's chief audit executive, and such others as the Committee deems appropriate, the results of operational reviews, audits, SOX controls compliance audits and any problems or difficulties encountered during the audits.

C. AUTHORITY AND RESPONSIBILITIES WITH RESPECT TO PENSION MATTERS

In assisting the Board in fulfilling its responsibilities with respect to the management and governance of the Corporation's pension plans, the Committee shall:

1. With respect to the Corporation's role as plan sponsor,

    — Review and oversee the implementation of the design of the Corporation's pension plans, the coverage afforded by the plans and changes to the plans.

    — Review the funding policies for the Corporation's defined benefit plans and where appropriate, recommend the Board's approval of these policies.

    — Review the level of the Corporation's contributions to the Corporation's defined contribution plans and any proposed changes thereto and where appropriate recommend approval of such changes to the Board.

- Review proposals for the wind-up or partial wind-up of any of the Corporation pension plans, having regard to any collective bargaining and regulatory requirements and making appropriate recommendations in respect thereof to the Board.

2. With respect to the Corporation's role as plan administrator

- Oversee and monitor the authority delegated to management's Executive Pension Committee to administer each of the pension plans in accordance with relevant pension legislation, the terms of the plans and all other requirements of law.
- Review compliance with minimum funding requirements (if any) prescribed by applicable pension legislation and the policies and procedures in place in respect thereof, including requisitioning and reviewing actuarial reports.
- Review and monitor the investment of pension fund assets (in the case of a defined benefit plan), including the policies and procedures in place in respect thereof.
- Review and monitor the sufficiency and appropriateness of the investment choices available to plan members of the defined contribution plans and the Corporation communication and educational materials provided to plan members.
- Review and monitor the performance of the investment managers chosen by management for the Corporation's pension plans, including the process established for the selection, retention or replacement of any investment manager or advisors.

3. Advise the Board, either orally or in writing, of any pension-related matters that the Committee believes have or could have a material affect on the financial condition or affairs of the Corporation and/or any of its pension plans and make appropriate recommendations to the Board in respect of matters requiring Board approval.

D. COMMITTEE COMPOSITION

1. Member Qualifications

The Committee shall consist of at least three directors, a quorum of which shall be a majority of the members. All members of the Committee shall be independent directors and shall be sufficiently financially literate to enable them to discharge their responsibilities in accordance with applicable laws and/or requirements of the stock exchanges on which the Corporation's securities trade and in accordance with Multilateral Investment Instrument 52-110. Financial literacy means the ability to read and understand a balance sheet, income statement, cash flow statement and associated notes which represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the consolidated financial statements of the Corporation. At least one member of the Committee shall have accounting or related financial management expertise that allows that member to read and understand financial statements and the related notes attached thereto in accordance with Canadian generally accepted accounting principles ("GAAP"), which for the Corporation is International Financial Reporting Standards.

2. Member Appointment and Removal

The members of the Committee shall be appointed annually at the time of each annual meeting of shareholders and shall hold office until the next annual meeting or until they cease to be directors of the Corporation.

3. **QUORUM**

A quorum for the Committee shall be a majority of the members.

E. PROCEDURES AND OTHER MATTERS

1. Litigation and Ethics Matters

At each Audit Committee meeting the General Counsel and the Corporation's chief audit executive shall report any litigation, claim or other contingency that could have a significant effect on the Corporation's financial results or disclosures and any real or suspected incidents of fraud, theft or violations of the Corporation's Code of Ethics or associated policies that have been reported to management or to the internal audit department. The Committee shall review any such reports or similar reports submitted by other employees or members of management and if deemed necessary, report such matters related to auditing, accounting and financial reporting and/or disclosure to the full Board.

2. Evaluations

The Committee shall establish and annually implement an evaluation process for the Committee and its individual members and the results of that evaluation shall be reported to the Committee and the Board.

3. Disclosure Controls

The Committee shall be provided with copies of the minutes of meetings of management's Disclosure Committee and the Chair of the Committee or an appointee shall meet at least once per year with management's Disclosure Committee to review the Corporation's disclosure controls and procedures.

4. Pension Minutes

The Committee shall be provided with copies of the minutes of meetings of the Executive Pension Committee.

5. Investigations and Advisors

The Committee shall conduct or authorize investigations into any matter that the Committee believes is within the scope of its responsibilities. The Committee has the authority to (a) retain independent counsel, accountants or other advisors to assist it in the conduct of any investigation or otherwise to assist it in the discharge of its duties, at the expense of the Corporation, (b) set and pay the compensation of any advisors retained by it and (c) communicate directly with the internal and external auditors.

6. Reporting

The Chair of the Committee shall report to the Board with respect to the activities and recommendations of the Committee when he or she may deem appropriate, but not later than the next meeting of the Board. The minutes of Committee meetings will be made available to the Board.

7. Audit Committee Report

The Chair of the Committee shall prepare or cause to be prepared an audit committee report to be included in the Corporation's annual management proxy circular, which report shall be approved by the Committee.

Schedule B – Report of Management and Directors on Reserves Data and Other Information

Management of Teck Resources Limited (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

Independent qualified reserves evaluators have evaluated the Company's reserves data. The reports of the independent qualified reserves evaluators will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the Board of Directors of the Company composed of a majority of independent directors has

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluators;

(b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

/s/ Donald R. Lindsay
(Signed) Donald R. Lindsay
President and Chief Executive Officer

/s/ Norman B. Keevil III
(signed) Norman B. Keevil III
Director

/s/ Ronald A. Millos
(signed) Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

/s/ Kenneth W. Pickering
(signed) Kenneth W. Pickering
Director

Date: February 23, 2017

Schedule C – Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor

To the board of directors of Teck Resources Limited (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - MM$)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	12/31/2016	Canada		917	-	917

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, February 15, 2017

"Originally Signed By"

/s/ Tim R. Freeborn
Tim R. Freeborn, P. Eng.
Vice President

Schedule D – List of Technical Reports

As required by Form 51-102F2 under National Instrument 51-102, the following table sets out the title, date and author(s) of the current National Instrument 43-101 technical report for each of Teck's material properties. Notwithstanding the authorship of the reports noted below, the scientific and technical information included in this annual information form regarding Teck's mining properties is approved by, and prepared under the supervision of, Rodrigo Marinho, P.Geo., who is an employee of Teck Resources Limited, except for (a) the Antamina property, for which the reserve and resource estimates included in this annual information form is approved by, and prepared under the supervision of Luis Mamani and Lucio Canchis, each SME Registered Members and employees of Compañía Minera Antamina S.A, and (b) the Fording River, Elkview and Greenhills properties, for which the scientific and technical information included in this annual information form is approved by, and prepared under the supervision of. Don Mills P.Geo. and Eric Jensen P.Eng., who are employees of Teck Coal Limited. Other than Messrs. Mills and Jensen, the authors of the reports below have not prepared or approved the disclosure in this annual information form, and the inclusion of their names below is not intended to imply that they have prepared or approved any such disclosure.

Property	**Title, Date and Author of Report**
Highland Valley Copper Mine	NI 43-101 Technical Report Teck Highland Valley Copper; March 6, 2013; Ronald Graden
Antamina	Technical Report, Mineral Reserves and Resources, Antamina Deposit, Peru; January 31, 2011; Luis Lozada and Jhon Espinoza
Fording	NI 43-101 Technical Report on Coal Resources and Reserves of the Fording River Operations; December 31, 2011; Eric Jensen, Andrew Knight, Don Mills and Barry Musil.
Elkview	Technical Report on Coal Resources and Reserves of the Elkview Property; February 28, 2008; Marston Canada Ltd.
Greenhills	NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Greenhills Operation; February 26, 2016; Andrew J. Knight; Don Mills and Alison J. Seward
Red Dog	NI 43-101 Technical Report, Red Dog Mine, Alaska, USA; February 21, 2017; Thomas Krolak; Kevin Palmer; Brigitte Lacouture; and Norman Paley
Quebrada Blanca	NI 43-101 Technical Report on Quebrada Blanca Phase 2 Feasibility Study 2016, Región de Tarapacá, Chile; February 23, 2017; Rodrigo Marinho and Michael Nelson

EXHIBIT 99.2

Teck Resources Limited

Consolidated Financial Statements

For the Years Ended December 31, 2016 and 2015

Teck

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and fair presentation of the financial information contained in this annual report. Where appropriate, the financial information, including financial statements, reflects amounts based on the best estimates and judgments of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information presented elsewhere in the annual report is consistent with that disclosed in the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The system of controls is also supported by a professional staff of internal auditors who conduct periodic audits of many aspects of our operations and report their findings to management and the Audit Committee.

Management has a process in place to evaluate internal control over financial reporting based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets periodically with management, our internal auditors and independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, appointed by the shareholders, have audited our financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the Independent Auditor's Report.



Donald R. Lindsay
President and Chief Executive Officer



Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

February 23, 2017

Independent Auditor's Report

To the Shareholders of Teck Resources Limited
We have completed integrated audits of Teck Resources Limited's (the Company) December 31, 2016 and December 31, 2015 consolidated financial statements and its internal control over financial reporting as at December 31, 2016. Our opinions, based on our audits are presented below.

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Teck Resources Limited, which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015 and the consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teck Resources Limited as at December 31, 2016 and December 31, 2015 and its financial

performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control Over Financial Reporting
We have also audited Teck Resources Limited's internal control over financial reporting as at December 31, 2016, based on criteria established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control Over Financial Reporting
Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibility
Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the company's internal control over financial reporting.

Definition of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, Teck Resources Limited maintained, in all material respects, effective internal control over financial reporting as at December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants
February 23, 2017
Vancouver, British Columbia

Teck Resources Limited

Consolidated Statements of Income (Loss)

Years ended December 31

(CAD$ in millions, except for share data)		2016		2015
Revenues	**$**	**9,300**	$	8,259
Cost of sales		**(6,904)**		(6,980)
Gross profit		**2,396**		1,279
Other operating expenses				
General and administration		**(99)**		(108)
Exploration		**(51)**		(76)
Research and development		**(30)**		(47)
Asset impairments (Note 13(a))		**(294)**		(3,631)
Other operating income (expense) (Note 6)		**(197)**		(335)
Profit (loss) from operations		**1,725**		(2,918)
Finance income (Note 7)		**16**		5
Finance expense (Note 7)		**(354)**		(316)
Non-operating income (expense) (Note 8)		**239**		(89)
Share of income (losses) of associates and joint ventures (Note 12)		**2**		(2)
Profit (loss) before taxes		**1,628**		(3,320)
(Provision for) recovery of income taxes (Note 17)		**(587)**		836
Profit (loss) for the year	**$**	**1,041**	$	(2,484)
Profit (loss) attributable to:				
Shareholders of the company	**$**	**1,040**	$	(2,474)
Non-controlling interests		**1**		(10)
Profit (loss) for the year	**$**	**1,041**	$	(2,484)
Earnings (loss) per share (Note 21(f))				
Basic	**$**	**1.80**	$	(4.29)
Diluted	**$**	**1.78**	$	(4.29)
Weighted average shares outstanding (millions)		**576.4**		576.2
Shares outstanding at end of year (millions)		**576.9**		576.3

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31

(CAD$ in millions)		2016		2015
Profit (loss) for the year	**$**	**1,041**	$	(2,484)
Other comprehensive income (loss) in the year				
Items that may be reclassified to profit (loss)				
Currency translation differences (net of taxes of $ (27) and $163)		**(21)**		202
Change in fair value of available-for-sale financial instruments (net of taxes of $(2) and $(2))		**16**		7
Cash flow hedges (net of taxes of $nil and $(1))		**–**		4
Share of other comprehensive income of associates and joint ventures		**1**		3
		(4)		216
Items that will not be reclassified to profit (loss)				
Remeasurements of retirement benefit plans (net of taxes of $(7) and $(18))		**19**		40
Total other comprehensive income for the year		**15**		256
Total comprehensive income (loss) for the year	**$**	**1,056**	$	(2,228)
Total other comprehensive income attributable to:				
Shareholders of the company	**$**	**15**	$	241
Non-controlling interests		**–**		15
	$	**15**	$	256
Total comprehensive income (loss) attributable to:				
Shareholders of the company	**$**	**1,055**	$	(2,233)
Non-controlling interests		**1**		5
	$	**1,056**	$	(2,228)

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited

Consolidated Statements of Cash Flows

Years ended December 31

(CAD$ in millions)	2016	2015
Operating activities		
Profit (loss) for the year	**$ 1,041**	$ (2,484)
Depreciation and amortization	**1,385**	1,366
Provision for (recovery of) income taxes	**587**	(836)
Asset impairments	**294**	3,631
Gain on sale of investments and assets	**(96)**	(120)
Foreign exchange (gains) losses	**(46)**	76
Gain on debt repurchase	**(49)**	–
Gain on debt prepayment options	**(113)**	–
Finance expense	**354**	316
Income taxes paid	**(272)**	(255)
Other	**331**	54
Net change in non-cash working capital items	**(360)**	214
	3,056	1,962
Investing activities		
Property, plant and equipment	**(1,416)**	(1,581)
Capitalized production stripping costs	**(477)**	(663)
Expenditures on investments and other assets	**(114)**	(82)
Proceeds from the sale of investments and other assets	**170**	1,222
	(1,837)	(1,104)
Financing activities		
Issuance of debt	**1,567**	28
Repayment of debt	**(2,560)**	(476)
Debt interest and finance charges paid	**(571)**	(455)
Issuance of Class B subordinate voting shares	**8**	–
Dividends paid	**(58)**	(374)
Distributions to non-controlling interests	**(21)**	(27)
	(1,635)	(1,304)
Effect of exchange rate changes on cash and cash equivalents	**(64)**	304
Decrease in cash and cash equivalents	**(480)**	(142)
Cash and cash equivalents at beginning of year	**1,887**	2,029
Cash and cash equivalents at end of year	**$ 1,407**	$ 1,887

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited

Consolidated Balance Sheets

(CAD$ in millions)	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents (Note 9)	**$ 1,407**	$ 1,887
Current income taxes receivable	**97**	183
Trade accounts receivable	**1,585**	1,115
Inventories (Note 10)	**1,673**	1,620
	4,762	4,805
Financial and other assets (Note 11)	**1,034**	858
Investments in associates and joint ventures (Note 12)	**1,012**	1,017
Property, plant and equipment (Note 13)	**27,595**	26,791
Deferred income tax assets (Note 17)	**112**	90
Goodwill (Note 14)	**1,114**	1,127
	$ 35,629	$ 34,688
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable and other liabilities (Note 15)	**$ 1,902**	$ 1,673
Current income taxes payable	**199**	25
Debt (Note 16)	**99**	28
	2,200	1,726
Debt (Note 16)	**8,244**	9,606
Deferred income tax liabilities (Note 17)	**4,896**	4,828
Deferred consideration (Note 18)	**723**	785
Retirement benefit liabilities (Note 19)	**643**	626
Other liabilities and provisions (Note 20)	**1,322**	480
	18,028	18,051
Equity		
Attributable to shareholders of the company	**17,442**	16,407
Attributable to non-controlling interests	**159**	230
	17,601	16,637
	$ 35,629	$ 34,688

Contingencies (Note 23)
Commitments (Note 24)
Subsequent event (Note 30)

Approved on behalf of the Board of Directors

/s/ Tracey L. McVicar
Tracey L. McVicar
Chair of the Audit Committee

/s/ Warren S.R. Seyffert
Warren S.R. Seyffert, Q.C.
Director

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited

Consolidated Statements of Changes in Equity

Years ended December 31

(CAD$ in millions)	2016	2015
Class A common shares (Note 21)	**$ 7**	$ 7
Class B subordinate voting shares (Note 21)		
Beginning of year	**6,627**	6,502
Issued on exercise of options	**10**	1
Reversal of tax provision	**–**	124
End of year	**6,637**	6,627
Retained earnings		
Beginning of year	**9,174**	11,723
Profit (loss) for the year attributable to shareholders of the company	**1,040**	(2,474)
Dividends declared	**(58)**	(115)
Gain on purchase of non-controlling interest (Note 22(a))	**8**	–
Remeasurements of retirement benefit plans	**19**	40
End of year	**10,183**	9,174
Contributed surplus		
Beginning of year	**173**	149
Share option compensation expense (Note 21(c))	**22**	24
Transfer to Class B subordinate voting shares on exercise of options	**(2)**	–
End of year	**193**	173
Accumulated other comprehensive income (loss) (Note 21(e))		
Beginning of year	**426**	225
Other comprehensive income	**15**	241
Less remeasurements of retirement benefit plans recorded in retained earnings	**(19)**	(40)
End of year	**422**	426
Non-controlling interests (Note 22)		
Beginning of year	**230**	230
Profit (loss) for the year attributable to non-controlling interests	**1**	(10)
Other comprehensive income attributable to non-controlling interests	**–**	15
Purchase of non-controlling interest (Note 22(a))	**(46)**	–
Other	**(5)**	22
Dividends or distributions	**(21)**	(27)
End of year	**159**	230
Total equity	**$ 17,601**	$ 16,637

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

Teck Resources Limited and its subsidiaries (Teck, we, us or our) are engaged in mining and related activities including research, exploration and development, processing, smelting, refining and reclamation. Our major products are steelmaking coal, copper, zinc and lead. We also produce precious metals, molybdenum, electrical power, fertilizers and other metals. Metal products are sold as refined metals or concentrates. Our energy assets include a partnership interest in an oil sands development project now under construction and certain oil sands leases.

Teck Resources Limited is a Canadian corporation and our registered office is at 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0B3.

2. Basis of Preparation and New IFRS Pronouncements

a) Basis of Preparation

These annual consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and were approved by the Board of Directors on February 23, 2017.

b) New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standards or interpretations in the annual period for which they are first required.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15) as a result of a joint revenue project with the Financial Accounting Standards Board (FASB).

The new revenue standard introduces a single principles-based five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed, for the customer. The five steps are to: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The standard initially had an effective date of January 1, 2017 but was subsequently deferred by one year to January 1, 2018. Early application of IFRS 15 is still permitted. We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The July 2014 publication of IFRS 9 is the completed version of the standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

2. Basis of Preparation and New IFRS Pronouncements (continued)

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosures. The IASB currently has a separate project on macro hedging activities and until the project is completed, the IASB has provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 and can be applied before that date but only if IFRS 15 is also applied. We are currently assessing the effect of this standard on our financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

Our consolidated financial statements include the accounts of Teck Resources Limited and all of its subsidiaries. Our significant operating subsidiaries include Teck Metals Ltd. (TML), Teck Alaska Incorporated (TAK), Teck Highland Valley Copper Partnership (Highland Valley Copper), Teck Coal Partnership (Teck Coal), Teck Washington Incorporated (TWI), Compañia Minera Teck Quebrada Blanca S.A. (Quebrada Blanca) and Compañia Minera Teck Carmen de Andacollo (Carmen de Andacollo).

3. Summary of Significant Accounting Policies (continued)

All subsidiaries are entities that we control, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when our existing rights give us the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of our intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that we control but do not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated balance sheet and consolidated statements of income (loss) and comprehensive income (loss).

Certain of our business activities are conducted through joint arrangements. Our interests in joint operations include Galore Creek Partnership (Galore Creek, 50% share), Fort Hills Energy Limited Partnership (Fort Hills, 20% share) and Waneta Dam (66.7% share), which operate in Canada and Compañia Minera Antamina (Antamina, 22.5%), which operates in Peru. We account for our interests in these joint operations by recording our share of the respective assets, liabilities, revenue, expenses and cash flows. We also have an interest in a joint venture, NuevaUnión (50% share), in Chile that we account for using the equity method (Note 12(a)).

All dollar amounts are presented in Canadian dollars unless otherwise specified.

Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which we have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which we have rights to only the net assets of the arrangement.

Joint ventures are accounted for in accordance with the policy "Investments in Associates and Joint Ventures". Joint operations are accounted for by recognizing our share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in our consolidated financial statements.

Investments in Associates and Joint Ventures

Investments over which we exercise significant influence but do not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

Our proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

If our share of the associate's or joint venture's losses were equal to or exceeded our investment in the associate or joint venture, recognition of further losses would be discontinued. After our interest is reduced to zero, additional losses would be provided for and a liability recognized only to the extent that we have incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, we resume recognizing our share of those profits only when we have a positive interest in the entity.

At each balance sheet date, we consider whether there is objective evidence of impairment in associates and joint ventures. If there is such evidence, we determine the amount of impairment to record, if any, in relation to the associate or joint venture.

3. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The functional currency of each of our subsidiaries and our joint operations, joint ventures and associates is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates.

The functional currency of Teck Resources Limited, the parent entity, is the Canadian dollar, which is also the presentation currency of our consolidated financial statements.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation. Items in the statement of income (loss) are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the balance sheet are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar, and any offsetting exchange differences on net debt used to hedge those assets, are recognized in a separate component of equity through other comprehensive income (loss).

Exchange differences that arise relating to long-term intra-group balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income (loss).

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the statement of income (loss).

Revenue

Recognition

Sales of product, including by-product, are recognized in revenue when there is persuasive evidence that all of the following criteria have been met: the significant risks and rewards of ownership pass to the customer, neither continuing managerial involvement nor effective control remains over the goods sold, the selling price and costs to sell can be measured reliably, and it is probable that the economic benefits associated with the sale will flow to us. All of these criteria are generally met by the time the significant risks and rewards of ownership pass to the customer. Royalties related to production are recorded in cost of sales.

For sales of steelmaking coal and a majority of sales of metal concentrates, significant risks and rewards of ownership pass to the customer when the product is loaded onto a carrier specified by the customer. We generally retain title to these products until we receive the first contracted payment, solely to protect the collectibility of the amounts due to us, which are typically received shortly after loading. A minority of metal concentrate sales are made on consignment. For these transactions, significant risks and rewards of ownership pass to the customer at the time the product is consumed in the customer's processes.

For sales of refined metal, significant risks and rewards of ownership generally pass to the customer when the product is loaded onto a carrier specified by the customer. For these products, loading generally coincides with the transfer of title.

Pricing agreements

Steelmaking coal is sold under spot, quarterly or annual pricing contracts, and pricing is final when the product is delivered.

The majority of our cathode and metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, the price is determined on a provisional basis at the date of sale and revenue is recorded at that time based on current market prices.

3. Summary of Significant Accounting Policies (continued)

Adjustments are made to the customer receivables in subsequent periods based on movements in quoted market prices up to the date of final pricing. As a result, the value of our cathode and concentrate sales receivables changes as the underlying commodity market prices vary and this adjustment mechanism has the characteristics of a derivative. Accordingly, the fair value of the embedded derivative is adjusted each reporting period by reference to forward market prices and the changes in fair value are recorded as an adjustment to other operating income (expense).

Streaming transactions

The treatment of upfront and ongoing payments received from counterparties under streaming arrangements depends on the specific terms of the arrangement. For arrangements we have entered into to date, we consider these transactions to be a disposition of a portion of the associated mineral properties, and therefore do not recognize revenue for payments received under these arrangements. Any deferred consideration recorded for streaming transactions and any ongoing payments received from our streaming transactions are recognized in profit (loss) as a reduction of cost of sales as deliveries are made under the respective streaming transaction.

Financial Instruments

We recognize financial assets and liabilities on the balance sheet when we become a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is classified as loans and receivables. Cash equivalents are classified as available-for-sale.

Trade receivables and payables

Trade receivables and payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Where necessary, trade receivables are net of allowances for uncollectible amounts.

Investments in marketable securities

Investments in marketable securities are classified as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income until investments are disposed of or when there is objective evidence of an impairment in value. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance.

At each balance sheet date, we assess for any objective evidence of an impairment in value of our investments and record such impairments in non-operating income (expense) for the period. If an impairment of an investment in a marketable equity security has been recorded in profit (loss), that loss cannot be reversed through profit (loss) in future periods prior to sale.

Debt

Debt is initially recorded at fair value, less transaction costs. Debt is subsequently measured at amortized cost, calculated using the effective interest rate method.

3. Summary of Significant Accounting Policies (continued)

Derivative instruments

Derivative instruments, including embedded derivatives, are classified as at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using inputs based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Hedging

Certain derivative investments may qualify for hedge accounting. For fair value hedges, any gains or losses on both the hedged item and the hedging instrument are recognized in the same line item in profit (loss).

For cash flow hedges, any unrealized gains and losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit (loss) upon settlement of the hedging instrument, when the hedged item ceases to exist, or when the hedge is determined to be ineffective.

For hedges of net investments in foreign operations, any foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit (loss) on the ineffective portion of the hedge, or when there is a disposition or partial disposition of a foreign operation being hedged.

Inventories

Finished products, work in-process, raw materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Raw materials include concentrates for use at smelting and refining operations. Work in-process inventory includes inventory in the milling, smelting or refining process and stockpiled ore at mining operations.

For work in-process and finished product inventories, cost includes all direct costs incurred in production, including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Production stripping costs that are not capitalized are included in the cost of inventories as incurred. Depreciation and amortization of capitalized production stripping costs are included in the cost of inventory.

When inventories have been written down to net realizable value, we make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

We use both joint-product and by-product costing for work in-process and finished product inventories. Joint-product costing is applied where the profitability of the operations is dependent upon the production of a number of primary products. Joint-product costing allocates total production costs based on the relative values of the products. Where by-product costing is used, by-products are allocated only the incremental costs of processes that are specific to the production of that product.

Supplies inventory is valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

Property, Plant and Equipment

Land, buildings, plant and equipment

Land is recorded at cost and buildings, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

3. Summary of Significant Accounting Policies (continued)

Depreciation of mobile equipment, buildings used for production, and plant and processing equipment at our mining operations is calculated on a units-of-production basis. Depreciation of buildings not used for production, and of plant and equipment at our smelting operations is calculated on a straight-line basis over the assets' estimated useful lives. Where components of an asset have different useful lives, depreciation is calculated on each component separately. Depreciation commences when an asset is ready for its intended use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives are as follows:

- Buildings and equipment (not used in production) 2–40 years
- Plant and equipment (smelting operations) 3–30 years

Mineral properties and mine development costs

The cost of acquiring and developing mineral properties or property rights, including pre-production waste rock stripping costs related to mine development and costs incurred during production to increase future output, are capitalized.

Waste rock stripping costs incurred in the production phase of a surface mine are recorded as capitalized production stripping costs within property, plant and equipment when it is probable that the stripping activity will improve access to the orebody when the component of the orebody or pit to which access has been improved can be identified, and when the costs relating to the stripping activity can be measured reliably. When the actual waste-to-ore stripping ratio in a period is greater than the expected life-of-component waste-to-ore stripping ratio for that component, the excess is recorded as capitalized production stripping costs.

Once available for use, mineral properties and mine development costs are depreciated on a units-of-production basis over the proven and probable reserves to which they relate. Since the stripping activity within a component of a mine generally only improves access to the reserves of the same component, capitalized production stripping costs incurred during the production phase of a mine are depreciated on a units-of-production basis over the proven and probable reserves expected to be mined from the same component.

Underground mine development costs are depreciated using the block depreciation method, where development costs associated with each distinct section of the mine are depreciated over the reserves to which they relate.

Exploration and evaluation costs

Property acquisition costs are capitalized. Other exploration and evaluation costs are capitalized if they relate to specific properties for which resources, as defined under National Instrument 43-101, exist or are near a specific property with a defined resource and it is expected that the expenditure can be recovered by future exploitation or sale. All other costs are charged to profit (loss) in the year in which they are incurred. Capitalized exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized exploration and evaluation costs are reclassified to mineral properties within property, plant and equipment.

Development costs of oil sands properties

The costs of acquiring, exploring, evaluating and developing oil sands properties are capitalized when it is expected that these costs will be recovered through future exploitation or sale of the property. Capitalized development costs of oil sands properties are tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized development costs for oil sands properties are reclassified to mineral properties within property, plant and equipment.

Construction in-progress

Assets in the course of construction are capitalized as construction in-progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment, and depreciation commences when the asset is available for its intended use.

3. Summary of Significant Accounting Policies (continued)

Impairment of non-current assets

The carrying amounts of assets included in property, plant and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts are less than the recoverable amounts. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's or CGU's carrying amount exceeds the recoverable amount, and is recorded as an expense immediately.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. For mining assets, when a binding sale agreement is not readily available, fair value less costs of disposal is estimated using a discounted cash flow approach. Estimated future cash flows are calculated using estimated future commodity prices, mineral reserves and resources, and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate. Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or CGU in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimates of future cash flows have not been adjusted.

Indicators of impairment and impairment of exploration and evaluation assets or oil sands development costs are assessed on a project-by-project basis or as part of the existing operation to which they relate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or significant changes in circumstances indicate that the impairment has reversed. Indicators of a potential reversal of an impairment loss mainly mirror the indicators present when the impairment was originally recorded. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit immediately.

Repairs and maintenance

Repairs and maintenance costs, including shutdown maintenance costs, are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in a significant operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Borrowing costs

We capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to construct or prepare for its intended use. We begin capitalizing borrowing costs when there are general or specific borrowings, expenditures are incurred, and activities are undertaken to prepare the asset for its intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred during the period. All other borrowing costs are expensed as incurred.

We discontinue the capitalization of borrowing costs when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. In addition, we cease capitalization of borrowing costs when there is suspension of activities to prepare an asset for its intended use or sale. Capitalization recommences when the activities are restarted. Capitalized borrowing costs are amortized over the useful life of the related asset.

Leased assets

Leased assets from which we receive substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet.

Assets under operating leases are not capitalized, and rental payments are expensed based on the terms of the lease.

3. Summary of Significant Accounting Policies (continued)

Goodwill

We allocate goodwill arising from business combinations to each CGU or group of CGUs that are expected to receive the benefits from the business combination. The carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

Income Taxes

Taxes, comprising both income taxes and resource taxes, are accounted for as income taxes under IAS 12, Income Taxes and are recognized in the statement of income (loss), except where they relate to items recognized in other comprehensive income (loss) or directly in equity, in which case the related taxes are recognized in other comprehensive income (loss) or equity.

Current taxes receivable or payable are based on estimated taxable income for the current year at the statutory tax rates enacted or substantively enacted less amounts paid or received on account.

Deferred tax assets and liabilities are recognized based on temporary differences (the difference between the tax and accounting values of assets and liabilities) and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities in a particular jurisdiction will be available, against which the assets can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates. However, we do not recognize such deferred tax liabilities where the timing of the reversal of the temporary differences can be controlled without affecting our operations or business and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction, other than in a business combination, which will affect neither accounting profit nor taxable profit.

We are subject to assessments by various taxation authorities, who may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. We account for such differences based on our best estimate of the probable outcome of these matters.

Employee Benefits

Defined benefit pension plans

Defined benefit pension plan obligations are based on actuarial determinations. The projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, is used to determine the defined benefit obligations, the related current service costs and, where applicable, the past service costs. Actuarial assumptions used in the determination of defined benefit pension plan assets and liabilities are based upon our best estimates, including discount rates, salary escalation, expected health care costs and retirement dates of employees.

Vested and unvested costs arising from past service following the introduction of changes to a defined benefit plan are recognized immediately as an expense when the changes are made.

3. Summary of Significant Accounting Policies (continued)

Actuarial gains and losses can arise from differences between expected and actual outcomes or changes in actuarial assumptions. Actuarial gains and losses, changes in the effect of asset ceiling rules and return on plan assets are collectively referred to as remeasurements of retirement benefit plans and are recognized immediately through other comprehensive income (loss) and directly into retained earnings. Measurement of our net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the funded status of the plan on an accounting basis, less the present value of the expected economic benefit available to us in the form of refunds from the plan or reductions in future contributions to the plan.

We apply one discount rate to the net defined benefit asset or liability for the purposes of determining the interest component of the defined benefit cost. This interest component is recorded as part of finance expense. Depending on the classification of the salary of plan members, current service costs and past service costs are included in either operating expenses or general and administration expenses.

Defined contribution pension plans

The cost of providing benefits through defined contribution plans is charged to profit (loss) as the obligation to contribute is incurred.

Non-pension post-retirement plans

We provide health care benefits for certain employees when they retire. Non-pension post-retirement plan obligations are based on actuarial determinations. The cost of these benefits is expensed over the period in which the employees render services. We fund these non-pension post-retirement benefits as they become due.

Termination benefits

We recognize a liability and an expense for termination benefits when we have demonstrably committed to either terminate employees before their normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary retirement. We are demonstrably committed to a termination when, and only when, there is a formal plan for the termination with no realistic possibility of withdrawal. The plan should include, at a minimum, the location, function and approximate number of employees whose services are to be terminated, the termination benefits for each job classification or function, and the time at which the plan will be implemented without significant changes.

Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of share options and other equity-settled share-based payment arrangements is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged to other operating income (expense) over the vesting period. For employees eligible for normal retirement prior to vesting, the expense is charged to other operating income (expense) over the period from the grant date to the date they are eligible for retirement.

Share-based payment expense relating to cash-settled awards, including deferred, restricted and performance share units, is accrued over the vesting period of the units based on the quoted market value of Class B subordinate voting shares. Performance share units have an additional vesting factor determined by our total shareholder return in comparison to a group of specified companies. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price. Our performance share units are also adjusted by the vesting factor relating to our total shareholder return in comparison to the group of specified companies.

Share Repurchases

Where we repurchase any of our equity share capital, the excess of the consideration paid over book value is deducted from contributed surplus and retained earnings on a *pro rata* basis.

3. Summary of Significant Accounting Policies (continued)

Provisions

Decommissioning and restoration provisions

Future obligations to retire an asset and to restore a site, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The provisions are also accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to finance expense in the statement of income (loss).

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value. The method of depreciation follows that of the underlying asset. For a closed site or where the asset that generated a decommissioning and restoration provision no longer exists, there is no longer any future benefit related to the costs and, as such, the amounts are expensed through other operating income (expense). For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the provision with an offsetting adjustment to the capitalized asset retirement cost.

During the operating life of an asset, events such as infractions of environmental laws or regulations may occur. These events are not related to the normal operation of the asset. The costs associated with these provisions are accrued and charged to other operating income (expense) in the period in which the event giving rise to the liability occurs. Changes in the estimated liability resulting in an adjustment to the provision are also charged to other operating income (expense) in the period in which the estimate changes.

Other provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk-free rate.

Research and Development

Research costs are expensed as incurred. Development costs are only capitalized when: the product or process is clearly defined; the technical feasibility has been established; the future market for the product or process is clearly defined; and we are committed, and have the resources, to complete the project.

Earnings per Share

Earnings per share is calculated based on the weighted average number of shares outstanding during the year. For diluted earnings per share, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year.

4. Critical Accounting Estimates and Judgments

In preparing these consolidated financial statements, we make estimates and judgments that affect the amounts recorded. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider to be reasonable, including expectations of future events. The judgments and other sources of estimation uncertainty that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are outlined below.

4. Critical Accounting Estimates and Judgments (continued)

Impairment Testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. We consider both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. When impairment testing is required, discounted cash flow models are used to determine the recoverable amount of respective assets. These models are prepared internally with assistance from third-party advisors when required. When market transactions for comparable assets are available, these are considered in determining the recoverable amount of assets. Significant assumptions used in preparing discounted cash flow models include commodity prices, reserves and resources, mine plans, operating costs, capital expenditures, discount rates, foreign exchange rates and inflation rates. Notes 13(a) and 14 outline the significant inputs used when performing goodwill and other asset impairment testing. These inputs are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges or reversals recorded in the statement of income (loss) and the resulting carrying values of assets.

Joint Arrangements

We are a party to a number of arrangements over which we do not have control. Judgment is required in determining whether joint control over these arrangements exists and, if so, which parties have joint control and whether each arrangement is a joint venture or joint operation. In assessing whether we have joint control, we analyse the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement over its life. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we generally consider decisions about activities such as managing the asset while it is being designed, developed and constructed, during its operating life, and during the closure period. We may also consider other activities including the approval of budgets, expansion and disposition of assets, financing, significant operating and capital expenditures, appointment of key management personnel, representation on the board of directors, and other items. When circumstances or contractual terms change, we reassess the control group and the relevant activities of the arrangement.

If we have joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether we have rights to the assets, and obligations for the liabilities, relating to the arrangement or whether we have rights to the net assets of the arrangement. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give us rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances, we may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation. This conclusion requires judgment and is specific to each arrangement. Other facts and circumstances have led us to conclude that Antamina and Fort Hills are joint operations for the purposes of our consolidated financial statements. The other facts and circumstances considered for both of these arrangements are the provisions for output to the parties of the joint arrangements. For both Antamina and Fort Hills, we will take our share of the output from the assets directly over the life of the arrangement. We have concluded that this, combined with other factors, gives us direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to our ownership interests.

4. Critical Accounting Estimates and Judgments (continued)

Streaming Transactions

When we enter into a long-term streaming arrangement linked to production at specific operations, judgment is required in assessing the appropriate accounting treatment of the transaction on the closing date and in future periods. We consider the specific terms of each arrangement to determine whether we have disposed of an interest in the reserves and resources of the respective operation. This assessment considers what the counterparty is entitled to and the associated risks and rewards attributable to them over the life of the operation. These include the contractual terms related to the total production over the life of the arrangement as compared to the expected production over the life of the mine, the percentage being sold, the percentage of payable metals produced, the commodity price referred to in the ongoing payment and any guarantee relating to the upfront payment if production ceases.

As for both of the streaming arrangements entered into in 2015 (Note 13(b) and Note 18), there is no guarantee associated with the upfront payment and we have concluded that we have effectively disposed of the interest in the gold and silver mineral interests at each of these operations over the life of the arrangement. Accordingly, we consider these arrangements a disposition of a mineral interest.

When the ongoing payment we receive is based on future commodity prices at the date deliveries are made, this may be considered an embedded derivative (Note 26(c)). The valuation of embedded derivatives in these arrangements is an area of estimation and is determined using discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward curve prices, mine plans and discount rates. Changes in these assumptions could affect the carrying value of derivative assets or liabilities and the amount of unrealized gains or losses recognized in other operating income (expense).

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101, Standards of Disclosure for Mineral Projects. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs, and recoveries, among other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing, and in forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could affect the carrying value of assets, depreciation and impairment charges recorded in the statement of income (loss) and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

Current and Deferred Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of our financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, profit (loss) in subsequent periods will be affected by the amount that estimates differ from the final tax return.

4. Critical Accounting Estimates and Judgments (continued)

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse, particularly in regard to the utilization of tax loss carry-forwards. We also evaluate the recoverability of deferred tax assets based on an assessment of our ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves and resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. Judgment is also required on the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit (loss).

5. Expenses by Nature

(CAD$ in millions)		**2016**		**2015**
Wage-related costs:				
Wages and salaries	**$**	**858**	$	913
Employee benefits and other wage-related costs		**250**		243
Bonus payments		**162**		125
Post-employment benefits and pension costs		**112**		94
		1,382		1,375
Transportation		**1,270**		1,292
Depreciation and amortization		**1,385**		1,366
Raw material purchases		**876**		741
Fuel and energy		**596**		646
Operating supplies consumed		**558**		596
Maintenance and repair supplies		**586**		599
Contractors and consultants		**427**		482
Overhead costs		**293**		270
Royalties		**312**		198
Other operating costs		**13**		76
		7,698		7,641
Less:				
Capitalized production stripping costs		**(477)**		(663)
Change in inventory		**(137)**		233
Total cost of sales, general and administration, exploration and research and development expenses	**$**	**7,084**	$	7,211

Approximately 29% (2015 — 28%) of our costs are incurred at our foreign operations where the functional currency is the U.S. dollar.

6. Other Operating Income (Expense)

(CAD$ in millions)	2016	2015
Settlement pricing adjustments (Note 26(b))	**$ 153**	$ (280)
Share based compensation	**(171)**	(13)
Environmental and care and maintenance costs	**(144)**	(49)
Social responsibility and donations	**(25)**	(10)
Gain on sale of assets	**62**	74
Gain on formation of NuevaUnión (Note 12(a))	**–**	37
Commodity derivatives (Note 26(b) and Note 26(c))	**32**	(12)
Restructuring	**(8)**	(22)
Take or pay contract costs	**(48)**	(13)
Other	**(48)**	(47)
	$ (197)	$ (335)

7. Finance Income and Finance Expense

(CAD$ in millions)	2016	2015
Finance income		
Investment income	**$ 16**	$ 5
Total finance income	**$ 16**	$ 5
Finance expense		
Debt interest	**$ 476**	$ 442
Letters of credit and standby fees	**62**	20
Net interest expense on retirement benefit plans	**14**	13
Accretion on decommissioning and restoration provisions (Note 20(a))	**55**	59
Other	**13**	4
	620	538
Less capitalized borrowing costs (Note 13(e))	**(266)**	(222)
Total finance expense	**$ 354**	$ 316

8. Non-Operating Income (Expense)

(CAD$ in millions)	2016	2015
Foreign exchange gains (losses)	**$ 46**	$ (76)
Provision for marketable securities	**(3)**	(21)
Gain on debt prepayment options (Note 26(c))	**113**	–
Gain on sale of investments	**34**	8
Gain on debt repurchases (Note 16(a) and Note 16(b))	**49**	–
	$ 239	$ (89)

9. Supplemental Cash Flow Information

(CAD$ in millions)	December 31, 2016	December 31, 2015
Cash and cash equivalents		
Cash	**$ 254**	$ 247
Investments with maturities from the date of acquisition of three months or less	**1,153**	1,640
	$ 1,407	$ 1,887

(CAD$ in millions)	2016	2015
Net change in non-cash working capital items		
Trade accounts receivable	**$ (480)**	$ 18
Inventories	**(86)**	242
Trade accounts payable and other liabilities	**206**	(46)
	$ (360)	$ 214
Non-cash financing and investing transactions		
Formation of NuevaUnión (Note 12(a))	**$ –**	$ 486

10. Inventories

(CAD$ in millions)	December 31, 2016	December 31, 2015
Supplies	**$ 586**	$ 638
Raw materials	**204**	198
Work in-process	**521**	432
Finished products	**449**	408
	1,760	1,676
Less long-term portion (Note 11)	**(87)**	(56)
	$ 1,673	$ 1,620

Cost of sales of $6.9 billion (2015 — $7.0 billion) include $6.3 billion (2015 — $6.5 billion) of inventories recognized as an expense during the year.

Total inventories held at net realizable value amounted to $53 million at December 31, 2016 (December 31, 2015 — $352 million). Total inventory write-downs in 2016 were $7 million (2015 — $127 million), and were included as part of cost of sales. Of the $127 million of inventory write-downs in 2015, $6 million was included as part of other operating expenses as they related to the closed Duck Pond mine. Total reversals of inventory write-downs previously recorded were $23 million in 2016 (2015 — $nil) as a result of an increase in net realizable value primarily relating to commodity price increases. These reversals were included as part of cost of sales.

Long-term inventories consist of ore stockpiles and other in-process materials that are not expected to be processed within one year.

11. Financial and Other Assets

(CAD$ in millions)	December 31, 2016	December 31, 2015
Long-term receivables and deposits	**$ 241**	$ 221
Available-for-sale marketable equity securities carried at fair value	**163**	198
Debt prepayment options (Note 26(c))	**139**	–
Pension plans in a net asset position (Note 19(a))	**283**	272
Long-term portion of inventories (Note 10)	**87**	56
Intangibles	**74**	79
Other	**47**	32
	$ 1,034	$ 858

12. Investments in Associates and Joint Ventures

(CAD$ in millions)	NuevaUnión (a)	Other	Total
At January 1, 2015	$ –	$ 32	$ 32
Contributions	923	17	940
Changes in foreign exchange rates	36	8	44
Share of losses	–	(2)	(2)
Share of other comprehensive income	–	3	3
At December 31, 2015	$ 959	$ 58	$ 1,017
Contributions	13	8	21
Changes in foreign exchange rates	(28)	(1)	(29)
Share of income	2	–	2
Share of other comprehensive income	–	1	1
At December 31, 2016	**$ 946**	**$ 66**	**$ 1,012**

a) NuevaUnión

On November 24, 2015, we combined our Relincho project and the El Morro project owned by Goldcorp Inc. (Goldcorp) into a single project named NuevaUnión. We accounted for this transaction as a disposition of a subsidiary in exchange for an investment in a joint venture. This was a non-cash transaction (Note 9). We measured the fair value of NuevaUnión using a combination of a discounted cash flow model and a market transaction approach based on management's best estimates of what inputs a market participant would consider appropriate. We applied the requirements of IAS 28, Investments in Associates and Joint Ventures and, accordingly, we recognized a gain of $37 million on this transaction (Note 6), which is only to the extent of Goldcorp's interest in the joint venture. We did not remeasure our retained interest in Relincho to fair value on closing of the transaction.

13. Property, Plant and Equipment

(CAD$ in millions)	Exploration and Evaluation	Mineral Properties	Land, Buildings, Plant and Equipment	Capitalized Production Stripping Costs	Construction In-Progress	Total
At December 31, 2014						
Cost	$ 2,268	$ 19,561	$ 12,021	$ 2,916	$ 2,977	$ 39,743
Accumulated depreciation	–	(4,151)	(5,553)	(1,114)	–	(10,818)
Net book value	**$ 2,268**	**$ 15,410**	**$ 6,468**	**$ 1,802**	**$ 2,977**	**$ 28,925**
Year ended December 31, 2015						
Opening net book value	$ 2,268	$ 15,410	$ 6,468	$ 1,802	$ 2,977	$ 28,925
Additions	39	129	374	726	1,048	2,316
Disposals (Note 12(a) and Note 13(b))	(827)	(206)	(12)	–	–	(1,045)
Impairment (a)	–	(1,885)	(10)	–	(1,062)	(2,957)
Depreciation and amortization	–	(404)	(571)	(464)	–	(1,439)
Decommissioning and restoration provision change in estimate	–	(476)	(38)	–	–	(514)
Capitalized borrowing costs	–	80	–	–	142	222
Other	–	(3)	(12)	–	–	(15)
Changes in foreign exchange rates	120	580	435	82	81	1,298
Closing net book value	**$ 1,600**	**$ 13,225**	**$ 6,634**	**$ 2,146**	**$ 3,186**	**$ 26,791**
At December 31, 2015						
Cost	1,600	18,001	13,208	3,761	3,186	39,756
Accumulated depreciation	–	(4,776)	(6,574)	(1,615)	–	(12,965)
Net book value	**$ 1,600**	**$ 13,225**	**$ 6,634**	**$ 2,146**	**$ 3,186**	**$ 26,791**
Year ended December 31, 2016						
Opening net book value	$ 1,600	$ 13,225	$ 6,634	$ 2,146	$ 3,186	$ 26,791
Additions	24	47	173	531	1,112	1,887
Disposals	–	–	(10)	–	–	(10)
Impairment (a)	–	–	(26)	–	(268)	(294)
Depreciation and amortization	–	(356)	(657)	(500)	–	(1,513)
Transfers between classifications	–	–	276	–	(276)	–
Decommissioning and restoration provision change in estimate	–	633	26	–	–	659
Capitalized borrowing costs	–	91	–	–	175	266
Other	(9)	–	(6)	–	–	(15)
Changes in foreign exchange rates	(2)	(78)	(58)	(16)	(22)	(176)
Closing net book value	**$ 1,613**	**$ 13,562**	**$ 6,352**	**$ 2,161**	**$ 3,907**	**$ 27,595**
At December 31, 2016						
Cost	$ 1,613	$ 18,667	$ 13,517	$ 4,269	$ 3,907	$ 41,973
Accumulated depreciation	–	(5,105)	(7,165)	(2,108)	–	(14,378)
Net book value	**$ 1,613**	**$ 13,562**	**$ 6,352**	**$ 2,161**	**$ 3,907**	**$ 27,595**

13. Property, Plant and Equipment (continued)

a) Asset Impairments

Year Ended December 31, 2016

During the year ended December 31, 2016, we recorded asset impairments of $294 million, of which $222 million related to the Fort Hills project, $46 million related to a project at our Trail Operations that will not be completed and $26 million related to the Wintering Hills Wind Power Facility, which we have entered into an agreement to sell and expect to close in the first quarter of 2017.

As a result of changes in reported reserves and resources at Carmen de Andacollo and an increase in future development costs associated with the Fort Hills project, we performed a detailed review of the recoverable amounts of these CGUs as at December 31, 2016. We estimated the recoverable amount of these CGUs on a fair value less costs of disposal basis (FVLCD) using a discounted cash flow methodology and taking into account assumptions likely to be made by market participants. This is classified as a Level 3 measurement within the fair value measurement hierarchy (Note 27).

We have determined that the estimated recoverable amount of Carmen de Andacollo exceeded its carrying value as at December 31, 2016 and accordingly, no impairment charge was recorded.

We have estimated a post-tax recoverable amount for Fort Hills of $2.52 billion, which was lower than the carrying value as at December 31, 2016. Accordingly, we have recorded a pre-tax impairment of our property, plant and equipment through profit (loss) of $222 million (post-tax $164 million). This affects the profit (loss) of our Energy segment (Note 25).

Cash flow projections were based on current life of mine plans and exploration potential for both CGUs. For Carmen de Andacollo, the cash flows cover a period of 44 years. Fort Hills cash flows cover a period of 44 years.

The key inputs used to estimate the FVLCD of Carmen de Andacollo and Fort Hills as at December 31, 2016 were derived in the same manner as those inputs used in our 2016 goodwill impairment testing as outlined in Note 14 and include the following:

Commodity Prices

For copper and Western Canadian Select (WCS) oil prices, we used the current price in the initial year and gradually escalated that over the following three years, reaching real long-term prices in 2021 of US$3.00 per pound and US$57 per barrel for WCS oil.

Discount Rates

A 6.0% real, 8.1% nominal post-tax discount rate was used to discount cash flow projections for Carmen de Andacollo based on a mining weighted average cost of capital. A 5.5% real, 7.6% nominal post-tax discount rate was used to discount cash flow projections for the Fort Hills project based on an oils sands weighted average cost of capital.

Foreign Exchange Rates

The long-term Canadian-U.S. dollar foreign exchange rate assumption used from 2021 onwards was 1 U.S. dollar to 1.25 Canadian dollars.

Inflation Rates

The inflation rate for all FVLCD calculations was 2%.

Sensitivity Analysis

We noted impairment indicators at Carmen de Andacollo and Fort Hills and the recoverable amounts of the associated CGUs have been estimated. The recoverable amount of Carmen de Andacollo exceeded its carrying value and we did not record an impairment charge. We have adjusted the carrying value of Fort Hills down to its recoverable amount as at December 31, 2016.

13. Property, Plant and Equipment (continued)

These recoverable amounts are most sensitive to changes in long-term copper and WCS oil prices, the Canadian-U.S. dollar exchange rates (for Fort Hills) and discount rates. The key inputs used in our determination of recoverable amounts interrelate significantly with each other and with our operating plans. For example, a decrease in long-term commodity prices would result in us making amendments to the mine plans that would partially offset the effect of lower prices through lower operating and capital costs. It is difficult to determine how all of these factors would interrelate, but in estimating the effect of changes in these assumptions on fair values, we believe that all of these factors need to be considered together. A linear extrapolation of these effects becomes less meaningful as the change in assumption increases.

Fort Hills has been written down to its recoverable amount. Ignoring the above described interrelationships, in isolation a US$1 decrease in the long-term WCS oil price would result in an additional reduction in the recoverable amount of $120 million. A $0.01 strengthening of the Canadian dollar against the U.S. dollar would result in an additional reduction in the recoverable amount of $42 million. A 25 basis point increase in the discount rate would result in an additional reduction in the recoverable amount of approximately $120 million.

Carmen de Andacollo was written down to its recoverable amount as at December 31, 2015 and the estimated recoverable amount has not changed significantly since that date. Accordingly, the recoverable amount is sensitive to any change in the long-term copper price assumption or discount rate. Ignoring the above described interrelationships, in isolation a US$0.01 decrease in the long-term copper price and a 25 basis point increase in the discount rate would result in a reduction in the recoverable amount of approximately $13 million and $19 million, respectively.

Year Ended December 31, 2015

In light of economic conditions in the third and fourth quarters of 2015, we identified CGUs with carrying values that exceeded the estimated recoverable amounts and recorded impairments. The FVLCD was estimated using a discounted cash flow methodology taking into account assumptions likely to be made by market participants, which is classified as a Level 3 estimate within the fair value measurement hierarchy (Note 27).

The impairment charges recorded during the year ended December 31, 2015 in each reportable segment are as follows:

Reportable Segment	Steelmaking Coal	Copper	Zinc	Energy
Cash-generating unit	Steelmaking Coal Assets CGU	Carmen de Andacollo	Pend Oreille	Fort Hills
Nature of the asset	Steelmaking Coal Mines in Canada	Copper Mine in Chile	Zinc Mine in U.S.	Oil Sands in Canada
(CAD$ in millions)				
Post-tax recoverable amount	$ 9,969	$ 954	$ 49	$ 1,786
Post-tax impairment of property, plant and equipment	$ 981	$ 231	$ 19	$ 785
Post-tax impairment of goodwill (Note 14)	501	174	–	–
Total post-tax impairment	$ 1,482	$ 405	$ 19	$ 785

(CAD$ in millions)	Steelmaking Coal Assets CGU	Carmen de Andacollo	Pend Oreille	Fort Hills	Total
Impairment recorded in profit (loss)	$ 2,032	$ 506	$ 31	$ 1,062	$ 3,631
Less tax effect — recovery	(550)	(101)	(12)	(277)	(940)
Post-tax impairment recorded in profit (loss)	$ 1,482	$ 405	$ 19	$ 785	$ 2,691

13. Property, Plant and Equipment (continued)

The key inputs used to estimate the FVLCD of each CGU as at December 31, 2015, when indicators were identified, were derived in the same manner as those inputs used in our 2016 goodwill impairment testing as outlined in Note 14 and include the following:

Commodity Prices

For steelmaking coal, copper, zinc and WCS oil prices, we used the 2015 current price in the initial year and gradually escalated that over the following three years, reaching real long-term prices in 2020 of US$130 per tonne for steelmaking coal, US$3.00 per pound for copper, US$1.00 per pound for zinc and US$60 per barrel for WCS oil.

Discount Rates

A 6.2% real, 8.3% nominal post-tax discount rate was used to discount cash flow projections for all of our FVLCD discounted cash flow models as at December 31, 2015.

Foreign Exchange Rates

The long-term Canadian-U.S. dollar foreign exchange rate assumption used from 2020 onwards was 1 U.S. dollar to 1.25 Canadian dollars.

Inflation Rates

The inflation rate for all FVLCD calculations was 2%.

b) Gold Stream Agreement

In 2015, Carmen de Andacollo sold an interest in gold reserves and resources from the Carmen de Andacollo mine (Andacollo mine) to RGLD Gold AG (RGLDAG), a wholly owned subsidiary of Royal Gold, Inc. Under the terms of the agreement, RGLDAG is entitled to an amount of gold equal to 100% of the payable gold produced from the Andacollo mine until 900,000 ounces have been delivered, and 50% thereafter. RGLDAG pays a cash price of 15% of the monthly average gold price at the time of each delivery. Carmen de Andacollo and Royal Gold Chile Limitada, a wholly owned subsidiary of Royal Gold, Inc., terminated an earlier agreement entered into in 2010. Under the terminated agreement, Royal Gold Chile Limitada was entitled to a payment based on 75% of payable gold produced from Andacollo mine until 910,000 ounces had been delivered, and 50% thereafter.

We received cash proceeds of $206 million (US$162 million) as a result of Carmen de Andacollo entering into the new agreement and terminating the separate agreement from 2010. We recorded the transaction on a net basis as a sale of an incremental mineral property interest, and the net consideration was accounted for as a recovery of mineral property costs. Accordingly, no gain or loss was recognized on the transaction. We account for the 15% ongoing payment as a reduction of our cost of sales and not as revenue, as we consider it to be payment for the mineral interest and mining and refining services. The 15% ongoing payment contains an embedded derivative relating to the gold price that is marked to market each period with changes flowing through profit (loss) (Note 26(c)).

c) Exploration and Evaluation

Significant exploration and evaluation projects include Galore Creek and oil sands properties.

d) Finance Leases

The carrying value of property, plant and equipment held under finance lease at December 31, 2016 is $220 million (2015 — $166 million). Ownership of leased assets remains with the lessor.

13. Property, Plant and Equipment (continued)

e) Borrowing Costs

Borrowing costs are capitalized at a rate based on our weighted average cost of borrowing or at the rate on the project-specific debt, as applicable. These projects are shown as part of mineral properties and leases, land, buildings, plant and equipment, or construction in-progress. Our weighted average borrowing rate used for capitalization of borrowing costs in 2016 was 5.7% (2015 — 5.0%).

14. Goodwill

(CAD$ in millions)	Steelmaking Coal Operations	Quebrada Blanca	Carmen de Andacollo	Total
January 1, 2015	$ 1,203	$ 356	$ 151	$ 1,710
Changes in foreign exchange rates	–	69	23	92
Impairment (Note 13(a))	(501)	–	(174)	(675)
December 31, 2015	$ 702	$ 425	$ –	$ 1,127
Changes in foreign exchange rates	–	(13)	–	(13)
December 31, 2016	**$ 702**	**$ 412**	**$ –**	**$ 1,114**

The allocation of goodwill to CGUs or groups of CGUs reflects how goodwill is monitored for internal management purposes.

In the third and fourth quarters of 2015, in light of market conditions, we recorded goodwill impairment of $675 million. The key inputs used in determining the impairments in 2015 were determined on a basis consistent with those outlined below and are summarized in Note 13(a).

In 2016, we performed our annual goodwill impairment testing at October 31 and did not identify any impairment losses. The recoverable amounts for our goodwill impairment testing were determined based on a FVLCD approach. The FVLCD was calculated using a discounted cash flow methodology taking account of assumptions that would be made by market participants.

Cash flow projections are based on expected mine life. For our steelmaking coal operations, the cash flows cover periods of 16 to 45 years with a steady state thereafter until reserves and resources are exhausted. For Quebrada Blanca, the cash flows cover a period of 25 years, with a steady state thereafter until reserves and resources are exhausted.

Given the nature of expected future cash flows used to determine the recoverable amount, a material change could occur over time as the cash flows are significantly affected by the key assumptions described below.

The key inputs, where applicable, used to estimate the FVLCD were determined as follows:

Commodity Prices

Commodity price assumptions are based on a number of factors, including forward curves in the near term, and are benchmarked with external sources of information, including information published by our peers and market transactions, where possible, to ensure they are within the range of values used by market participants.

For steelmaking coal, we used the current price in the initial year and gradually de-escalated the price, reaching a real long-term price in 2021 of US$130 per tonne. For copper, we used the current price in the initial year and gradually escalated the price, reaching a real long-term price in 2021 of US$3.00 per pound.

Reserves and Resources

Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and on exploration and evaluation work undertaken by appropriately qualified persons.

14. Goodwill (continued)

Operating Costs and Capital Expenditures

Operating costs and capital expenditures are based on life of mine plans and internal management forecasts. Cost estimates incorporate management experience and expertise, current operating costs, the nature and location of each operation, and the risks associated with each operation. Future capital expenditures are based on management's best estimate of expected future capital requirements, which are generally for the extraction and processing of existing reserves and resources. All committed and anticipated capital expenditures based on future cost estimates have been included in the projected cash flows. Operating cost and capital expenditure assumptions are continuously subjected to ongoing optimization and review by management.

Discount Rates

A 5.8% real, 7.9% nominal post-tax discount rate was used to discount cash flow projections for our goodwill FVLCD discounted cash flow models.

Foreign Exchange Rates

Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. The long-term Canadian-U.S. dollar foreign exchange assumption used from 2021 onwards was 1 U.S. dollar to 1.25 Canadian dollars.

Inflation Rates

Inflation rates are based on average historical inflation for the location of each operation and long-term government targets. The inflation rate for all FVLCD calculations was 2%.

Sensitivity Analysis

Our annual goodwill impairment test carried out as at October 31, 2016 resulted in the recoverable amount of Teck Coal exceeding its carrying value by approximately $4.9 billion. The recoverable amount of Teck Coal is most sensitive to the long-term Canadian dollar steelmaking coal price assumption. In isolation, an 11% decrease in the long-term Canadian dollar steelmaking coal price would result in the recoverable amount of Teck Coal being equal to the carrying value.

The recoverable amount of Quebrada Blanca exceeded the carrying amount at the date of our annual goodwill impairment test and significant changes to key inputs would be required to result in the recoverable amount being equal to the carrying value.

15. Trade Accounts Payable and Other Liabilities

(CAD$ in millions)	December 31, 2016	December 31, 2015
Trade accounts payable and accruals	**$ 986**	$ 810
Capital project accruals	**142**	222
Payroll-related liabilities	**252**	206
Accrued interest	**148**	179
Commercial and government royalties	**246**	129
Customer deposits	**18**	31
Current portion of provisions (Note 20(a))	**71**	58
Current portion of deferred consideration (Note 18)	**32**	31
Other	**7**	7
	$ 1,902	$ 1,673

16. Debt

(CAD$ in millions)	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
3.15% notes due January 2017 (US$34 million) (b)	**$ 45**	**$ 45**	$ 415	$ 380
3.85% notes due August 2017 (US$16 million) (b)	**21**	**21**	413	354
2.5% notes due February 2018 (US$22 million) (b)	**30**	**30**	689	534
3.0% notes due March 2019 (US$278 million) (b)	**372**	**375**	689	431
4.5% notes due January 2021 (US$500 million)	**668**	**685**	688	364
8.0% notes due June 2021 (US$650 million) (b)	**866**	**963**	–	–
4.75% notes due January 2022 (US$700 million)	**936**	**951**	964	474
3.75% notes due February 2023 (US$670 million) (a)	**891**	**858**	1,026	496
8.5% notes due June 2024 (US$600 million) (b)	**806**	**935**	–	–
6.125% notes due October 2035 (US$609 million) (a)	**804**	**801**	952	440
6.0% notes due August 2040 (US$491 million) (a)	**658**	**623**	895	386
6.25% notes due July 2041 (US$795 million) (a)	**1,055**	**1,043**	1,368	623
5.2% notes due March 2042 (US$399 million) (a)	**528**	**477**	682	300
5.4% notes due February 2043 (US$377 million) (a)	**500**	**450**	684	340
Antamina term loan due April 2020 (c)	**30**	**30**	31	31
Other	**133**	**133**	138	138
	8,343	**8,420**	9,634	5,291
Less current portion of debt	**(99)**	**(99)**	(28)	(28)
	$ 8,244	**$ 8,321**	$ 9,606	$ 5,263

The fair values of debt are determined using market values, if available, and using discounted cash flows based on our cost of borrowing where market values are not available. The latter are considered Level 2 fair value measurements with significant other observable inputs on the fair value hierarchy (Note 27).

a) Note Purchases

In September and October 2016, we purchased US$759 million aggregate principal amount of our outstanding notes through private and open market purchases. The principal amount of notes purchased was US$80 million of 3.75% notes due 2023, US$91 million of 6.125% notes due 2035, US$159 million of 6.00% notes due 2040, US$205 million of 6.25% notes due 2041, US$101 million of 5.20% notes due 2042 and US$123 million of 5.40% notes due 2043. The total cost of the purchases was US$693 million. We recorded a pre-tax accounting gain of $76 million (after-tax $67 million) in non-operating income (expense) (Note 8) in connection with these purchases for the year ended December 31, 2016. All private and open market purchases of our outstanding notes during 2016 were funded from cash on hand.

16. Debt (continued)

b) Notes Issued and Cash Tender Offers

In June 2016, we issued US$650 million of senior unsecured notes due June 2021 (June 2021 notes) and US$600 million of senior unsecured notes due June 2024 (2024 notes). The June 2021 notes have a coupon of 8.00% per annum and an effective interest rate, after taking into account issuance costs and the prepayment option value, of 8.22%. These notes were issued at par value and are callable on or after June 1, 2018 at predefined prices based on the date of redemption. Prior to June 1, 2018, the June 2021 notes can be redeemed, in whole or in part, at a redemption price equal to the principal amount plus accrued interest to, but not including, the date of redemption and a make-whole call premium. The 2024 notes have a coupon of 8.50% per annum and an effective interest rate, after taking into account issuance costs and the prepayment option value, of 8.49%. These notes were issued at par value and are callable on or after June 1, 2019 at predefined prices based on the date of redemption. Prior to June 1, 2019, the 2024 notes can be redeemed, in whole or in part, at a redemption price equal to the principal amount plus accrued interest to, but not including, the date of redemption and a make-whole call premium. Our obligations under these notes are guaranteed on a senior unsecured basis by TML, Teck Coal, Teck South American Holdings Ltd. (formerly Teck Financial Corporation Ltd.), TCL U.S. Holdings Ltd., TAK and Highland Valley Copper, each a wholly owned subsidiary of Teck. The 2016 indenture limits the aggregate amount of additional indebtedness for borrowed money that the subsidiary guarantors may guarantee or otherwise incur to 10% of consolidated net tangible assets, subject to certain specified exceptions.

Net proceeds from these issuances, after underwriting and issuance costs, were US$1.227 billion. We used these proceeds and cash on hand to purchase US$1.25 billion aggregate principal amount of our outstanding notes pursuant to cash tender offers. The principal amount of notes purchased pursuant to the tender offers was US$266 million of 3.15% notes due 2017, US$284 million of 3.85% notes due 2017, US$478 million of 2.50% notes due 2018 and US$222 million of 3.00% notes due 2019. The total cost of the purchases, including the premium for the purchase, was US$1.267 billion. We recorded a pre-tax accounting charge of $27 million (after-tax $23 million) in non-operating income (expense) on these transactions (Note 8) during the year ended December 31, 2016.

The June 2021 notes and 2024 notes include prepayment options that are considered to be embedded derivatives (Note 26(c)).

c) Antamina Term Loan

The Antamina term loan is our proportionate share of Antamina's U.S. dollar denominated term loan, with full repayment due at maturity in April 2020. The Antamina term loan is the obligation of Antamina and is non-recourse to us and the other Antamina project sponsors. The term loan bears interest with reference to the London Interbank Offered Rate (LIBOR) plus an applicable margin.

d) Optional Redemptions

All of our outstanding notes, except the June 2021 notes and 2024 notes, are redeemable at any time by repaying the greater of the principal amount and the present value of the sum of the remaining scheduled principal and interest amounts discounted at a comparable treasury yield plus a stipulated spread, plus, in each case, accrued interest to, but not including, the date of redemption. In addition, the 2023, 2042 and 2043 notes issued in 2012 are callable at 100% (plus accrued interest to, but not including, the date of redemption) at any time on or after November 1, 2022, September 1, 2041, and August 1, 2042, respectively. The 2022 and 2041 notes issued in 2011 are callable at 100% at any time on or after October 15, 2021, and January 15, 2041, respectively. The January 2021 notes are callable at 100% on or after October 15, 2020, and the 2040 notes are callable at 100% on or after February 15, 2040. The June 2021 notes and 2024 notes issued during the year ended December 31, 2016 can be redeemed as described in (b).

e) Revolving Facilities

At December 31, 2016, we had two committed revolving credit facilities in the amounts of US$3.0 billion and US$1.2 billion, respectively. The US$3.0 billion facility is available until July 2020, includes a letter of credit sub-limit of US$1.0 billion and is undrawn at December 31, 2016. The US$1.2 billion facility can be fully drawn for cash or letters of credit, and has an aggregate of US$981 million in outstanding letters of credit at December 31, 2016.

16. Debt (continued)

In June 2016, we made certain amendments to the terms of our US$1.2 billion credit facility, including an extension of the maturity date from June 2017 to June 2019. Lenders holding aggregate commitments of US$200 million declined to extend at that time. In connection with the extension, Teck agreed to provide subsidiary guarantees for the benefit of the credit facility and as a result our obligations under this agreement are guaranteed on a senior unsecured basis by TML, Teck Coal, Teck South American Holdings Ltd. (formerly Teck Financial Corporation Ltd.), TCL U.S. Holdings Ltd., TAK and Highland Valley Copper, each a wholly owned subsidiary of Teck. The amended credit facility contains covenants in addition to those contained in the original facility, including restrictions on new liens and guaranteed indebtedness. In December 2016, an aggregate of US$140 million of the US$200 million non-extending commitments were assigned to new lenders who agreed to extend the maturity of the assigned commitments to June 2019. As a result, the size of the facility will reduce to US$1.14 billion in June 2017.

The amended US$1.2 billion facility includes restrictions regarding the amount of secured debt and guaranteed debt that Teck may issue. The maximum amount of secured debt that Teck and the guarantor subsidiaries may incur without securing the credit facility is equal to 4% of Teck's consolidated net tangible assets, or US$1 billion, whichever is greater. The maximum amount of debt (including secured debt) permitted to be guaranteed or incurred by the guarantor subsidiaries and other material subsidiaries (not including subsidiaries organized in Chile) is equal to 9% of Teck's consolidated net tangible assets, or US$2.25 billion, whichever is greater. There are specific exemptions to each of the restrictions. Teck is also subject to covenants regarding asset sales and future subsidiary guarantors.

Teck has provided the same subsidiary guarantees noted above to our obligations under the US$3.0 billion credit facility maturing July 2020, our uncommitted credit facilities and certain hedging lines. At December 31, 2016, Teck's consolidated net tangible assets were $32 billion (US$24 billion).

Any amounts drawn under the committed revolving credit facilities can be repaid at any time and are due in full at maturity. Amounts outstanding under the US$3.0 billion facility bear interest at LIBOR plus an applicable margin based on our credit ratings, which is 225 basis points when our credit ratings are below investment grade. Amounts outstanding under the US$1.2 billion facility bear interest at LIBOR plus an applicable margin based on our leverage ratio. Based on our December 31, 2016 leverage ratio, the applicable margin is 275 basis points. Both facilities require that our total debt-to-capitalization ratio, which was 0.32 to 1.0 at December 31, 2016, not exceed 0.5 to 1.0.

As a result of the loss of our investment grade ratings, we have been required to deliver letters of credit to satisfy financial security requirements under power purchase contracts at Quebrada Blanca and transportation, tank storage and pipeline capacity agreements for our interest in Fort Hills. At December 31, 2016, we had an aggregate of US$869 million in outstanding letters of credit for these contracts, of which US$672 relates to the Quebrada Blanca power purchase contracts. These letters of credit will be terminated if and when we regain investment grade ratings or reduced if and when certain project milestones are reached.

We also maintain uncommitted bilateral credit facilities primarily for the issuance of letters of credit to support our future reclamation obligations. As at December 31, 2016, we were party to various uncommitted credit facilities providing for a total of $1.4 billion of capacity and the aggregate outstanding letters of credit issued thereunder were $1.1 billion. In addition to the letters of credit outstanding under these uncommitted credit facilities, we also had stand-alone letters of credit of $261 million outstanding at December 31, 2016, which were not issued under a credit facility. These uncommitted credit facilities and stand-alone letters of credit are typically renewed on an annual basis. From time to time, at our election, we may reduce the fees paid to banks issuing letters of credit by making short-term deposits of excess cash with those banks. The deposits earn a market rate of interest and are generally refundable on demand. At December 31, 2016, we had $555 million (2015 — $732 million) of such deposits.

In November 2016, we established $250 million in surety bond capacity to support current and future reclamation obligations. At December 31, 2016, an aggregate of $214 million in surety bonds were outstanding thereunder.

16. Debt (continued)

f) Scheduled Principal Payments

At December 31, 2016, the scheduled principal payments during the next five years and thereafter are as follows:

($ in millions)	US$	CAD$ Equivalent
2017	$ 49	$ 66
2018	22	30
2019	278	374
2020	23	30
2021	1,150	1,544
Thereafter	4,654	6,249
	$ 6,176	$ 8,293

g) Debt Continuity

($ in millions)	US$		CAD$ Equivalent	
	2016	**2015**	**2016**	**2015**
As at January 1	**$ 6,961**	$ 7,276	**$ 9,634**	$ 8,441
Cash flows				
Issuance of debt	**1,227**	23	**1,567**	28
Scheduled debt repayments	**(22)**	(363)	**(29)**	(476)
Debt repurchases	**(1,960)**	–	**(2,531)**	–
Non-cash changes				
Changes in foreign exchange rates	**–**	–	**(308)**	1,609
Other	**7**	25	**10**	32
As at December 31	**$ 6,213**	$ 6,961	**$ 8,343**	$ 9,634

17. Income Taxes

a) Provision for Income Taxes

(CAD$ in millions)	2016	2015
Current		
Current taxes on profits for the year	**$ 551**	$ 161
Adjustments for current taxes of prior periods	**(14)**	(5)
Total current taxes	**$ 537**	$ 156
Deferred		
Origination and reversal of temporary differences	**$ 42**	$ (1,103)
Adjustments to deferred taxes of prior periods	**(2)**	23
Tax losses not recognized (recognition of previously unrecognized losses)	**(10)**	76
Effect of newly enacted change in tax rates	**20**	12
Total deferred taxes	**$ 50**	$ (992)
	$ 587	$ (836)

17. Income Taxes (continued)

b) Reconciliation of income taxes calculated at the Canadian statutory income tax rate to the actual provision for income taxes is as follows:

(CAD$ in millions)		2016		2015
Tax (recovery) expense at the Canadian statutory income tax rate of 26.10% (2015 — 26.04%)	**$**	**425**	$	(865)
Tax effect of:				
Resource taxes		**170**		55
Resource and depletion allowances		**(110)**		(76)
Non-temporary differences including one-half of capital gains and losses		**(15)**		42
Tax pools not recognized (recognition of previously unrecognized tax pools)		**(10)**		76
Effect of newly enacted change in tax rates		**20**		12
Withholding taxes		**40**		(76)
Difference in tax rates in foreign jurisdictions		**90**		46
Tax settlements		**–**		10
Revisions to prior year estimates		**(5)**		(15)
Other		**(18)**		(45)
	$	**587**	$	(836)

The Canadian statutory tax rate increased to 26.10% due to an updated provincial allocation.

c) The analysis of deferred tax assets and deferred tax liabilities is as follows:

(CAD$ in millions)		December 31, 2016		December 31, 2015
Deferred tax assets				
Expected to be reversed after more than a year	**$**	**106**	$	90
Expected to be reversed within a year		**6**		–
	$	**112**	$	90
Deferred tax liabilities				
Expected to be reversed after more than a year	**$**	**5,318**	$	4,727
Expected to be reversed within a year		**(422)**		101
	$	**4,896**	$	4,828
Net deferred tax liabilities	**$**	**4,784**	$	4,738

d) The amount of deferred tax expense charged (credited) to the income statement is as follows:

(CAD$ in millions)		2016		2015
Net operating loss carryforwards	**$**	**(154)**	$	289
Capital allowances in excess of depreciation		**311**		(868)
Decommissioning and restoration provisions		**(212)**		88
Amounts relating to phase-out of partnership deferrals		**–**		(288)
Unrealized foreign exchange losses		**113**		(203)
Withholding taxes		**4**		(76)
Retirement benefit plans		**2**		17
Other temporary differences		**(14)**		49
	$	**50**	$	(992)

17. Income Taxes (continued)

e) Temporary differences giving rise to deferred income tax assets and liabilities are as follows:

(CAD$ in millions)		December 31, 2016		December 31, 2015
Net operating loss carryforwards	**$**	**32**	$	17
Property, plant and equipment		**35**		29
Other temporary differences		**45**		44
Deferred income tax assets	**$**	**112**	$	90
Net operating loss carryforwards	**$**	**(1,218)**	$	(1,085)
Property, plant and equipment		**6,881**		6,583
Decommissioning and restoration provisions		**(439)**		(227)
Unrealized foreign exchange		**(224)**		(337)
Withholding taxes		**89**		86
Retirement benefit plans		**(92)**		(94)
Other temporary differences		**(101)**		(98)
Deferred income tax liabilities	**$**	**4,896**	$	4,828

f) The general movement in the net deferred income taxes account is as follows:

(CAD$ in millions)		2016		2015
As at January 1	**$**	**4,738**	$	5,730
Income statement change		**50**		(992)
Amounts recognized in equity		**6**		(124)
Tax charge relating to components of other comprehensive income		**37**		(145)
Foreign exchange and other differences		**(47)**		269
As at December 31	**$**	**4,784**	$	4,738

g) Deferred Tax Liabilities Not Recognized

Deferred tax liabilities of $604 million (2015 — $610 million) have not been recognized on the unremitted earnings associated with investments in subsidiaries and interests in joint arrangements where we are in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

h) Loss Carryforwards and Canadian Development Expenses

At December 31, 2016, we had $4.57 billion of Canadian federal net operating loss carryforwards (2015 — $4.32 billion). These loss carryforwards expire at various dates between 2027 and 2036. We have $1.33 billion of cumulative Canadian development expenses at December 31, 2016 (2015 — $1.77 billion), which are deductible for income tax purposes on a declining balance basis at a maximum rate of 30% per year. The deferred tax benefits of these pools have been recognized. In addition, we have $99 million of Canadian federal investment tax credits that expire at various dates between 2020 and 2036.

17. Income Taxes (continued)

i) Deferred Tax Assets Not Recognized

We have not recognized $270 million (2015 — $283 million) of deferred tax assets associated with unused tax credits and tax pools in entities and jurisdictions that do not have established sources of taxable income.

18. Deferred Consideration

In 2015, we entered into a long-term streaming agreement with a subsidiary of Franco-Nevada Corporation (Franco-Nevada) linked to our share of silver production at the Antamina mine.

We received a payment of $789 million (US$610 million) from Franco-Nevada on closing of the transaction and we receive 5% of the spot price at the time of delivery for each ounce of silver delivered under the agreement. We deliver silver to Franco-Nevada equivalent to 22.5% of payable silver sold by Antamina, which represents our proportionate share of silver produced by Antamina. In the event that 86 million ounces of silver has been delivered under the agreement, the stream will be reduced by one-third to 15% of payable silver sold by Antamina.

Antamina is not a party to the agreement with Franco-Nevada and our rights as a shareholder of Antamina are unaffected by the agreement.

The following table summarizes the movements in deferred consideration for the years ended December 31, 2016 and 2015:

(CAD$ in millions)		**2016**		**2015**
As at January 1	**$**	**816**	$	–
Additions		–		789
Recognized in profit (loss)		**(36)**		(22)
Changes in foreign exchange rates		**(25)**		49
As at December 31	**$**	**755**	$	816
Less current portion of deferred consideration (Note 15)		**(32)**		(31)
Long-term deferred consideration	**$**	**723**	$	785

19. Retirement Benefit Plans

We have defined contribution pension plans for certain groups of employees. Our share of contributions to these plans is expensed in the year earned by employees.

We have multiple defined benefit pension plans registered in various jurisdictions that provide benefits based principally on employees' years of service and average annual remuneration. These plans are only available to certain qualifying employees and some are now closed to additional employees. The plans are "flat-benefit" or "final-pay" plans and may provide for inflationary increases in accordance with certain plan provisions. All of our registered defined benefit pension plans are governed and administered in accordance with applicable pension legislation in either Canada or the United States. Actuarial valuations are performed at least every three years to determine minimum annual contribution requirements as prescribed by applicable legislation. For the majority of our plans, current service costs are funded based on a percentage of pensionable earnings or as a flat dollar amount per active member depending on the provisions of the pension plans. For these plans, solvency deficits that are determined on an actuarial basis are funded over a period not to exceed five years. All of our defined benefit pension plans were actuarially valued within the past three years. While the majority of benefit payments are made from held-in-trust funds, there are also several unfunded plans where benefit payment obligations are met as they fall due.

19. Retirement Benefit Plans (continued)

We also have several post-retirement benefit plans that provide post-retirement medical, dental and life insurance benefits to certain qualifying employees and surviving spouses. These plans are unfunded and we meet benefit obligations as they come due.

a) Actuarial Valuation of Plans

(CAD$ in millions)	2016		2015	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Defined benefit obligation				
Balance at beginning of year	**$ 2,112**	**$ 518**	$ 2,089	$ 494
Current service cost	**46**	**21**	47	22
Past service costs arising from plan improvements	**7**	**1**	–	–
Benefits paid	**(151)**	**(19)**	(131)	(23)
Interest expense	**79**	**21**	80	19
Obligation experience adjustments	**(8)**	**2**	–	(11)
Effect from change in financial assumptions	**33**	**8**	(3)	1
Effect from change in demographic assumptions	**(6)**	**(13)**	–	–
Changes in foreign exchange rates	**(6)**	**(1)**	30	16
Balance at end of year	**2,106**	**538**	2,112	518
Fair value of plan assets				
Fair value at beginning of year	**2,312**	**–**	2,228	–
Interest income	**87**	**–**	85	–
Return on plan assets, excluding amounts included in interest income	**63**	**–**	71	–
Benefits paid	**(151)**	**(19)**	(131)	(23)
Contributions by the employer	**36**	**19**	33	23
Changes in foreign exchange rates	**(5)**	**–**	26	–
Fair value at end of year	**2,342**	**–**	2,312	–
Funding surplus (deficit)	**236**	**(538)**	200	(518)
Less effect of the asset ceiling				
Balance at beginning of year	**36**	**–**	10	–
Interest on asset ceiling	**1**	**–**	–	–
Change in asset ceiling	**21**	**–**	26	–
Balance at end of year	**58**	**–**	36	–
Net accrued retirement benefit asset (liability)	**$ 178**	**$ (538)**	$ 164	$ (518)
Represented by:				
Pension assets (Note 11)	**$ 283**	**$ –**	$ 272	$ –
Accrued retirement benefit liability	**(105)**	**(538)**	(108)	(518)
Net accrued retirement benefit asset (liability)	**$ 178**	**$ (538)**	$ 164	$ (518)

A number of the plans have a surplus totalling $58 million at December 31, 2016 (December 31, 2015 — $36 million), which is not recognized on the basis that future economic benefits are not available to us in the form of a reduction in future contributions or a cash refund.

19. Retirement Benefit Plans (continued)

We expect to contribute $38 million to our defined benefit pension plans in 2017 based on minimum funding requirements. The weighted average duration of the defined benefit pension obligation is 12 years and the weighted average duration of the non-pension post-retirement benefit obligation is 14 years.

Defined contribution expense for 2016 was $44 million (2015 — $46 million).

b) Significant Assumptions

The discount rate used to determine the defined benefit obligations and the net interest cost was determined by reference to the market yields on high-quality debt instruments at the measurement date with durations similar to the duration of the expected cash flows of the plans.

Weighted average assumptions used to calculate the defined benefit obligation at the end of each year are as follows:

	2016		2015	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Discount rate	**3.74%**	**3.79%**	3.84%	3.94%
Rate of increase in future compensation	**3.25%**	**3.25%**	3.25%	3.25%
Initial medical trend rate	**–**	**5.50%**	–	6.00%
Ultimate medical trend rate	**–**	**5.00%**	–	5.00%
Years to reach ultimate medical trend rate	**–**	**2**	–	3

c) Sensitivity of the defined benefit obligation to changes in the weighted average assumptions:

	2016		
	Effect on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	**1.0%**	**Decrease by 13%**	**Increase by 15%**
Rate of increase in future compensation	**1.0%**	**Increase by 1%**	**Decrease by 1%**
Medical cost claim trend rate	**1.0%**	**Increase by 2%**	**Decrease by 2%**

	2015		
	Effect on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1.0%	Decrease by 12%	Increase by 14%
Rate of increase in future compensation	1.0%	Increase by 1%	Decrease by 1%
Medical cost claim trend rate	1.0%	Increase by 2%	Decrease by 2%

The above sensitivity analyses are based on a change in each actuarial assumption while holding all other assumptions constant. The sensitivity analyses on our defined benefit obligation are calculated using the same methods as those used for calculating the defined benefit obligation recognized on our balance sheet. The methods and types of assumptions used in preparing the sensitivity analyses did not change from the prior period.

19. Retirement Benefit Plans (continued)

d) Mortality Assumptions

Assumptions regarding future mortality are set based on management's best estimate in accordance with published mortality tables and expected experience. These assumptions translate into the following average life expectancies for an employee retiring at age 65:

	2016		2015	
	Male	**Female**	**Male**	**Female**
Retiring at the end of the reporting period	**85.1 years**	**87.6 years**	85.1 years	87.5 years
Retiring 20 years after the end of the reporting period	**86.3 years**	**88.6 years**	86.2 years	88.5 years

e) Significant Risks

The defined benefit pension plans and post-retirement benefit plans expose us to a number of risks, the most significant of which include asset volatility risk, changes in bond yields, and an increase in life expectancy.

Asset volatility risk

The discount rate used to determine the defined benefit obligations is based on AA-rated corporate bond yields. If our plan assets underperform this yield, the deficit will increase. Our strategic asset allocation includes a significant proportion of equities that increases volatility in the value of our assets, particularly in the short term. We expect equities to outperform corporate bonds in the long-term.

Changes in bond yields

A decrease in bond yields increases plan liabilities, which are partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member. Increases in life expectancy will result in an increase in the plans' liabilities.

f) Investment of Plan Assets

The assets of our defined benefit pension plans are managed by external asset managers under the oversight of the Teck Resources Limited Executive Pension Committee.

Our pension plan investment strategies support the objectives of each defined benefit plan and are related to each plan's demographics and timing of expected benefit payments to plan members. The objective for the plan asset portfolios is to achieve annualized portfolio returns over five-year periods in excess of the annualized percentage change in the Consumer Price Index plus a certain premium.

Strategic asset allocation policies have been developed for each defined benefit plan to achieve this objective. The policies also reflect an asset/liability matching framework that seeks to reduce the effect of interest rate changes on each plan's funded status by matching the duration of the bond investments with the duration of the pension liabilities. We do not use derivatives to manage interest risk. Asset allocation is monitored at least quarterly and rebalanced if the allocation to any asset class exceeds its allowable allocation range. Portfolio and investment manager performance is monitored quarterly and the investment guidelines for each plan are reviewed at least annually.

19. Retirement Benefit Plans (continued)

The defined benefit pension plan assets at December 31, 2016 and 2015 are as follows:

(CAD$ in millions)	2016			2015		
	Quoted	**Unquoted**	**Total %**	**Quoted**	**Unquoted**	**Total %**
Equity securities	**$ 1,124**	**$ –**	**48%**	$ 1,085	$ –	47%
Debt securities	**$ 850**	**$ –**	**36%**	$ 848	$ –	37%
Real estate and other	**$ 49**	**$ 319**	**16%**	$ 62	$ 317	16%

20. Other Liabilities and Provisions

(CAD$ in millions)	**December 31, 2016**	**December 31, 2015**
Provisions (a)	**$ 1,236**	$ 438
Derivative liabilities (net of current portion of $5 million (2015 — $1 million))	**21**	12
Other	**65**	30
	$ 1,322	$ 480

a) Provisions

The following table summarizes the movements in provisions for the year ended December 31, 2016:

(CAD$ in millions)	**Decommissioning and Restoration Provisions**	**Other**	**Total**
As at January 1, 2016	$ 415	$ 81	$ 496
Settled during the year	(17)	(19)	(36)
Change in discount rate	601	–	601
Change in amount and timing of cash flows	164	25	189
Accretion	55	–	55
Changes in foreign exchange rates	2	–	2
As at December 31, 2016	1,220	87	1,307
Less current provisions (Note 15)	(55)	(16)	(71)
Long-term provisions	**$ 1,165**	**$ 71**	**$ 1,236**

Decommissioning and Restoration Provisions

The decommissioning and restoration provisions represent the present value of estimated costs for required future decommissioning and other site restoration activities. The majority of the decommissioning and site restoration expenditures occur at the end of the life of the related operation. Our provision for these expenditures was $725 million as at December 31, 2016. After the end of the life of certain operations, water management costs may extend for periods in excess of 100 years. Our provision for these expenditures was $495 million as at December 31, 2016. In 2016, the decommissioning and restoration provision was calculated using nominal discount rates between 6.33% and 7.33%. We also used an inflation rate of 2.00% in our cash flow estimates. The decommissioning and restoration provision includes $194 million (2015 — $92 million) in respect of closed operations.

During the fourth quarter of 2016, we updated the discount rate and cash flow estimates for our decommissioning and restoration provisions. As a result of the change in estimate and decrease in discount rate, the provision increased by $224 million compared to the third quarter. Of the $224 million increase in the provision in the fourth quarter, $211 million was related to changes in estimated cash flows and $13 million was related to a change in the discount rate.

21. Equity

a) Authorized Share Capital

Our authorized share capital consists of an unlimited number of Class A common shares without par value, an unlimited number of Class B subordinate voting shares (Class B shares) without par value and an unlimited number of preferred shares without par value issuable in series.

Class A common shares carry the right to 100 votes per share. Class B shares carry the right to one vote per share. Each Class A common share is convertible, at the option of the holder, into one Class B share. In all other respects, the Class A common shares and Class B shares rank equally.

The attributes of the Class B subordinate voting shares contain so called “coattail provisions” which provide that, in the event that an offer (an “Exclusionary Offer”) to purchase Class A common shares, which is required to be made to all or substantially all holders thereof, is not made concurrently with an offer to purchase Class B subordinate voting shares on identical terms, then each Class B subordinate voting share will be convertible into one Class A common share at the option of the holder during a certain period provided that any Class A common shares received upon such conversion are deposited to the Exclusionary Offer. Any Class B subordinate voting shares converted into Class A common shares pursuant to such conversion right will automatically convert back to Class B subordinate voting shares in the event that any such shares are withdrawn from the Exclusionary Offer or not otherwise ultimately taken up and paid for under the Exclusionary Offer.

The Class B subordinate voting shares will not be convertible in the event that holders of a majority of the Class A common shares (excluding those shares held by the offeror making the Exclusionary Offer) certify to Teck that they will not, among other things, tender their Class A common shares to the Exclusionary Offer.

If an offer to purchase Class A common shares does not, under applicable securities legislation or the requirements of any stock exchange having jurisdiction, constitute a “take-over bid” or is otherwise exempt from any requirement that such offer be made to all or substantially all holders of Class A common shares, the coattail provisions will not apply.

b) Class A Common Shares and Class B Subordinate Voting Shares Issued and Outstanding

Shares (in 000’s)	**Class A Common Shares**	**Class B Subordinate Voting Shares**
As at January 1, 2015	9,353	566,795
Options exercised (c)	–	104
As at December 31, 2015	9,353	566,899
Options exercised (c)	–	647
As at December 31, 2016	**9,353**	**567,546**

c) Share Options

Under our current share option plan, at December 31, 2016, 28 million Class B shares have been set aside for the grant of share options to full-time employees, of which 6 million remain available for grant. The exercise price for each option is the closing price for our Class B shares on the last trading day before the date of grant. Our share options are settled through the issuance of Class B shares.

During the year ended December 31, 2016, we granted 8,945,695 Class B share options to employees. These share options have a weighted average exercise price of $5.48, vest in equal amounts over three years and have a term of 10 years.

21. Equity (continued)

The weighted average fair value of Class B share options granted in the year was estimated at $1.81 per option (2015 — $4.66) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2016	2015
Weighted average exercise price	**$ 5.48**	$ 19.12
Dividend yield	**1.85%**	4.63%
Risk-free interest rate	**0.72%**	0.71%
Expected option life	**4.2 years**	4.2 years
Expected volatility	**46%**	40%
Forfeiture rate	**0.96%**	1.36%

The expected volatility is based on a statistical analysis of historical daily share prices over a period equal to the expected option life.

Outstanding share options are as follows:

	2016		2015	
	Share Options (in 000's)	**Weighted Average Exercise Price**	**Share Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**15,929**	**$ 26.53**	10,632	$ 31.29
Granted	**8,946**	**5.48**	6,134	19.12
Exercised	**(647)**	**12.15**	(104)	4.16
Forfeited	**(219)**	**10.74**	(217)	22.65
Expired	**(1,155)**	**35.73**	(516)	42.55
Outstanding at end of year	**22,854**	**18.38**	15,929	$ 26.53
Vested and exercisable at end of year	**9,090**	**29.70**	7,285	$ 32.18

The average share price during the year was $17.59 (2015 — $12.28), with the highest Class B share price at $35.02 (2015 — $20.08) and the lowest Class B share price at $3.80 (2015 — $4.33).

Information relating to share options outstanding at December 31, 2016 is as follows:

Outstanding Share Options (in 000's)	Exercise Price Range	Weighted Average Remaining Life of Outstanding Options (months)
9,406	$ 4.15—$ 12.35	102
5,803	$ 12.36—$ 20.14	98
2,958	$ 20.15—$ 26.79	86
2,778	$ 26.80—$ 36.85	62
1,909	$ 36.86—$ 58.80	57
22,854	**$ 4.15—$ 58.80**	**90**

Total share option compensation expense recognized for the year was $22 million (2015 — $24 million).

21. Equity (continued)

d) Deferred Share Units, Restricted Share Units and Performance Share Units

We have issued and outstanding deferred share units, restricted share units and performance share units (collectively referred to as Units).

Deferred Share Units (DSUs) and Restricted Share Units (RSUs) are granted to both employees and directors. Preferred Share Units (PSUs) are granted to employees only. The DSUs and RSUs entitle the holder to a cash payment equal to the market value of one Class B share at the time they are redeemed. The PSUs entitle the holder to a cash payment equal to a percentage of the weighted average trading price of one Class B share over 10 consecutive trading days prior to the time they are redeemed. The percentage varies from 0% to 200% and is based on our total shareholder return ranking compared to a group of specified companies.

RSUs and PSUs vest in three years. DSUs vest immediately for directors and in three years for employees. On retirement, the units are pro-rated to reflect the period of vesting completed. Units vest on a pro rata basis, should employees be terminated without cause, and are forfeited if employees resign or are terminated with cause.

DSUs may only be redeemed within 12 months from the date a holder ceases to be an employee or director, while RSUs and PSUs vest and are redeemed no later than three years measured from the date of the grant.

Additional units are issued to unit holders to reflect dividends paid and other adjustments to Class B shares.

In 2016, we recognized compensation expense of $149 million for our Units (2015 — $11 million recovery). The total liability and intrinsic value for vested Units as at December 31, 2016 was $128 million (2015 — $11 million).

At December 31, 2016, 2,597,360 DSUs (2015 — 1,519,569), 3,315,781 RSUs (2015 — 1,497,869) and 1,553,654 PSUs (2015 — 664,454) were outstanding, of which 2,118,892 DSUs (2015 — 1,403,980), 1,327,369 RSUs (2015 — 646,159) and 615,833 PSUs (2015 — 291,794) have vested.

e) Accumulated Other Comprehensive Income (Loss)

(CAD$ in millions)		**2016**		**2015**
Accumulated other comprehensive income — beginning of year	**$**	**426**	$	225
Currency translation differences:				
Unrealized gains (losses) on translation of foreign subsidiaries		**(201)**		1,375
Foreign exchange differences on debt designated as a hedge of our investment in foreign subsidiaries (net of taxes of $(27) and $163)		**180**		(1,188)
		(21)		187
Available-for-sale financial assets:				
Unrealized gains (net of taxes of $(6) and $(1))		**45**		13
Gains reclassified to profit (loss) (net of taxes of $4 and $(1))		**(29)**		(6)
		16		7
Derivatives designated as cash flow hedges:				
Unrealized losses (net of taxes of $nil and $8)		**–**		(22)
Losses reclassified to profit (loss) on realization (net of taxes of $nil and $(9))		**–**		26
		–		4
Share of other comprehensive income of associates and joint ventures		**1**		3
Remeasurements of retirement benefit plans (net of taxes of $(7) and $(18))		**19**		40
Total other comprehensive income		**15**		241
Less remeasurements of retirement benefit plans recorded in retained earnings		**(19)**		(40)
Accumulated other comprehensive income — end of year	**$**	**422**	$	426

21. **Equity** (continued)

f) Earnings (Loss) Per Share

The following table reconciles our basic and diluted earnings per share:

(CAD$ in millions, except per share data)		2016		2015
Net basic and diluted profit (loss) attributable to shareholders of the company	**$**	**1,040**	$	(2,474)
Weighted average shares outstanding (000's)		**576,391**		576,224
Dilutive effect of share options		**6,496**		–
Weighted average diluted shares outstanding (000's)		**582,887**		576,224
Basic earnings (loss) per share	**$**	**1.80**	$	(4.29)
Diluted earnings (loss) per share	**$**	**1.78**	$	(4.29)

At December 31, 2016, 13,333,164 potentially dilutive shares were not included in the diluted earnings per share calculation because their effect was anti-dilutive. At December 31, 2015, there was a net loss attributable to shareholders of the company and, accordingly, all share options would be considered anti-dilutive and have been excluded from the calculation of diluted earnings (loss) per share.

g) Dividends

We declared and paid dividends of $0.05 per share in the second and fourth quarters of 2016 and $0.15 and $0.05 per share in the second and fourth quarters of 2015, respectively.

22. Non-Controlling Interests

Set out below is information about our subsidiaries with non-controlling interests and the non-controlling interest balances included in equity for all comparative periods presented:

(CAD$ in millions)	**Principal Place of Business**	**Percentage of Ownership Interest and Voting Rights Held by Non-Controlling Interest**		**December 31, 2016**		**December 31, 2015**
Highland Valley Copper (a)	British Columbia, Canada	–	**$**	**–**	$	43
Carmen de Andacollo	Region IV, Chile	10%		**45**		45
Quebrada Blanca	Region I, Chile	23.5%		**64**		98
Elkview Mine Limited Partnership	British Columbia, Canada	5%		**50**		44
			$	**159**	$	230

a) During the year ended December 31, 2016, we acquired the 2.5% non-controlling interest stake in Highland Valley Copper for $33 million. We recorded this transaction as a reduction in our non-controlling interests of $46 million and an increase to our deferred income tax liabilities of $5 million with the difference of $8 million recorded directly in retained earnings.

23. Contingencies

We consider provisions for all our outstanding and pending legal claims to be adequate. The final outcome with respect to actions outstanding or pending as at December 31, 2016, or with respect to future claims, cannot be predicted with certainty. Significant contingencies not disclosed elsewhere in the notes to our financial statements are as follows:

Upper Columbia River Basin

Teck American Inc. (TAI) continues studies under the 2006 settlement agreement with the U.S. Environmental Protection Agency (EPA) to conduct a remedial investigation on the Upper Columbia River in Washington state. Residential soil testing within the study site has identified certain properties where remediation is required. TAI and EPA reached an agreement regarding the remediation to be undertaken in 2015, which has been completed, and additional sampling has been conducted which suggests that limited additional time-critical remediation will be required.

The Lake Roosevelt litigation involving TML in the Federal District Court for the Eastern District of Washington continues. In September 2012, TML entered into an agreement with the plaintiffs, agreeing that certain facts were established for purposes of the litigation. The agreement stipulated that some portion of the slag discharged from TML's Trail Operations into the Columbia River between 1896 and 1995, and some portion of the effluent discharged from Trail Operations, have been transported to and are present in the Upper Columbia River in the United States, and that some hazardous substances from the slag and effluent have been released into the environment within the United States. In December 2012, the Court found in favour of the plaintiffs in phase one of the case, issuing a declaratory judgment that TML is liable under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for response costs, the amount of which will be determined in later phases of the case. A hearing with respect to the claims of the Tribal plaintiffs in respect of approximately $9 million of past response costs was held in December. In August the trial court judge ruled in favour of the plaintiffs and the decision is under appeal.

In October 2013, the Confederated Tribes of the Colville Reservation filed an omnibus motion with the District Court seeking an order stating that they are permitted to seek recovery from TML for environmental response costs, and in a subsequent proceeding, natural resource damages and assessment costs, arising from the alleged deposition of hazardous substances in the United States from aerial emissions from TML's Trail Operations. Prior allegations by the Tribes related solely to solid and liquid materials discharged to the Columbia River. The motion did not state the amount of response costs allegedly attributable to aerial emissions, nor did it attempt to define the extent of natural resource damages, if any, attributable to past smelter operations. In December 2013, the District Court ruled in favour of the plaintiffs, who subsequently filed amended pleadings in relation to air emissions. The Court dismissed a motion to strike the air claims on the basis that CERCLA does not apply to air emissions in the manner proposed by the plaintiffs, and a subsequent TML motion seeking reconsideration of the dismissal. On July 27, 2016 the Ninth Circuit unanimously ruled in favour of TML on its appeal of the District Court decision. Plaintiffs sought *en banc* review of the decision in the Ninth Circuit, which was denied in October.

A hearing with respect to natural resource damages and assessment costs is expected to follow after resolution of appeals with respect to issues raised in the first phase of the litigation and completion of the remedial investigation and feasibility study being undertaken by TAI.

There is no assurance that we will ultimately be successful in our defence of the litigation or that we or our affiliates will not be faced with further liability in relation to this matter. Until the studies contemplated by the EPA settlement agreement and additional damage assessments are completed, it is not possible to estimate the extent and cost, if any, of any additional remediation or restoration that may be required or to assess our potential liability for damages. The studies may conclude, on the basis of risk, cost, technical feasibility or other grounds, that no remediation other than some residential soil removal should be undertaken. If other remediation is required and damage to resources found, the cost of that remediation may be material.

24. Commitments

a) Capital Commitments

As at December 31, 2016, we had contracted for $473 million of capital expenditures that have not yet been incurred for the purchase of property, plant and equipment. This amount includes $206 million for Quebrada Blanca Phase 2, $127 million for our share of Fort Hills, $84 million for our share of Antamina and $56 million for our steelmaking coal operations. The amount includes $222 million that is expected to be incurred within one year and $251 million within two to five years.

b) Operating Lease Commitments

We lease office premises, mobile equipment and railcars under operating leases. The lease terms are between one year and 12 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(CAD$ in millions)		**2016**		**2015**
Less than one year	**$**	**56**	$	65
One to five years		**66**		84
Thereafter		**6**		10
	$	**128**	$	159

Lease rentals amounting to $10 million (2015 — $11 million) for office premises, $36 million (2015 — $43 million) for mobile equipment and $10 million (2015 — $11 million) for railcars are included in the statement of income (loss).

c) Red Dog Commitments

In accordance with the operating agreement governing the Red Dog mine, TAK pays a royalty to NANA Regional Corporation, Inc. (NANA) on the net proceeds of production. A 25% royalty became payable in the third quarter of 2007 after we had recovered cumulative advance royalties previously paid to NANA. The net proceeds of production royalty rate will increase by 5% every fifth year to a maximum of 50%. The increase to 30% of net proceeds of production occurred in 2012. An expense of US$213 million was recorded in 2016 (2015 — US$137 million) in respect of this royalty.

TAK leases road and port facilities from the Alaska Industrial Development and Export Authority, through which it ships all concentrates produced at the Red Dog Operations. The lease requires TAK to pay a minimum annual user fee of US$18 million for the next 14 years and US$6 million for the following nine years.

d) Antamina Royalty

Our interest in the Antamina mine is subject to a net profits royalty equivalent to 7.4% of our share of the mine's free cash flow. An expense of $17 million was recorded in 2016 (2015 — $11 million) in respect of this royalty.

e) Purchase Commitments

We have a number of forward purchase commitments for the purchase of concentrates and other process inputs, and for shipping and distribution of products, which are incurred in the normal course of business. In addition, we have contractual arrangements for the purchase of 240 megawatts of power for the expansion of our Quebrada Blanca Operations. These contracts contain monthly fixed prices and variable prices per hour and are effective from dates between November 2016 and January 2018, extending for 21 years. The majority of these contracts are subject to *force majeure* provisions.

25. Segmented Information

Based on the primary products we produce and our development projects, we have five reportable segments — steelmaking coal, copper, zinc, energy and corporate — which is the way we report information to our Chief Executive Officer. The corporate segment includes all of our initiatives in other commodities, our corporate growth activities and groups that provide administrative, technical, financial and other support to all of our business units. Other operating expenses include general and administration costs, exploration, research and development, and other operating income (expense). Sales between segments are carried out on terms that arm's-length parties would use. Total assets does not include intra-group receivables between segments. Deferred tax assets and liabilities have been allocated amongst segments.

(CAD$ in millions)	December 31, 2016					
	Steelmaking Coal	**Copper**	**Zinc**	**Energy**	**Corporate**	**Total**
Segment revenues	$ 4,144	$ 2,007	$ 3,577	$ 2	$ –	$ 9,730
Less: Inter-segment revenues	–	–	(430)	–	–	(430)
Revenues	4,144	2,007	3,147	2	–	9,300
Cost of sales	(2,765)	(1,817)	(2,317)	(5)	–	(6,904)
Gross profit (loss)	1,379	190	830	(3)	–	2,396
Asset impairments	–	–	(46)	(248)	–	(294)
Other operating income (expenses)	(74)	35	30	(30)	(338)	(377)
Profit (loss) from operations	1,305	225	814	(281)	(338)	1,725
Net finance expense	(21)	(42)	(27)	(6)	(242)	(338)
Non-operating income (expenses)	6	(5)	(5)	–	243	239
Share of income (losses) of associates and joint ventures	–	2	–	–	–	2
Profit (loss) before taxes	1,290	180	782	(287)	(337)	1,628
Capital expenditures	348	339	190	1,010	6	1,893
Goodwill	702	412	–	–	–	1,114
Total assets	14,894	9,673	3,742	4,129	3,191	35,629
Net assets	$ 10,071	$ 6,029	$ 2,464	$ 3,648	$ (4,611)	$ 17,601

25. Segmented Information (continued)

(CAD$ in millions)	December 31, 2015					
	Steelmaking Coal	**Copper**	**Zinc**	**Energy**	**Corporate**	**Total**
Segment revenues	$ 3,049	$ 2,422	$ 3,121	$ 4	$ –	$ 8,596
Less: Inter-segment revenues	–	–	(337)	–	–	(337)
Revenues	3,049	2,422	2,784	4	–	8,259
Cost of sales	(2,849)	(1,996)	(2,129)	(6)	–	(6,980)
Gross profit (loss)	200	426	655	(2)	–	1,279
Asset impairments	(2,032)	(506)	(31)	(1,062)	–	(3,631)
Other operating income (expenses)	(56)	(230)	(42)	(14)	(224)	(566)
Profit (loss) from operations	(1,888)	(310)	582	(1,078)	(224)	(2,918)
Net finance expense	(26)	(15)	(32)	–	(238)	(311)
Non-operating income (expenses)	39	(13)	34	–	(149)	(89)
Share of losses of associates and joint ventures	–	–	–	–	(2)	(2)
Profit (loss) before taxes	(1,875)	(338)	584	(1,078)	(613)	(3,320)
Capital expenditures	493	539	211	997	4	2,244
Goodwill	702	425	–	–	–	1,127
Total assets	14,531	9,886	3,406	3,269	3,596	34,688
Net assets	$ 10,201	$ 6,335	$ 2,590	$ 2,846	$ (5,335)	$ 16,637

The geographical distribution of our non-current assets is as follows:

(CAD$ in millions)	**December 31, 2016**	**December 31, 2015**
Canada	**$ 20,853**	$ 20,112
Chile	**6,332**	6,465
Peru	**1,286**	1,301
United States	**1,180**	983
Other	**70**	74
	$ 29,721	$ 28,935

Non-current assets attributed to geographical locations exclude deferred income tax assets and financial and other assets.

25. Segmented Information (continued)

Revenue is attributed to regions based on the location of the port of delivery as designated by the customer and is as follows:

(CAD$ in millions)	2016	2015
Asia		
China	**$ 1,773**	$ 1,786
Japan	**1,319**	1,343
South Korea	**1,181**	966
India	**553**	341
Other	**825**	614
Americas		
United States	**1,314**	1,291
Canada	**770**	581
Latin America	**294**	197
Europe		
Germany	**354**	394
Finland	**178**	213
Spain	**186**	9
Other	**553**	524
	$ 9,300	$ 8,259

26. Accounting for Financial Instruments

a) Financial Risk Management

Our activities expose us to a variety of financial risks, which include liquidity risk, foreign exchange risk, interest rate risk, commodity price risk, credit risk and other risks associated with capital markets. From time to time, we may use foreign exchange, commodity price and interest rate contracts to manage exposure to fluctuations in these variables. We do not have a practice of trading derivatives. Our use of derivatives is based on established practices and parameters to mitigate risk and is subject to the oversight of our Hedging Committee and our Board of Directors.

Foreign Exchange Risk

We operate on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. Our foreign exchange risk arises primarily with respect to the U.S. dollar and to a lesser extent, the Chilean peso and Peruvian sol. Our cash flows from Canadian, Chilean and Peruvian operations are exposed to foreign exchange risk, as commodity sales are denominated in U.S. dollars and a substantial portion of operating expenses are denominated in local currencies.

In the first half of 2015 and in prior years, we hedged a portion of our quarterly U.S. dollar denominated future cash flows with U.S. dollar forward sales contracts. This hedge was discontinued in the second quarter of 2015.

We also have various investments in U.S. dollar foreign operations, whose net assets are exposed to foreign currency translation risk. This currency exposure is managed in part through our U.S. dollar denominated debt as a hedge against net investments in foreign operations. As at December 31, 2016, $5.4 billion of U.S. dollar debt was designated in this manner.

26. Accounting for Financial Instruments (continued)

U.S. dollar financial instruments subject to foreign exchange risk are comprised of U.S. dollar denominated items held in Canada and is summarized below. This risk is reduced by our policy to apply a hedge against our U.S. dollar net investments using our U.S. dollar debt.

(US$ in millions)		**2016**		**2015**
Cash and cash equivalents	**$**	**521**	$	911
Trade accounts receivable and other assets		**867**		445
Trade accounts payable and other liabilities		**(572)**		(380)
Debt		**(6,141)**		(6,900)
		(5,325)		(5,924)
Net investment in foreign operations hedged		**5,424**		5,552
Net U.S. dollar exposure	**$**	**99**	$	(372)

As at December 31, 2016, with other variables unchanged, a $0.10 strengthening of the Canadian dollar against the U.S. dollar would result in a $10 million pre-tax loss (2015 — $37 million pre-tax gain) from our financial instruments. There would also be an $11 million pre-tax loss (2015 — $nil) in other comprehensive income (loss) from the translation of our foreign operations. The inverse effect would result if the Canadian dollar weakened by $0.10 against the U.S. dollar.

Liquidity Risk

Liquidity risk arises from our general and capital financing needs. We have planning, budgeting and forecasting processes to help determine our funding requirements to meet various contractual and other obligations. Note 16 details our available credit facilities as at December 31, 2016.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2016 are as follows:

(CAD$ in millions)	**Less Than 1 Year**	**2—3 Years**	**4—5 Years**	**More Than 5 Years**	**Total**
Trade accounts payable and other liabilities	$ 1,902	$ –	$ –	$ –	**$ 1,902**
Debt (Note 16(f))	66	404	1,574	6,249	**8,293**
Estimated interest payments on debt	$ 472	$ 933	$ 849	$ 4,079	**$ 6,333**

Interest Rate Risk

Our interest rate risk arises mainly in respect of our holdings of cash and cash equivalents. Our interest rate management policy is generally to borrow at fixed rates. However, floating rate funding may be used to fund short-term operating cash flow requirements or, in conjunction with fixed to floating interest rate swaps, be used to offset interest rate risk from our cash. The fair value of fixed-rate debt fluctuates with changes in market interest rates, but the cash flows, denominated in U.S. dollars, do not.

Cash and cash equivalents have short terms to maturity and receive interest based on market interest rates.

As at December 31, 2016 and 2015, with other variables unchanged, a 1% change in the LIBOR rate would not have a significant effect on profit (loss). There would be no effect on other comprehensive income (loss).

Commodity Price Risk

We are subject to price risk from fluctuations in market prices of the commodities that we produce. From time to time, we may use commodity price contracts to manage our exposure to fluctuations in commodity prices. At the balance sheet date, we had zinc and lead derivative contracts outstanding as described in (b) below.

26. **Accounting for Financial Instruments** (continued)

Our commodity price risk associated with financial instruments primarily relates to changes in fair value caused by final settlement pricing adjustments to receivables and payables, derivative contracts for zinc and lead, embedded derivatives in one of our road and port contracts and in the ongoing payments under our silver stream and gold stream arrangements.

The following represents the effect on profit (loss) attributable to shareholders from a 10% change in commodity prices, based on outstanding receivables and payables subject to final pricing adjustments at December 31, 2016. There is no effect on other comprehensive income.

	Price on December 31,		Change in Profit (Loss) Attributable to Shareholders	
(CAD$ in millions, except for US$/lb. data)	**2016**	**2015**	**2016**	**2015**
Copper	**US$2.50/lb.**	US$2.13/lb.	**$ 24**	$ 46
Zinc	**US$1.17/lb.**	US$0.73/lb.	**$ 5**	$ 2
Lead	**US$0.90/lb.**	US$0.82/lb.	**$ –**	$ (1)

A 10% change in the price of zinc, lead, silver and gold, respectively, would change our net liability relating to derivatives and embedded derivatives, excluding receivables and payables subject to final pricing adjustments, and change our pre-tax profit (loss) attributable to shareholders by $45 million (2015 — $32 million). There would be no effect on other comprehensive income.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Our primary counterparties related to our cash, money market investments and derivative contracts carry investment grade ratings as assessed by external rating agencies. There is ongoing review to evaluate the creditworthiness of these counterparties. We manage credit risk for trade and other receivables through established credit monitoring activities. Our maximum exposure to credit risk at the reporting date is the carrying value of our cash and cash equivalents, trade accounts receivable and derivative assets. While we are exposed to credit losses due to the non-performance of our counterparties, we do not consider this to be a material risk.

b) Derivative Financial Instruments and Hedges

Sale and Purchase Contracts

We record adjustments to our receivable and payable balances for provisionally priced sales and purchases, respectively, in periods up to the date of final pricing based on movements in quoted market prices. These arrangements have the characteristics of a derivative instrument, as the value of our receivables and payables will vary as prices for the underlying commodities vary in the metal markets. These final pricing adjustments result in gains (losses from purchases) in a rising price environment and losses (gains from purchases) in a declining price environment and are recorded in other operating income (expense). It should be noted that while these effects arise on the sale of concentrates, we also purchase concentrates at our Trail Operations where the opposite effects occur. The effect of gains and losses on these contracts on profit (loss) is mitigated by smelter price participation, royalty interests, taxes and non-controlling interests.

26. Accounting for Financial Instruments (continued)

The table below outlines our outstanding receivable and payable positions, which were provisionally valued at December 31, 2016 and December 31, 2015.

	Outstanding at December 31, 2016		Outstanding at December 31, 2015	
(Pounds in millions)	Pounds	US$/lb.	Pounds	US$/lb.
Receivable positions				
Copper	**114**	**$ 2.50**	257	$ 2.13
Zinc	**231**	**$ 1.17**	162	$ 0.73
Lead	**26**	**$ 0.90**	20	$ 0.82
Payable positions				
Zinc payable	**114**	**$ 1.17**	83	$ 0.73
Lead payable	**20**	**$ 0.90**	35	$ 0.82

At December 31, 2016, total outstanding settlements receivable were $795 million (2015 — $684 million) and total outstanding settlements payable were $43 million (2015 — $25 million). These amounts are included in trade accounts receivable and trade accounts payable, respectively, on the consolidated balance sheet.

Zinc and Lead Swaps

Due to ice conditions, the port serving our Red Dog mine is normally only able to ship concentrates from July to October each year. As a result, zinc and lead concentrate sales volumes are generally higher in the third and fourth quarter of each year than in the first and second quarter. During 2016 and 2015, we purchased and sold zinc and lead swaps to match our economic exposure to the average zinc and lead prices over our shipping year, which is from July of one year to June of the following year. We do not apply hedge accounting to the zinc or lead swaps.

The fair value of our commodity swaps is calculated using a discounted cash flow method based on forward metal prices. A summary of these derivative contracts and related fair values as at December 31, 2016 is as follows:

	Quantity	Average Price of Purchase Commitments	Average Price of Sale Commitments	Fair Value Asset (Liability) (CAD$ in millions)
Derivatives not designated as hedging instruments				
Zinc swaps	181 million lbs.	US$1.14/lb.	US$1.16/lb.	$ 4
Lead swaps	95 million lbs.	US$0.96/lb.	US$0.91/lb.	(5)
				$ (1)

All free-standing derivative contracts mature in 2017.

Free-standing derivatives, not designated as hedging instruments, are recorded in trade accounts receivable and in trade accounts payable and other liabilities in the amount of $4 million and $5 million, respectively, on the consolidated balance sheet.

26. Accounting for Financial Instruments (continued)

Derivatives Not Designated as Hedging Instruments and Embedded Derivatives

(CAD$ in millions)	Amount of Gain (Loss) Recognized in Other Operating Income (Expense)	
	2016	**2015**
Zinc derivatives	**$ 45**	$ (2)
Lead derivatives	**(5)**	(3)
Settlements receivable and payable	**153**	(280)
Contingent zinc escalation payment embedded derivative (c)	**(18)**	4
Gold stream embedded derivative (c)	**6**	(8)
Silver stream embedded derivative (c)	**4**	(3)
	$ 185	$ (292)

We also recorded a $113 million gain in non-operating income (expense) (Note 8) related to an increase in the value of debt prepayment options since issuance in June 2016 (c).

Hedges

Cash flow hedges

At December 31, 2016, we did not have derivative instruments designated as cash flow hedges.

The following table provides information regarding the effect of U.S. dollar forward sales contracts that were derivative instruments designated as cash flow hedges on our consolidated statements of income and comprehensive income in 2015:

(CAD$ in millions)	**2016**	**2015**
Losses reclassified from accumulated other comprehensive income into profit (loss) (effective portion)	**$ –**	$ (34)
Location of losses reclassified from accumulated other comprehensive income (loss) into profit	**–**	Revenues

Net investment hedge

Our hedges of net investments in foreign operations were effective and no ineffectiveness was recognized in profit (loss) for the period.

c) Embedded Derivatives

One of our road and port contracts contains a contingent zinc escalation payment that is considered to be an embedded derivative. The fair value of this embedded derivative was $20 million at December 31, 2016 (2015 — $2 million), and is included in other liabilities and provisions on the consolidated balance sheet.

The gold stream and silver stream agreements entered into in 2015 (Note 13(b) and Note 18) each contain an embedded derivative in the ongoing future payments due to Teck from Royal Gold and Franco-Nevada, respectively. The gold stream's 15% ongoing payment contains an embedded derivative relating to the gold price. The fair value of this embedded derivative was $2 million at December 31, 2016 (2015 — $8 million) and is included in other liabilities and provisions on the consolidated balance sheet. The silver stream's 5% ongoing payment contains an embedded derivative relating to the silver price. The fair value of this embedded derivative was $1 million at December 31, 2016 (2015 — $3 million) and is included in other assets (2015 — other liabilities and provisions) on the consolidated balance sheet.

26. Accounting for Financial Instruments (continued)

Our June 2021 and 2024 notes issued in 2016 (Note 16(b)) include prepayment options that are considered to be embedded derivatives. At December 31, 2016, these prepayment options are recorded as other assets (Note 11) on the balance sheet at fair values of $61 million and $78 million for the June 2021 and 2024 notes, respectively, based on current market interest rates for similar instruments and our credit spread. Since the notes were issued in June 2016, the value of the prepayment options increased by $113 million, which has been recorded as a gain in non-operating income (expense) (Note 8).

27. Fair Value Measurements

Certain of our financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 — Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents and marketable equity securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 — Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Derivative instruments and embedded derivatives are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, market prices, forward price curves, yield curves, and credit spreads. These inputs are obtained from or corroborated with the market. Also included in Level 2 are settlements receivable and settlements payable from provisional pricing on concentrate sales and purchases because they are valued using quoted market prices for forward curves for copper, zinc and lead.

Level 3 — Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

We include investments in certain debt securities in Level 3 of the fair value hierarchy because they trade infrequently and have little price transparency. We review the fair value of these instruments periodically and estimate an impairment charge based on management's best estimates, which are unobservable inputs.

27. Fair Value Measurements (continued)

The fair values of our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2016 and 2015 are summarized in the following table:

(CAD$ in millions)	2016				2015			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Cash equivalents	$ 1,153	$ –	$ –	**$ 1,153**	$ 1,640	$ –	$ –	$ 1,640
Marketable equity securities	95	–	–	**95**	101	–	–	101
Debt securities	68	–	11	**79**	97	–	12	109
Settlements receivable	–	795	–	**795**	–	684	–	684
Derivative instruments and embedded derivatives	–	142	–	**142**	–	9	–	9
	$ 1,316	$ 937	$ 11	**$ 2,264**	$ 1,838	$ 693	$ 12	$ 2,543
Financial liabilities								
Derivative instruments and embedded derivatives	$ –	$ 27	$ –	**$ 27**	$ –	$ 16	$ –	$ 16
Settlements payable	–	43	–	**43**	–	25	–	25
	$ –	$ 70	$ –	**$ 70**	$ –	$ 41	$ –	$ 41

As at December 31, 2016 and 2015, we measured certain non-financial assets at their recoverable amounts using a FVLCD basis, which is classified as a Level 3 measurement. Refer to Note 13(a) for information about these fair value measurements.

28. Capital Management

The capital we manage is the total of equity and debt on our balance sheet. Our capital management objectives are to maintain access to the capital we require to operate and grow our business while minimizing the cost of such capital and providing for returns to our shareholders. Our financial policies have been to maintain, on average over time, a target debt to debt-plus-equity ratio of approximately 30% and a target ratio of debt-to-EBITDA of approximately 2.5. These ratios are expected to vary from their target levels from time to time, reflecting commodity price cycles and corporate activity, including the development of major projects. We may also review and amend such policy targets from time to time. We maintain two committed revolving credit facilities consisting of a core liquidity facility of US$3 billion and a US$1.2 billion facility which is used for financial letters of credit required while our credit rating is non-investment grade. These credit facilities include a financial covenant that requires us to maintain a debt-to-capitalization ratio that does not exceed 50%.

As at December 31, 2016, our debt to debt-plus-equity ratio was 32% (2015 — 37%), our debt-to-EBITDA ratio was 2.5 (2015 — (5.9)) and our debt-to-adjusted-EBITDA ratio, before asset impairments, was 2.3 (2015 — 4.8). We manage the risk of not meeting our financial targets through the issuance and repayment of debt, our dividend policy, the issuance of equity capital, assets sales, as well as through the ongoing management of operations, investments and capital expenditures.

29. Key Management Compensation

The compensation for key management recognized in total comprehensive income (loss) in respect of employee services is summarized in the table below. Key management includes our directors and senior vice presidents.

(CAD$ in millions)	2016	2015
Salaries, bonuses, director fees and other short-term benefits	**$ 14**	$ 14
Post-employment benefits	**6**	2
Share option compensation expense	**8**	9
Compensation expense (recovery) related to Units (Note 21(d))	**85**	(11)
	$ 113	$ 14

30. Subsequent Event

On February 21, 2017, we commenced cash tender offers to purchase up to US$650 million aggregate principal amount of the following series of notes; 3.000% notes due 2019, 8.000% notes due 2021, 4.500% notes due 2021, 4.750% notes due 2022, and 8.500% notes due 2024. In conjunction with the tender offers, we are soliciting consents from holders of certain of the notes to amend the indentures governing those notes to shorten the minimum notice period for optional redemption. The tender offers and consent solicitations are currently scheduled to expire on March 20, 2017, and may expire earlier in certain circumstances. We have reserved the right to amend, extend, terminate and otherwise modify the tender offers and consent solicitations

EXHIBIT 99.3

Management's Discussion and Analysis

February 23, 2017

Management’s Discussion and Analysis

Our business is exploring for, acquiring, developing and producing natural resources. We are organized into business units focused on steelmaking coal, copper, zinc and energy. These are supported by our corporate offices, which manage our corporate growth initiatives and provide marketing, administrative, technical, financial and other services.

Through our interests in mining and processing operations in Canada, the United States (U.S.), Chile and Peru, we are the world’s second-largest seaborne exporter of steelmaking coal, an important producer of copper and one of the world’s largest producers of mined zinc. We also produce lead, silver, molybdenum and various specialty and other metals, chemicals and fertilizers. In addition, we own a 20% interest in the Fort Hills oil sands project and interests in other oil sands assets in the Athabasca region of Alberta. We actively explore for copper, zinc and gold.

This Management’s Discussion and Analysis of our results of operations is prepared as at February 23, 2017 and should be read in conjunction with our audited consolidated financial statements as at and for the year ended December 31, 2016. Unless the context otherwise dictates, a reference to Teck, Teck Resources, the Company, us, we, or our, refers to Teck Resources Limited and its subsidiaries including Teck Metals Ltd. and Teck Coal Partnership. All dollar amounts are in Canadian dollars, unless otherwise stated, and are based on our consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS). In addition, we use certain financial measures, which are identified throughout the Management’s Discussion and Analysis in this report, that are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or by Generally Accepted Accounting Principles (GAAP) in the U.S. See “Use of Non-GAAP Financial Measures” on page 45 for an explanation of these financial measures and reconciliation to the most directly comparable financial measures under IFRS.

This Management’s Discussion and Analysis contains certain forward-looking information and forward-looking statements. You should review the cautionary statement on forward-looking information under the heading “Cautionary Statement on Forward-Looking Information” on page 49, which forms part of this Management’s Discussion and Analysis, as well as the risk factors discussed in our most recent Annual Information Form.

Additional information about us, including our most recent Annual Information Form, is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Business Unit Results

The table below shows a summary of our production of our major commodities for the last five years and estimated production for 2017.

Five-Year Production Record and Our Estimated Production in 2017

Units in 000's (excluding steelmaking coal and molybdenum)		2012	2013	2014	2015	**2016**	2017(2) estimate
Principal Products							
Steelmaking coal	million tonnes	24.7	25.6	26.7	25.3	**27.6**	27.5
Copper(1)	tonnes	373	364	333	358	**324**	282
Zinc							
Contained in concentrate	tonnes	598	623	660	658	**662**	670
Refined	tonnes	284	290	277	307	**312**	302
Other Products							
Lead							
Contained in concentrate	tonnes	95	97	123	124	**128**	112
Refined	tonnes	88	86	82	84	**99**	95
Molybdenum contained in concentrate	million pounds	12.7	8.3	5.9	4.4	**7.7**	11.2

Notes:

(1) We include 100% of the production and sales from Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we own 76.5% and 90%, respectively, of these operations, because we fully consolidate their results in our financial statements. We include 22.5% of production and sales from Antamina, representing our proportionate interest in Antamina.

(2) Production estimate for 2017 represents the mid-range of our production guidance.

Average commodity prices and exchange rates for the past three years, which are key drivers of our profit, are summarized in the following table.

	US$					CAD$				
	2016	% chg	2015	% chg	2014	**2016**	% chg	2015	% chg	2014
Steelmaking coal (realized — $/tonne)	**115**	+24%	93	-19%	115	**153**	+31%	**117**	-7%	126
Copper (LME cash — $/pound)	**2.21**	-11%	2.49	-20%	3.11	**2.94**	-8%	**3.19**	-7%	3.43
Zinc (LME cash — $/pound)	**0.95**	+9%	0.87	-11%	0.98	**1.26**	+14%	**1.11**	+3%	1.08
Exchange rate (Bank of Canada)										
US$1 = CAD$	**1.33**	+4%	1.28	+16%	1.10					
CAD$1 = US$	**0.75**	-4%	0.78	-14%	0.91					

Our revenues and gross profit before depreciation and amortization, and gross profit, by business unit for the past three years are summarized in the following table.

	Revenues			Gross Profit Before Depreciation and Amortization(1)			Gross Profit (Loss)		
($ in millions)	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
Steelmaking coal	**$ 4,144**	$ 3,049	$ 3,335	**$ 2,007**	$ 906	$ 920	**$ 1,379**	$ 200	$ 208
Copper	**2,007**	2,422	2,586	**788**	931	1,177	**190**	426	678
Zinc	**3,147**	2,784	2,675	**984**	805	779	**830**	655	649
Energy	**2**	4	3	**2**	3	3	**(3)**	(2)	–
Total	**$ 9,300**	$ 8,259	$ 8,599	**$ 3,781**	$ 2,645	$ 2,879	**$ 2,396**	$ 1,279	$ 1,535

Note:
(1) Gross profit before depreciation and amortization is a non-GAAP financial measure. See “Use of Non-GAAP Financial Measures” section for further information.

Steelmaking Coal

In 2016, our steelmaking coal operations produced 27.6 million tonnes of steelmaking coal, with sales of 27.0 million tonnes. The majority of our sales are to the Asia-Pacific region, with lesser amounts going primarily to Europe and the Americas. Our current production capacity is approximately 28 million tonnes, and we have total proven and probable reserves of 962 million tonnes of steelmaking coal.

During the third quarter of 2016, our Elkview Operations was granted an environmental assessment certificate for the Baldy Ridge Extension project, which is expected to extend the life of the mine by approximately 23 years. Capital spending for this project is currently estimated to be approximately $60 million over the next five years. First steelmaking coal production from these mining areas is planned for early 2018. In 2015, our Fording River Operations was granted all the necessary permits to begin mining the Swift area of Greenhills Ridge, which will extend the life of the mine by approximately 25 years.

New five-year collective labour agreements were reached in 2016 at Fording River and Elkview operations, and a four-year agreement was ratified at Coal Mountain Operations.

In 2016, our steelmaking coal business unit accounted for 44% of revenue and 53% of gross profit before depreciation and amortization.

($ in millions)	**2016**	2015	2014
Revenues	**$ 4,144**	$ 3,049	$ 3,335
Gross profit before depreciation and amortization (1)	**$ 2,007**	$ 906	$ 920
Gross profit	**$ 1,379**	$ 200	$ 208
Production (million tonnes)	**27.6**	25.3	26.7
Sales (million tonnes)	**27.0**	26.0	26.2

Note:
(1) Gross profit before depreciation and amortization is a non-GAAP financial measure. See “Use of Non-GAAP Financial Measures” section for further information.

Operations

Gross profit before depreciation and amortization increased in 2016, primarily due to higher steelmaking coal prices. Our average realized selling price in 2016 increased to US$115 per tonne, compared with US$93 per tonne in 2015 and US$115 per tonne in 2014. The results of our steelmaking coal business unit for 2016 were strongly affected by a dramatic increase in prices in the fourth quarter.

Sales volumes of 27.0 million tonnes in 2016, a new record high, were 1.0 million tonnes higher than in 2015, mainly due to strong market conditions arising from a combination of tightness in supply and robust demand in all market areas.

Our 2016 production of 27.6 million tonnes was up 2.3 million tonnes from 2015, primarily due to strong production performance from the business unit. We set a new production record with annual records at our Elkview and Line Creek operations.

The cost of product sold in 2016, before transportation, depreciation and one-time collective agreement settlement charges, was $43 per tonne, compared with $45 per tonne in 2015. This cost reduction was achieved through significantly increased production rates, the impacts of initiatives undertaken to improve

productivity, improved maintenance and supply management, and lower energy prices, partially offset by the strengthening U.S. dollar on some inputs. During the fourth quarter, we incurred one-time labour settlement charges of $49 million as a result of new collective agreements at Fording River and Elkview operations.

Capital spending in 2016 included $38 million for sustaining capital, $33 million for major enhancements to increase productive capacity and $277 million on stripping activities.

Elk Valley Water Management

We continue to implement the water quality management measures required by the Elk Valley Water Quality Plan (the "Plan"), which was approved in the fourth quarter of 2014 by the B.C. Minister of Environment.

In 2016, we spent approximately $40 million towards implementation of the Plan and, in 2017, we expect to spend approximately $100 million.

Our West Line Creek active water treatment facility is operating consistent with design parameters and in compliance with permit limits. We are continuing to investigate an issue regarding selenium compounds in effluent. Work is ongoing to assess the potential implications of this issue and, if associated environmental impacts are identified, modifications to operating parameters or facilities may be required. The cost of modifications may be material. Permitting of future mine expansions may be delayed, and design and construction of additional water treatment facilities will likely be delayed while we determine the significance of the issue and how to address it. We are reviewing the design of the proposed Fording River active water treatment facility, the next facility contemplated by the Plan to ensure that the same selenium compound issue does not arise.

We expect that, in order to maintain water quality, water treatment will need to continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring of the regional environment to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provide for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental implications or technical issues or advances associated with potential treatment technologies that could increase or decrease both capital and operating costs associated with water quality management.

Rail

Rail transportation of product from our five steelmaking coal mines in southeast B.C. to Vancouver port terminals is provided under a 10-year agreement with Canadian Pacific Railway (CP Rail) that expires March 31, 2021. Most of Teck's eastbound coal deliveries to North American customers are shipped pursuant to an agreement with CP Rail. The remaining portion of Teck's eastbound coal deliveries are shipped via the Burlington Northern Santa Fe (BNSF) railway. Our Cardinal River Operations in Alberta is served by Canadian National Railway, which transports our product to ports on the west coast.

Ports

We maintain access to terminal loading capacity in excess of our planned 2017 shipments. Neptune Bulk Terminals, in which we have a 46% ownership interest, received the final permit required for execution of a project to expand steelmaking coal throughput capacity. Work is now underway to update engineering, which was previously suspended in 2013, to increase throughput capacity to approximately 18.5 million tonnes. The potential for greater throughput is being studied. If sanctioned in 2017, the project is scheduled to be completed by early 2020.

In addition, our contract with Westshore Terminals provides us with 19 million tonnes of annual capacity through to March 2021, and we have contracted capacity at Ridley Terminals near Prince Rupert to provide for steelmaking coal shipments from our Cardinal River Operations in Alberta.

Sales

Our steelmaking coal marketing strategy is focused on maintaining and building relationships with our traditional customers while establishing new customers in markets where we anticipate long-term growth in steel production and demand for seaborne steelmaking coal. In 2016, we continued to focus our marketing in areas with the greatest demand growth, increasing sales to India and Vietnam, as well as increasing sales volume to areas such as Japan, Korea and Taiwan.

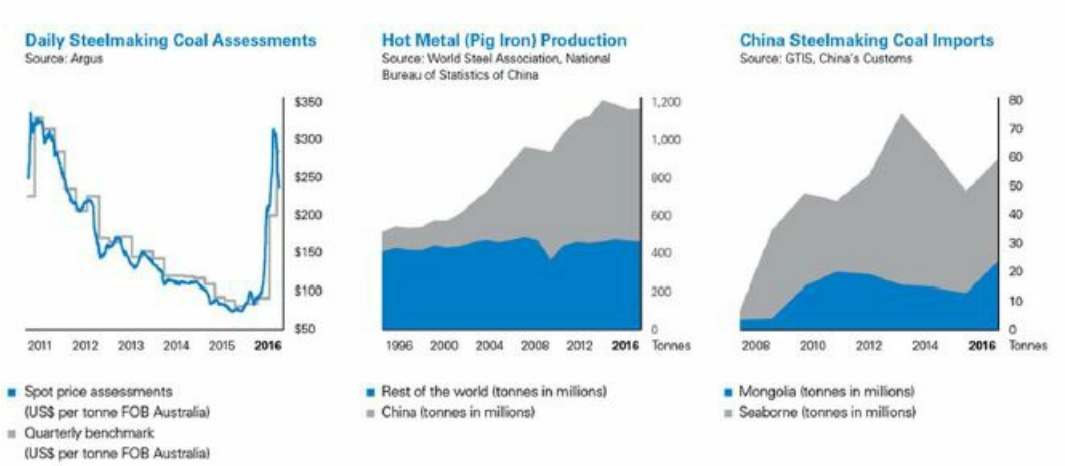
Markets

In late 2016, there was a dramatic increase in steelmaking coal prices due to tightness in supply. This was the result of numerous factors, including: the implementation of production curtailments that began in 2014 that have depleted global production capacity and inventories, a reduction in Chinese domestic production resulting from the implementation of a 276-day operating policy for steelmaking coal mines, production disruptions at key Australian mines, and increased seaborne demand from most market areas.

The benchmark price for our highest-quality products increased from US$81 per tonne in early 2016 to US$285 per tonne for the first quarter of 2017. Spot price assessments trended up for most of 2016, starting after the Lunar New Year holiday in China. After a short correction in May, price assessments resumed their progression upwards from June and exceeded US$200 in mid-September, crossing US$300 in early November and then fell in December. As of mid-February 2017, spot price assessments have dropped below the reported benchmark level by more than 45% at approximately US$155 per tonne. The proportion of our steelmaking coal sales priced on a spot basis remained stable in 2016 at approximately 60% of total volumes.

Market expectations are that global steel production and demand for steelmaking coal will continue to increase in 2017, but there is uncertainty on where prices will ultimately settle. The high price environment observed from September to November 2016 encouraged increased supply from existing producers and a number of mine restarts. While it is unclear how long the price correction that started in December will last, we are well positioned and prepared to be highly successful in numerous future market scenarios.

The following graphs show key metrics affecting steelmaking coal sales: spot price assessments and quarterly benchmark pricing, hot metal production (each tonne of hot metal, or pig iron, produced requires approximately 650–700 kilograms of steelmaking coal), and China's steelmaking coal imports by source.



Outlook

Steelmaking coal production in 2017 is expected to be between 27 and 28 million tonnes. As in prior years, annual volumes produced will be adjusted if necessary to reflect market demand for our products. Meeting this production target will require adequate rail and port service. Assuming that current market conditions persist, production from 2018 to 2020 is expected to remain similar to 2017, despite the closure of the Coal Mountain Operations in late 2017 as reserves become depleted in the current mining area.

We are expecting sales volumes in the first quarter of 2017 to be approximately 6.0 million tonnes. As steel mills draw down on inventories built up in the fourth quarter, we are expecting sales to be weighted towards the back of the quarter, with the result that we expect our first quarter realized price to be approximately 75% of the benchmark price. Our sales volumes in the first quarter of each year are typically lower than other quarters in the year due to winter weather-related issues and Lunar New Year holidays in China.

Vessel nominations for quarterly contract shipments are determined by customers and final sales and average prices for the quarter will depend on product mix, market direction for spot priced sales and timely arrival of vessels, as well as the performance of the rail transportation network and port loading facilities. Poor rail performance in the fourth quarter of 2016 and in 2017 to date has reduced port inventories and has required production cutbacks as mine inventories reached critical levels at some sites.

We intend to replace the approximately 2.25 million tonnes of annual steelmaking coal production from Coal Mountain by increasing production at our other Elk Valley mines. We received permits in the latter half of 2016 to commence mining in new areas at the Fording River, Elkview and Greenhills operations, which will extend the lives of these mines and allow us to increase production. This will require some investment in the processing plants and the transfer of mining assets from Coal Mountain in order to develop the recently permitted mining areas at each of the sites. The strip ratios in these new areas will be higher as they are developed and we may require some additional mining capacity to balance coal production targets.

With this additional mining activity, we expect our site costs in 2017 to be in the range of $46 to $50 per tonne (US$35 to US$39). This range is higher than in 2016, primarily as the result of the efforts described above to maintain total production after the closure of Coal Mountain, which will require use of additional equipment and labour. We also anticipate increased costs for inputs, including diesel. Additionally, as we did

in the fourth quarter of 2016, we plan to spend funds as required to maximize production and sales in the current market environment, while maintaining appropriate cost discipline.

Transportation costs in 2017 are expected to be approximately $35 to $37 per tonne (US$27 to US$29).

Strip ratios vary as mining progresses, and with the accelerated mining activity as described above, we expect our overall mining costs to increase from 2016 levels and a higher proportion of mining costs are expected to relate to capitalized stripping as we enter into the new mining areas at Fording River, Elkview, Greenhills and Line Creek operations in preparation for the mine life extensions. As a result, we expect an increase in capitalized stripping from $277 million in 2016 to $430 million in 2017.

Capital spending planned for 2017 also includes $140 million for sustaining capital and $120 million for major enhancement projects, the latter of which largely relates to the initial development costs to enter into the new mining areas mentioned above at our Elk Valley operations.

Copper

In 2016, we produced 324,200 tonnes of copper from our Highland Valley Copper Operations in B.C., our 22.5% interest in Antamina in Peru, and our Quebrada Blanca and Carmen de Andacollo operations in Chile. Copper production fell 9% from 2015, primarily due to lower grades and recoveries at Highland Valley Copper, partially offset by higher grades and recoveries at Antamina.

In 2016, our copper operations accounted for 22% of our revenue and 21% of our gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization(1)			Gross Profit (Loss)		
($ in millions)	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
Highland Valley Copper	**$ 750**	$ 999	$ 943	**$ 268**	$ 449	$ 419	**$ 86**	$ 278	$ 265
Antamina	**627**	634	659	**409**	412	450	**305**	304	373
Carmen de Andacollo	**401**	442	504	**86**	86	164	**(211)**	(141)	(16)
Quebrada Blanca	**229**	288	375	**24**	(19)	118	**9**	(4)	67
Duck Pond	**–**	53	96	**–**	(3)	16	**–**	(17)	(21)
Other	**–**	6	9	**1**	6	10	**1**	6	10
Total	**$ 2,007**	$ 2,422	$ 2,586	**$ 788**	$ 931	$ 1,177	**$ 190**	$ 426	$ 678

Note:
(1) Gross profit before depreciation and amortization is a non-GAAP financial measure. See “Use of Non-GAAP Financial Measures” section for further information.

	Production			Sales		
(000’s tonnes)	**2016**	2015	2014	**2016**	2015	2014
Highland Valley Copper	**119**	152	121	**122**	150	124
Antamina	**97**	88	78	**95**	87	78
Carmen de Andacollo	**73**	73	72	**73**	72	74
Quebrada Blanca	**35**	39	48	**35**	40	49
Duck Pond	**–**	6	14	**–**	8	13
Total	**324**	358	333	**325**	357	338

Operations

Highland Valley Copper

Highland Valley Copper Operations is located in south-central B.C. We increased our interest in the mine to 100% in the third quarter of 2016 by acquiring the remaining 2.5% minority stake. Gross profit before depreciation and amortization was $268 million in 2016, compared to $449 million in 2015 and $419 million in 2014, resulting from lower metal prices and a decline in sales volumes, despite significant operating cost reductions. Highland Valley Copper’s 2016 production was 119,300 tonnes of copper in concentrate, compared to 151,400 tonnes in 2015 and 121,500 tonnes in 2014. The decrease was primarily due to lower copper grades and lower recoveries, partially offset by higher mill throughput. Molybdenum production was 59% higher in 2016 at 5.4 million pounds, compared to 3.4 million pounds in 2015, primarily due to higher grades.

Ore is currently mined from the Valley, Lornex and Highmont pits. The transition to mining more of the lower grade Lornex ores progressed during the final quarter of 2016 as the current high-grade phase of the Valley pit was exhausted.

Our labour agreement at Highland Valley Copper expired at the end of the third quarter of 2016 and negotiations are ongoing.

As anticipated in the mine plan, production at Highland Valley Copper will vary significantly over the next few years due to significant fluctuations in ore grades and hardness in the three active pits. The production plan relies primarily on Lornex ore in 2017, supplemented by the similarly low-grade Highmont pit and lower grade sources in the Valley pit, which is now in a heavier stripping phase over the next three to four years. Copper production in 2017 is anticipated to be between 95,000 and 100,000 tonnes, with lower production in the first half of the year, before gradually recovering in 2018 and 2019. Annual copper production from 2018 to 2020 is expected to be between 115,000 and 135,000 tonnes per year. Copper production is anticipated to return to above life of mine average levels of 140,000 tonnes per year after 2020, through to the end of the current mine plan in 2026. Molybdenum production in 2017 is expected to be approximately 9.0 to 9.5 million pounds contained in concentrate, before declining to approximately 7.0 million pounds contained in concentrate annually from 2018 to 2020.

Antamina

We have a 22.5% share interest in Antamina, a copper-zinc mine in Peru. The other shareholders are BHP Billiton plc (33.75%), Glencore plc (33.75%) and Mitsubishi Corporation (10%). In 2016, our share of gross profit before depreciation and amortization was $409 million, compared with $412 million in 2015 and $450 million in 2014. Gross profit in 2016 remained similar to a year ago as higher production and sales levels were offset by lower copper prices.

Antamina's copper production (100% basis) in 2016 was 431,100 tonnes, compared to 390,600 tonnes in 2015, with the increase primarily as a result of higher grades and recovery. Zinc production decreased by 16% to 198,000 tonnes in 2016, primarily due to a lower portion of copper-zinc ore processed, partially offset by higher zinc grades and recoveries. Molybdenum production totalled 10.3 million pounds, which was 134% higher than in 2015, due to higher grades.

Pursuant to a long-term streaming agreement made in 2015, Teck has agreed to deliver an equivalent to 22.5% of payable silver sold by Compañía Minera Antamina S.A., using a silver payability factor of 90%, to a subsidiary of Franco-Nevada Corporation (FNC). FNC pays a cash price of 5% of the spot price at the time of each delivery. In 2016, approximately 4.4 million ounces of silver were delivered under the agreement. After 86 million ounces of silver have been delivered under the agreement, the stream will be reduced by one-third.

In January 2016, a new labour agreement was ratified that expires in the third quarter of 2018.

Our 22.5% share of Antamina's 2017 production is expected to be in the range of 88,000 to 92,000 tonnes of copper, 75,000 to 80,000 tonnes of zinc and approximately 2.0 million pounds of molybdenum in concentrate. Our share of copper production is expected to be between 90,000 and 100,000 tonnes from 2018 to 2020. Zinc production is expected to remain strong as the mine enters a phase with high zinc grades and a higher proportion of copper-zinc ore processed. Our share of zinc production is anticipated to average 80,000 tonnes per year during the same 2018 to 2020 period; however, annual production will fluctuate due

to feed grades and the amount of copper-zinc ore processed, as anticipated in the mine plan. Our share of annual molybdenum production is expected to be between 2.5 and 3.0 million pounds between 2018 and 2020.

Carmen de Andacollo

We have a 90% interest in the Carmen de Andacollo mine in Chile, which is located in the Coquimbo Region of central Chile. The remaining 10% is owned by Empresa Nacional de Minería (ENAMI), a state-owned Chilean mining company. Gross profit before depreciation and amortization was $86 million in 2016, the same as in 2015, and $164 million in 2014. Despite lower copper prices in 2016, gross profit was unchanged as a result of our cost reduction initiatives.

Carmen de Andacollo produced 69,500 tonnes of copper contained in concentrate in 2016, similar to 2015. Copper cathode production was 3,700 tonnes in 2016, compared with 4,700 tonnes in 2015. Gold production, on a 100% basis, of 53,300 ounces was 12% higher than production of 47,600 ounces in 2015, with 100% of the gold produced for the account of RGLD Gold AG (RGLDAG), a wholly owned subsidiary of Royal Gold, Inc., pursuant to an agreement made in 2015. RGLDAG pays a cash price of 15% of the monthly average gold price at the time of each delivery.

Consistent with the mine plan, copper grades are expected to continue to gradually decline in 2017 and in future years, which we expect to largely offset with planned throughput improvements in the mill. Carmen de Andacollo's production in 2017 is expected to be similar to 2016 and in the range of 68,000 to 72,000 tonnes of copper in concentrate and 3,000 to 4,000 tonnes of copper cathode. Copper concentrate production is expected to be in the range of 65,000 to 70,000 tonnes for the subsequent three-year period, with cathode production volumes uncertain past 2017, although there is potential to extend.

Quebrada Blanca

Quebrada Blanca is located in the Tarapacá Region of northern Chile. We own a 76.5% interest in Quebrada Blanca. The other shareholders are Inversiones Mineras S.A. (13.5%) and ENAMI (10%). ENAMI's interest is a carried interest and, as a result, ENAMI is generally not required to contribute further funding to Quebrada Blanca. The operation mines ore from an open pit and leaches the ore to produce copper cathodes via a conventional solvent extraction and electrowinning (SX-EW) process.

Quebrada Blanca's gross profit before depreciation and amortization was $24 million in 2016, compared with a gross loss before depreciation and amortization of $19 million in 2015 and a gross profit before depreciation and amortization of $118 million in 2014. The improvement in 2016 was primarily due to significant reductions in operating costs compared to 2015, partially offset by lower copper prices and declining copper cathode production and sales volumes.

In 2016, Quebrada Blanca produced 34,700 tonnes of copper cathode, compared to 39,100 tonnes in 2015, with the reduction primarily as a result of ore availability and declining ore grades as the supergene deposit is depleted.

During the third quarter of 2016, we received our updated environmental permits for the existing facilities. During the first quarter of 2017, the agglomeration circuit will be halted with all remaining supergene ore sent to the dump leach circuit, further reducing operating costs, although with a longer leaching cycle. Work is continuing on optimizing the mine plan based on the lower operating cost profile and current copper price. Opportunities to recover additional copper from previously processed material continue to be evaluated.

In February 2017, we extended the life of two of the three labour agreements at Quebrada Blanca into the first quarter of 2019, leaving only one labour agreement expiring in 2017 at the end of November.

We expect production of approximately 20,000 to 24,000 tonnes of copper cathode in 2017. Future production plans will depend on copper prices and further cost reduction efforts, although we currently anticipate cathode production to continue until mid-2019 at reduced cathode production rates as the supergene deposit is exhausted.

Quebrada Blanca Phase 2

In early 2017, we completed an updated feasibility study on our Quebrada Blanca Phase 2 project, which incorporates recent project optimization and certain scope changes, including a revised tailings facility located closer to the mine. This project has the potential to be a large-scale, long-life copper asset for Teck in the stable mining jurisdiction of Chile, with a large resource base and the potential to significantly extend the mine life beyond the feasibility case. The project is expected to generate strong economic returns with all-in cash costs very well placed on the cost curve. Sustaining capital is expected to be quite low for this project due to the low strip ratio and shorter initial mine life of 25 years, hence a reduced need for replacement mobile equipment. Annual tailings construction costs are included as operating costs, with minimal sustaining capital requirements. Major process equipment as well as infrastructure, such as the water supply pipeline from the coast, have been designed to last the life of mine without significant capital investment. The project is currently undergoing environmental permitting, with permit approval anticipated in early 2018.

The updated study estimates a capital cost for the development of the project on a 100% basis of US$4.7 billion (in first quarter of 2016 dollars, not including working capital or interest during construction), of which our funding share would be US$4.0 billion. This compares to the 2012 feasibility study estimate of US$5.6 billion (in January 2012 dollars).

The study is based upon an initial mine life of 25 years, consistent with the capacity of the new tailings facility. The mine plan includes 1.259 billion tonnes of proven and probable mineral reserves grading 0.51% copper and 0.019% molybdenum. The project scope includes the construction of a 140,000 tonne-per-day concentrator and related facilities connected to a new port facility and desalination plant by 165 kilometre-long concentrate and desalinated water pipelines.

The project contemplates annual production of 275,000 tonnes of copper and over 7,700 tonnes of molybdenum in concentrate for the first full five years of mine life. On the basis of copper equivalent production of approximately 301,000 tonnes per year over the first full five years of mine life this equates to a capital intensity of less than US$16,000 per annual tonne.

As part of the regulatory process, we submitted the Social and Environmental Impact Assessment to the Region of Tarapacá Environmental Authority in the third quarter of 2016. A decision to proceed with development would be contingent upon regulatory approvals and market conditions, among other considerations. Given the timeline of the regulatory process, we do not expect to be in a position to consider such a decision before mid-2018. Assuming a mid-2018 full construction start, the project schedule anticipates first ore processed in the latter half of 2021.

NuevaUnión (formerly Project Corridor)

In October 2016, work began on a pre-feasibility study concurrently with early and ongoing engagement with Indigenous Peoples and non-Indigenous communities to gather feedback and help inform project design. In

addition, the first environmental baseline campaign was completed in December 2016. Planned 2017 activities include 16,750 metres of technical drilling on the Relincho and La Fortuna (El Morro) deposits in support of the studies. We expect to complete the pre-feasibility study at the end of the third quarter of 2017.

Other Copper Projects

In 2016, we completed a prefeasibility study at the Zafranal copper-gold project, located in southern Peru. The project is held by Compañía Minera Zafranal S.A.C. In January 2017, we increased our ownership of Compañía Minera Zafranal S.A.C. to 80% through an acquisition of all of the outstanding shares of AQM Copper Inc., not already owned by us. The remaining 20% share is held by Mitsubishi Materials Corporation. Additional drilling and a feasibility study are planned to start in 2017 along with additional community engagement activities, environmental studies and archeological studies, and permitting work necessary to prepare and submit an Environmental Impact Assessment.

Markets

Copper prices on the London Metal Exchange (LME) averaged US$2.21 per pound in 2016, down US$0.28 per pound or 11% from the average of 2015. Copper was the worst performer of all the LME metals through the first 10 months of 2016, before rebounding in early November back above US$2.50 per pound.

Global demand for copper metal grew by 2.0% in 2016 to reach an estimated 22.3 million tonnes. Copper consumption growth was lower than initially projected, but at 2.0% was higher than the 1.3% growth rate in 2015. Stronger than expected construction and automotive growth have partially offset declines in manufacturing. Demand growth in both the U.S. and Europe was above previous forecasts on better automotive sales, while a stronger U.S. dollar has had an impact on U.S. manufacturing exports. The availability of copper scrap remains constrained, with imports of scrap into China down an estimated 8% in 2016.

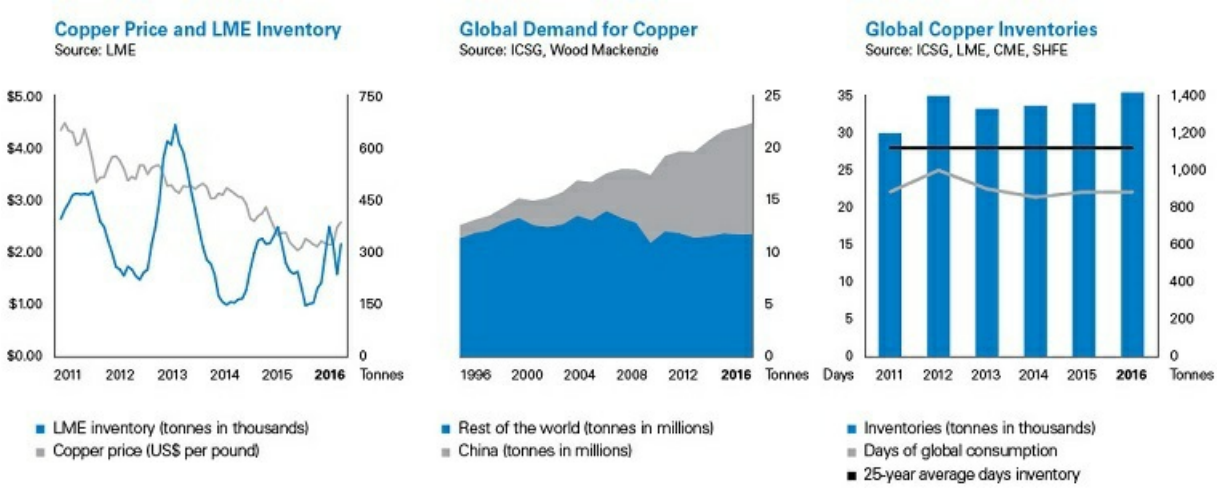
Copper stocks on the LME rose by 36% to 322,000 tonnes in 2016, while Shanghai stocks fell by 18% to 147,000 tonnes and COMEX warehouse stocks increased 18% to 76,000 tonnes. Combined exchange stocks increased 66,850 tonnes during the year and ended the year at 544,200 tonnes. Total reported global stocks — including producer, consumer, merchant and terminal stocks — stood at an estimated 22 days of global consumption versus the 25-year average of 28 days.

In 2016, global copper mine production increased 3.8% to reach 19.9 million tonnes. Operational issues at copper mines had less of an impact on mine production in 2016 than in years past, with estimates of only 2.7% net production lost over initial projections. While the pace of disruptions increased in the second half of 2016, several mines achieved higher than projected output during the year by adjusting mine plans, high-grading, and increasing throughput to keep costs down. Mine production growth is expected to slow in 2017 after two years of above-trend growth. According to *Metal Bulletin*, copper spot treatment charges have fallen from US$103 per tonne in July 2016 to US$83 per tonne by the end of the year. Market fundamentals remain positive over the medium to long term, with supply constrained by lower grades, ongoing operational difficulties, and project delays or deferrals due to low prices during most of 2016.

In China, estimated copper mine production in 2016 fell 4.5% compared to 2015 levels, while refined production increased 13.1% over the previous year. This was achieved through a 27% increase in imported concentrates into China in the first 11 months of 2016, setting a new record for concentrate imports of 4.4 million tonnes of copper contained in concentrate.

Wood Mackenzie, a commodity research consultancy, is forecasting a 0.7% decrease in base case global mine production in 2017 to 19.8 million tonnes. Scrap supply is expected to remain constrained through 2017 following a year of weak manufacturing production.

With global copper metal demand projected by Wood Mackenzie to increase by 2.1% in 2017, projected supply is now expected to be slightly below demand, placing the refined market in a small deficit in 2017.



Outlook

We expect 2017 copper production to be in the range of 275,000 to 290,000 tonnes, a decline of approximately 13% from 2016 production levels. The lower production is primarily due to continued lower grades and recoveries at Highland Valley Copper and further planned production declines at Quebrada Blanca as it nears the end of its life for the supergene deposit.

In 2017, we expect our copper unit costs to be in the range of US$1.75 to US$1.85 per pound before margins from by-products and US$1.40 to US$1.50 per pound after by-products based on current production plans, by-product prices and exchange rates.

We expect copper production to be in the range of 280,000 to 300,000 tonnes from 2018 to 2020.

Zinc

We are one of the world's largest producers of mined zinc, primarily from our Red Dog Operations in Alaska, as a co-product from the Antamina copper mine in northern Peru, and from our Pend Oreille mine in Washington state. Our metallurgical complex in Trail, B.C. is one of the world's largest integrated zinc and lead smelting and refining operations. In total, we produced 661,600 tonnes of zinc in concentrate, while our Trail Operations produced a record 311,600 tonnes of refined zinc in 2016.

In 2016, our zinc business unit accounted for 34% of revenue and 26% of gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization(1)			Gross Profit (Loss)		
($ in millions)	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
Red Dog	**$ 1,444**	$ 1,220	$ 1,240	**$ 749**	$ 600	$ 638	**$ 668**	$ 537	$ 574
Trail Operations	**2,049**	1,847	1,699	**241**	205	142	**178**	124	76
Pend Oreille	**77**	47	–	**–**	(9)	–	**(10)**	(15)	–
Other	**7**	7	11	**(6)**	9	(1)	**(6)**	9	(1)
Inter-segment	**(430)**	(337)	(275)	**–**	–	–	**–**	–	–
Total	**$ 3,147**	$ 2,784	$ 2,675	**$ 984**	$ 805	$ 779	**$ 830**	$ 655	$ 649

Note:
(1) Gross profit before depreciation and amortization is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.

	Production			Sales		
(000's tonnes)	**2016**	2015	2014	**2016**	2015	2014
Refined zinc						
Trail Operations	**312**	307	277	**312**	308	277
Contained in concentrate						
Red Dog	**583**	567	596	**600**	613	594
Pend Oreille	**34**	31	–	**34**	31	–
Copper business unit(1)	**45**	60	64	**43**	62	63
Total	**662**	658	660	**677**	706	657

Note:
(1) Includes zinc production from Antamina and Duck Pond (closed in 2015).

Operations

Red Dog

Red Dog Operations, located in northwest Alaska, is one of the world's largest zinc mines. Red Dog's gross profit before depreciation and amortization in 2016 was $749 million, compared with $600 million in 2015 and $638 million in 2014. Gross profit increased from a year ago, primarily due to higher zinc and lead prices.

In 2016, zinc production at Red Dog increased to 583,000 tonnes compared to 567,000 tonnes in 2015, primarily due to increased mill throughput with softer ores processed. Lead production in 2016 rose to 122,300 tonnes, compared to 117,600 tonnes in 2015, primarily due to higher mill throughput.

Planned activities in 2017 will include an US$18 million exploration drilling program, with associated study work focused on extending the life of Red Dog past 2031. In addition, a feasibility study is in progress that aims to increase the mill throughput rate to help offset future grade declines and harder ores anticipated in the current mine plan.

Red Dog's location exposes the operation to severe weather and winter ice conditions, which can significantly affect production, sales volumes and operating costs. In addition, the mine's bulk supply deliveries and all concentrate shipments occur during a short ocean shipping season that normally runs from early July to late October. This short shipping season means that Red Dog's sales volumes are usually higher in the last six months of the year, resulting in significant variability in its quarterly profit, depending on metal prices.

In accordance with the operating agreement governing the Red Dog mine between Teck and NANA Regional Corporation, Inc. (NANA), we pay a 30% royalty on net proceeds of production to NANA. This royalty increases by 5% every fifth year to a maximum of 50%, with the next adjustment to 35% occurring in October 2017. The NANA royalty charge in 2016 was US$213 million, compared with US$137 million in 2015. NANA has advised us that it ultimately shares approximately 64% of the royalty, net of allowable costs, with other Regional Alaska Native corporations pursuant to section 7(i) of the *Alaska Native Claims Settlement Act*.

A payment in lieu of taxes (PILT) agreement between Teck Alaska and the North West Arctic Borough (the last regional municipality) expired December 31, 2015. Prior to the expiry of the PILT agreement, the Borough enacted a new tax ordinance, imposing a severance tax that would have significantly increased local taxes paid by Teck Alaska. Teck Alaska filed a legal complaint challenging the legality of the severance tax and seeking to compel the Borough to engage in good faith negotiations with respect to a new PILT agreement. Early in 2017, Teck Alaska and the Borough agreed on a term sheet, with respect to the terms of a new 10-year PILT agreement. Under the terms contemplated by the term sheet, PILT payments to the Borough, based on the assessed property value of the mine, would increase by approximately 30%. In addition, Teck Alaska would make annual payments based on mine profitability to a separate fund aimed at social investment in villages in the region. This agreement is subject to approvals by the Borough and Teck Alaska and will not be effective until a definitive PILT agreement and related documents are settled.

Red Dog's production of contained metal in 2017 is expected to be in the range of 545,000 to 565,000 tonnes of zinc and 110,000 to 115,000 tonnes of lead. From 2018 to 2020, Red Dog's production of contained metal is expected to be in the range of 500,000 to 525,000 tonnes of zinc and 85,000 to 115,000 tonnes of lead.

Pend Oreille

Pend Oreille, located in Washington state, achieved zinc production of 34,100 tonnes in 2016, compared to 30,700 tonnes in 2015.

The current mine plan sustains the operation through to early 2018, although there is still significant potential to extend the mine life. We identified high-potential areas in the currently producing East Mine area and initiated a major exploration and drilling program during 2016, which will continue in 2017.

We expect 2017 production to be between 35,000 and 40,000 tonnes of zinc in concentrate. Production rates beyond 2017 are uncertain, although the potential exists to extend the mine life at similar rates for several more years.

Trail Operations

Our Trail Operations in B.C. is one of the world's largest fully integrated zinc and lead smelting and refining complexes. It also produces a variety of precious and specialty metals, chemicals and fertilizer products. Teck also has a two-thirds interest in the Waneta hydroelectric dam as well as 100% ownership of the related transmission system. The Waneta Dam provides low-cost, clean, renewable power to the metallurgical operations.

Trail Operations contributed $241 million to gross profits before depreciation and amortization in 2016, compared with $205 million in 2015 and $142 million in 2014. The increase was primarily due to higher zinc prices and record production in 2016.

Refined zinc production in 2016 was an annual record of 311,600 tonnes, compared with 307,000 tonnes the previous year, primarily due to higher plant availability. Refined lead production also set a new annual record of 99,200 tonnes, up from 83,500 tonnes in 2015. Silver production rose slightly to 24.2 million ounces in 2016 from 23.5 million ounces in 2015.

Our recycling process treated 45,500 tonnes of material during the year, and we plan to treat about 43,000 tonnes in 2017. Our focus remains on treating lead acid batteries and cathode ray tube glass, plus small quantities of zinc alkaline batteries and other post-consumer waste through our recycling program.

In November 2016, we announced that we would invest $174 million in the installation of a second new acid plant to improve efficiency and environmental performance at Trail Operations. Construction is expected to start in the first quarter of 2017, with the plant becoming operational in the summer of 2019.

In 2017, we expect Trail Operations to produce in the range of 300,000 to 305,000 tonnes of refined zinc, approximately 95,000 tonnes of refined lead and 23 to 25 million ounces of silver. Zinc and lead production from 2018 to 2020 is expected to remain at similar levels, while silver production is dependent on the amount of silver contained in the purchased concentrates.

Other Zinc Projects

In October 2016, we announced an agreement to increase our interest to 100% in the Teena/Reward zinc project by acquiring the outstanding 49% interest held by Rox Resources Limited. The transaction closed in the first quarter of 2017. Teena is located eight kilometres west of the McArthur River Mine in the Northern Territory of Australia.

Markets

Zinc prices on the LME averaged US$0.95 per pound for the year, up US$0.08 per pound or 8.6% from the 2015 average.

Global mine production fell by 6.7% in 2016 to 12.3 million tonnes of contained zinc, while global smelter production fell by 0.2% to 13.7 million tonnes. As a result, we believe that the global concentrate market recorded a significant deficit in 2016, equivalent to 6.8% of global mine production. According to Wood Mackenzie, zinc spot treatment charges fell from US$200 per tonne in 2015 to US$40 per tonne by the end of 2016.

In China, estimated zinc mine production in 2016 remained relatively flat over 2015, with Wood Mackenzie

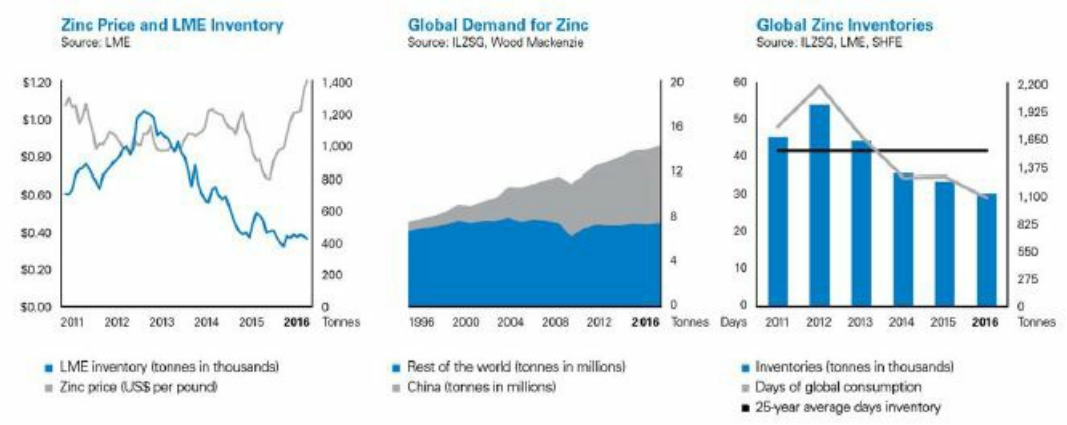
estimating an increase of 1.7% to 4.2 million tonnes. Chinese smelter production is estimated to have increased 17% in 2016 to just over 6.9 million tonnes. China had been able to import 50% more concentrates in 2015 over 2016, building stockpiles for their new smelter capacity. In 2016, Chinese concentrate imports dropped 41%, forcing Chinese smelters to draw down on the 2015 stocks as the concentrate market tightened.

In 2016, global refined zinc metal demand increased 2.7% over 2015 levels to 14.3 million tonnes. During 2016, trade actions by the U.S. government against subsidized -imports of coated steels from several countries, including China, Italy and South Korea, have resulted in a 13% reduction in imports of galvanized steel sheet into the U.S., helping to increase demand for refined zinc in our key North American markets.

LME stocks fell by 36,550 tonnes in 2016, a 7.9% decline from 2015 levels, finishing the year at 427,850 tonnes and then dropping below 400,000 tonnes in January 2017. We estimate that total reported global stocks — which include producer, consumer, merchant and terminal stocks — fell by approximately 87,700 tonnes in 2016 and, at year-end, were 1.1 million tonnes, representing an estimated 29 days of global demand, compared to the 25-year average of 42 days.

Wood Mackenzie estimates that refined zinc production will be limited to a 3% increase over 2016 levels, to 14.1 million tonnes, and that the refined metal market will remain in deficit with global consumption estimated to grow by 2% to 14.6 million tonnes. Global zinc mine production is expected to grow to 13.6 million tonnes, largely attributable to Indian mine production returning to normal levels in 2017, higher zinc production from Antamina, an 8% increase in Chinese mine production, and the potential restart of the Glencore zinc mines in the second half of 2017. Global smelter capacity will increase in 2017; however, refined production of zinc metal will again be limited by a lack of concentrates, despite the increases to mine production noted above.

Wood Mackenzie is also forecasting an increase in global zinc refined metal demand in 2017 of 2.1% to 14.6 million tonnes, keeping the refined market in deficit and further reducing global stockpiles of zinc metal.



Outlook

We expect zinc in concentrate production in 2017, including co-product zinc production from our copper business unit, to be in the range of 660,000 to 680,000 tonnes.

For the 2018 to 2020 period, we expect total zinc in concentrate production to be in the range of 580,000 to 605,000 tonnes excluding Pend Oreille, which has an uncertain production profile beyond 2017.

Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include a 20% interest in the Fort Hills oil sands project, a 100% interest in the Frontier oil sands project and a 50% interest in various other oil sands leases in the exploration phase, including the Lease 421 Area.

Our proved and probable reserves totalled 573 million barrels from Fort Hills, and our best estimate of unrisked contingent bitumen resources totalled 3.2 billion barrels from Frontier at the end of 2016. These valuable long-term assets are located in a politically stable jurisdiction and are expected to be mined using conventional technologies that build on our core skills in large-scale truck and shovel operations.

We recognize that there are concerns over the potential environmental effects of developing oil sands projects. We are researching methods to improve extraction and processing to enhance the sustainability of our projects. We are proud to be one of the founding members of Canada's Oil Sands Innovation Alliance (COSIA) and are encouraged by the progress of the industry towards improving environmental performance, reducing water consumption, improving tailings management, and increasing land reclamation and revegetation.

The disclosure regarding our oil sands assets includes references to reserves and contingent bitumen resource estimates. Further information about these resource estimates, the related risks and uncertainties, and contingencies that prevent the classification of resources as reserves is set out on page 51 under the heading "Contingent Resource Disclosure". For further information about these reserve estimates, see our most recent Annual Information Form, which is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and under cover of Form 40-F on the EDGAR section of the Securities Exchange Commission (SEC) website at www.sec.gov.

Fort Hills Oil Sands Project

The Fort Hills oil sands project is located in northern Alberta. We hold a 20% interest in the Fort Hills Energy Limited Partnership (Fort Hills Partnership), which owns Fort Hills, with 29.2% held by Total E&P Canada Ltd. (Total) and the remaining 50.8% held by Suncor Energy Inc. (Suncor). An affiliate of Suncor is the operator of the project.

Suncor has provided an update regarding its recently completed review of schedule, project costs and throughput. Suncor advises that the review, at this advanced stage of project development, provides a high degree of confidence on schedule and project costs to completion. A review of the plant throughput conducted in parallel has confirmed the steady state production target and expected ramp up. Suncor has announced an 8% increase in the nameplate capacity to 194,000 barrels per day (100% basis). We anticipate an average production rate of 186,000 barrels per day over the life of the project.

Construction at the end of 2016 has surpassed 76% of completion, with two of the six major project areas (mining and infrastructure) turned over to operations. All major plant equipment and materials are on-site, and all major vessels and process modules have been installed. Shovels, trucks and equipment are mobilizing for operations. As at December 31, 2016, 58% of operations personnel have been hired. Our share of capital expenditures for 2016 was $987 million.

The project remains on track to produce first oil in late 2017. The majority of project scope areas are progressing in line with the original plan and budget, but effects of the 2016 Fort McMurray wild fire, as well as productivity challenges, have caused an increase in the capital cost estimate for the secondary extraction facility. The revised total project capital forecast is approximately 10% above the project sanction estimate, excluding foreign exchange impacts. Our share of project capital costs through to completion (including foreign exchange) is now expected to be $805 million, of which approximately $640 million will be spent in 2017. We recorded an impairment charge of $222 million in our fourth quarter results that was triggered by an increase in the expected development costs for the project.

Oil production from the first of three secondary extraction units is still expected by the end of 2017. The other two secondary extraction units are scheduled to be completed and commissioned in the first half of 2018, and it is expected that production will reach 90% nameplate capacity by the end of 2018. Suncor is also exploring the opportunity to reduce the ramp-up period.

Frontier Project

We hold a 100% interest in the Frontier project, which is located in northern Alberta. A federal-provincial hearing panel is reviewing the environmental impact assessment for the project and other information filed to date. The regulatory application review process for Frontier is continuing, with a federal-provincial hearing panel reviewing information filed to date. This process is expected to continue through 2017, making 2018 the earliest a federal decision statement is expected. Our expenditures on Frontier are limited to supporting this process. We are evaluating the future project schedule and development options as part of our ongoing capital review and prioritization process.

As of December 31, 2016, our best estimate of unrisked contingent bitumen resources for the Frontier project is approximately 3.2 billion barrels. The project has been designed for a total nominal production of approximately 260,000 barrels per day of bitumen. The Frontier contingent resources have been subcategorized as “development pending” and “economically viable”. There is uncertainty that it will be commercially viable to produce any portion of the resources.

Lease 421 Area

We hold a 50% interest in the Lease 421 Area, which is located east of the Fort Hills project in northern Alberta. To date, a total of 89 core holes have been completed in the Lease 421 Area.

Wintering Hills Wind Power Facility

Wintering Hills Wind Power Facility is located near Drumheller, Alberta. At December 31, 2016, we held a 49% interest in Wintering Hills with TransAlta Corporation, the current project operator, holding the remaining 51%. In January 2017, we announced that we had entered into an agreement to sell our interest in Wintering Hills for $59 million. TransAlta has also agreed to sell its interest pursuant to the same agreement. The transaction is expected to close in the first quarter of 2017. Following closing, we will retain 265,000 tonnes of CO_2-equivalent offset credits earned during our ownership of the operation that will be used to reduce emissions from our Cardinal River Operations. During the sale process, we recorded a $19 million charge ($26 million pre-tax) to earnings in the third quarter of 2016 to write down our investment in Wintering Hills to the expected net realizable value.

Exploration

Throughout 2016, we conducted exploration around the world through our eight regional offices. Expenditures of $51 million in 2016 were focused on copper, zinc and gold.

Exploration plays three critical roles at Teck: discovery of new orebodies through early stage exploration and acquisition; pursuit, evaluation and acquisition of development opportunities; and delivery of geoscience solutions and services to create value at our existing mines and development projects.

Our copper exploration is focused primarily on porphyry copper deposits and, during 2016, we continued to advance porphyry copper projects in Canada, Chile, Peru, the United States and Turkey. Significant exploration work was again focused in and around our existing operations and advanced projects in 2016. In 2017, we plan to drill several early stage copper projects, and we will continue to explore around our existing operations and advanced projects.

Zinc exploration remains focused on four areas: the Red Dog mine district in Alaska, western Canada, northeastern Australia, and Ireland. In Alaska, Australia and Canada, the targets are large, high-grade, sediment-hosted deposits similar to major world-class deposits such as Red Dog in Alaska and Century or McArthur River in Australia. We continued to drill on the Noatak project near our existing Red Dog mine, where we completed 11 kilometres of drilling on high-quality targets with continued good results. Exploration programs will continue in these regions in 2017.

We have ongoing exploration for, and partnerships in, gold opportunities. Our plan is to explore, find and advance gold resources through targeted exploration in select jurisdictions. Once an opportunity has been recognized, the strategy is to optimize that opportunity or asset through further definition drilling and engineering studies, then capture value through periodic divestitures. Our current exploration efforts and drill testing for gold are primarily focused in Turkey, Canada and Peru.

In addition to exploring for copper, zinc and gold, we continue to support our steelmaking coal operations by providing exploration and geoscience services to our existing operations and projects.

Financial Overview

Financial Summary

($ in millions, except per share data)	2016	2015	2014
Revenues and profit			
Revenues	**$ 9,300**	$ 8,259	$ 8,599
Gross profit before depreciation and amortization (1)	**$ 3,781**	$ 2,645	$ 2,879
Gross profit	**$ 2,396**	$ 1,279	$ 1,535
EBITDA(1)	**$ 3,350**	$ (1,633)	$ 2,348
Profit (loss) attributable to shareholders	**$ 1,040**	$ (2,474)	$ 362
Cash flow			
Cash flow from operations	**$ 3,056**	$ 1,962	$ 2,278
Property, plant and equipment expenditures	**$ 1,416**	$ 1,581	$ 1,498
Capitalized production stripping costs	**$ 477**	$ 663	$ 715
Investments	**$ 114**	$ 82	$ 44
Balance sheet			
Cash balances	**$ 1,407**	$ 1,887	$ 2,029
Total assets	**$ 35,629**	$ 34,688	$ 36,839
Debt, including current portion	**$ 8,343**	$ 9,634	$ 8,441
Per share amounts			
Profit (loss) attributable to shareholders	**$ 1.80**	$ (4.29)	$ 0.63
Dividends declared per share	**$ 0.10**	$ 0.20	$ 0.90

Note:
(1) Gross profit before depreciation and amortization and EBITDA are non-GAAP financial measures. See “Use of Non-GAAP Financial Measures” section for further information.

Our revenue and profit depend on the prices for the commodities we produce, sell and use in our production processes. Commodity prices are determined by the supply of and demand for those commodities, which are influenced by global economic conditions. We normally sell the products that we produce at prevailing market prices or, in the case of steelmaking coal, at negotiated prices under term contracts or on a spot basis. Prices for our products can fluctuate significantly and that volatility can have a material effect on our financial results.

Foreign exchange rate movements can also have a significant effect on our results and cash flows, as a substantial portion of our operating costs are incurred in Canadian and other currencies, and most of our revenue and debt are denominated in U.S. dollars. We determine our financial results in local currency and report those results in Canadian dollars and, accordingly, our reported operating results and cash flows are affected by changes in the Canadian dollar exchange rate relative to the U.S. dollar, as well as the Peruvian sol and Chilean peso.

In 2016, our profit attributable to shareholders was $1.0 billion, or $1.80 per share. This compares with a loss of $2.5 billion or $4.29 per share in 2015, and a profit of $362 million or $0.63 per share in 2014. The changes are due mainly to varying commodity prices and sales volumes, partially offset by the effect of the strengthening U.S. dollar and our cost reduction initiatives. The results from 2015 also include $2.7 billion of after-tax impairment charges.

Our profit over the past three years has included items that we segregate for presentation to investors so that

the ongoing profit of the company may be more clearly understood. These are described below and summarized in the table that follows.

In 2016, we recorded an impairment of our investment in the Fort Hills oil sands project as a result of increased development costs. We also recorded asset impairments relating to a project at our Trail Operations and our interest in the Wintering Hills Wind Power Facility. These non-cash charges totalled $294 million on a pre-tax basis and $217 million on an after-tax basis.

In 2015, we recorded asset and goodwill impairment charges on a number of our operating assets, including our investment in the Fort Hills project, the Carmen de Andacollo copper mine, the Pend Oreille zinc mine and a number of our steelmaking coal mines, as a result of lowered expectations for commodity prices in both the short and long term. These non-cash charges totalled $3.6 billion on a pre-tax basis and $2.7 billion on an after-tax basis. In 2014, the only unusual item was a $58 million tax charge as a result of a Chilean tax reform bill being signed into law.

The table below shows the effect of these items on our profit.

($ in millions, except per share data)	**2016**	2015	2014
Profit (loss) attributable to shareholders as reported	**$ 1,040**	$ (2,474)	$ 362
Add (deduct) the after-tax effect of:			
Asset sales and provisions	**(53)**	(107)	13
Foreign exchange (gains) losses	**(45)**	80	8
Debt repurchase gains	**(44)**	–	–
Debt prepayment options gain	**(84)**	–	–
Collective agreement charges	**42**	10	–
Impairments	**217**	2,691	7
Tax items and other items	**30**	(12)	62
Adjusted profit(1)	**$ 1,103**	$ 188	$ 452
Adjusted earnings per share(1)	**$ 1.91**	$ 0.33	$ 0.78

Note:
(1) Adjusted profit and adjusted earnings per share are non-GAAP financial measures. See “Use of Non-GAAP Financial Measures” section for further information.

Cash flow from operations in 2016 was $3.1 billion, compared with $2.0 billion in 2015 and $2.3 billion in 2014. The changes in cash flow from operations are mainly due to varying commodity prices and sales volumes, offset to some extent by changes in the currency exchange rates.

At December 31, 2016, our cash balance was $1.4 billion. Total debt was $8.3 billion and our net-debt to net-debt-plus-equity ratio was 28% at December 31, 2016, compared with 32% at December 31, 2015 and 25% at the end of 2014.

Gross Profit

Our gross profit is made up of our revenue less the operating, depreciation and amortization expenses at our producing operations. Income and expenses from our business activities that do not produce commodities for sale are included in our other operating income and expenses or in our non-operating income and expenses.

Our principal commodities are steelmaking coal, copper and zinc, which accounted for 44%, 20% and 19% of revenue respectively in 2016. Silver and lead are significant by-products of our zinc operations, accounting

for 7% and 6%, respectively, of our 2016 revenue. We also produce a number of other by-products, including molybdenum, various specialty metals, and chemicals and fertilizers, which in total accounted for 4% of our revenue in 2016.

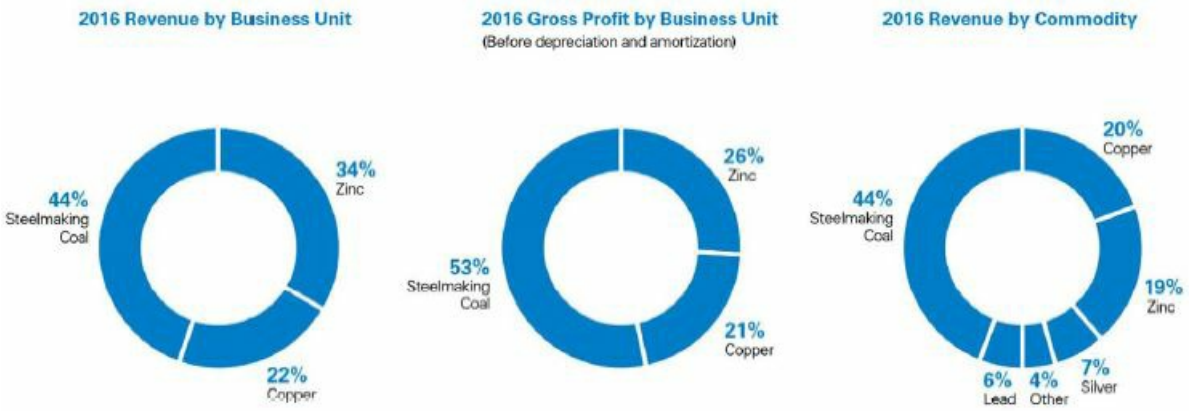
Our revenue is affected by sales volumes, which are determined by our production levels and by demand for the commodities we produce, commodity prices and currency exchange rates.

Our revenue was $9.3 billion in 2016, compared with $8.3 billion in 2015 and $8.6 billion in 2014. The increase in 2016 revenue was due mainly to higher steelmaking coal and zinc prices, higher sales volumes of steelmaking coal and zinc, and a stronger U.S. dollar. The reduction in 2015 over 2014 was due mainly to lower commodity prices and marginally lower sales volumes of steelmaking coal, partially offset by a stronger U.S. dollar.

Our cost of sales includes all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased for our Trail Operations' refining and smelting activities, royalties, and marketing and distribution costs required to sell and transport our products to various delivery points. Our cost of sales also includes depreciation and amortization expense. Due to the geographic locations of many of our operations, we are highly dependent on third parties for the provision of rail, port and other distribution services. In certain circumstances, we negotiate prices and other terms for the provision of these services where we may not have viable alternatives to using specific providers, or may not have access to regulated rate-setting mechanisms or appropriate remedies for service failures. Contractual disputes, demurrage charges, rail and port capacity issues, availability of vessels and railcars, weather problems and other factors can have a material effect on our ability to transport materials from our suppliers and to our customers in accordance with schedules and contractual commitments.

Our costs are dictated mainly by our production volumes, by the costs for labour, operating supplies and concentrate purchases, and by strip ratios, haul distances, ore grades, distribution costs, commodity prices, foreign exchange rates and costs related to non-routine maintenance projects. Production volumes mainly affect our variable operating and our distribution costs. In addition, production affects our sales volumes and, when combined with commodity prices, affects profitability and, ultimately, our royalty expenses.

Our cost of sales was $6.9 billion in 2016, compared with $7.0 billion in 2015 and $7.1 billion in 2014. Despite higher sales volumes, our cost of sales decreased in 2016 from 2015, primarily due to our cost reduction program, partly offset by the stronger U.S. dollar and its effect on costs at our foreign operations. Comparing 2015 with 2014, lower costs were due primarily to our cost reduction program and the staggered three-week shutdowns at our steelmaking coal operations, partly offset by the stronger U.S. dollar.



Other Expenses

($ in millions)	2016	2015	2014
General and administration	**$ 99**	$ 108	$ 119
Exploration	**51**	76	60
Research and development	**30**	47	29
Asset impairments	**294**	3,631	12
Other operating expense (income)	**197**	335	267
Finance income	**(16)**	(5)	(4)
Finance expense	**354**	316	304
Non-operating expense (income)	**(239)**	89	21
Share of losses (income) of associates	**(2)**	2	3
	$ 768	$ 4,599	$ 811

Our general and administrative costs were reduced a further $9 million in 2016, following an $11 million reduction in 2015. The 17% decrease over the two years is the result of cost reduction measures at our head office.

We must continually replace our reserves as they are depleted in order to maintain production levels over the long term. We try to do this through our exploration and development programs and through acquisition of interests in new properties or in companies that own them. Exploration for minerals and oil is highly speculative and the projects involve many risks. The vast majority of exploration projects are unsuccessful and there are no assurances that current or future exploration programs will find deposits that are ultimately brought into production.

Our research and development expenditures are primarily focused on advancing our proprietary CESL hydrometallurgical technology, the development of internal and external growth opportunities, and the development and implementation of process and environmental technology improvements at operations.

During 2016, we recorded an impairment of our investment in the Fort Hills oil sands project as a result of increased development costs. We also recorded asset impairments relating to a project at our Trail Operations and our interest in the Wintering Hills Wind Power Facility. These charges totalled $294 million on a pre-tax basis and $217 million on an after-tax basis and primarily related to Fort Hills. The economic model used in determining the amount of impairment charges to record for Fort Hills used the current price in the initial year and transitioned to a longer-term price in years three to five. The long-term assumption used in the Fort Hills model for Western Canadian Select (WCS) oil price was US$57 per barrel. A 5.5% real, 7.6% nominal, post-tax discount rate was used to discount the Fort Hills cash flow projections. The discount rate is based on the weighted average cost of capital for an oil sands peer group.

During 2015, we recorded asset and goodwill impairment charges on a number of our operating assets, including our investment in the Fort Hills project, the Carmen de Andacollo copper mine, the Pend Oreille zinc mine and a number of our steelmaking coal mines. These charges totalled $3.6 billion on a pre-tax basis and $2.7 billion on an after-tax basis. The write-downs were triggered primarily by lowered expectations for commodity prices in both the short- and long-term. The key inputs used in determining the recoverable amounts of these assets are outlined on pages 36 to 40 in this Management's Discussion and Analysis.

The impairment charges were as follows:

($ in millions)	2016	2015	2014
Steelmaking coal operations and goodwill	**$ –**	$ 2,032	$ –
Copper — Carmen de Andacollo and goodwill	**–**	506	–
Zinc — Pend Oreille	**–**	31	–
Energy — Fort Hills	**222**	1,062	–
Other	**72**	–	12
	$ 294	$ 3,631	$ 12

Other operating income and expenses include items we consider to be related to the operation of our business, such as final pricing adjustments (which are further described in the next paragraph), share-based compensation, gains or losses on commodity derivatives, gains or losses on the sale of operating or exploration assets, and provisions for various costs at our closed properties. Significant items in 2016 included $171 million expense for share-based compensation, $153 million of positive pricing adjustments, $106 million change in our decommissioning and reclamation provisions, $48 million charge for take-or-pay contracts and $38 million of environmental costs. Significant items in 2015 included $280 million of negative pricing adjustments, $49 million of environmental costs and $13 million for share-based compensation. Significant items in 2014 included $130 million of negative pricing adjustments, $52 million of environmental costs and $12 million for share-based compensation.

Sales of metals in concentrate or copper cathodes are recognized in revenue on a provisional pricing basis when the rights, obligations, risks and benefits of ownership pass to the customer, which usually occurs upon shipment. However, final pricing is typically not determined until a subsequent date, often in the following quarter. Revenue in a quarter is based on prices at the date of sale. These pricing adjustments result in gains in a rising price environment and losses in a declining price environment, and are recorded as other operating income or expense. The extent of the pricing adjustments also takes into account the actual price participation terms as provided in certain concentrate sales agreements. It should be noted that these effects arise on the sale of concentrates, as well as on the purchase of concentrates at our Trail Operations.

The following table outlines our outstanding receivable positions, which were provisionally valued at December 31, 2016 and 2015, respectively.

	Outstanding at December 31, 2016		Outstanding at December 31, 2015	
(payable pounds in millions)	**Pounds**	**US$/lb.**	Pounds	US$/lb.
Copper	**114**	**2.50**	257	2.13
Zinc	**231**	**1.17**	162	0.73

Our finance expense includes the interest expense on our debt, financing fees and amortization, and the interest components of our pension obligations and accretion on our decommissioning and restoration provisions, less any interest that we capitalize against the cost of our development projects. Debt interest expense increased in 2016 due to the effect of the stronger U.S. dollar, as all of our debt and related interest expense is U.S. dollar denominated. In addition, fees for our letters of credit increased in 2016. These items were partially offset by an increase of our capitalized interest, which totalled $266 million in 2016, compared

with $222 million in 2015.

Non-operating income (expense) includes items that arise from financial and other matters and includes such items as foreign exchange gains or losses, debt refinancing costs, gains or losses on the revaluation of debt prepayment options, and realized gains or losses on marketable securities. In 2016, other non-operating expenses included $113 million of gains on debt prepayment options, $46 million of foreign exchange gains, $49 million of gains on debt repurchases and $34 million of gains on sale of investments. In 2015, other non-operating expenses included $21 million for provisions on marketable securities and $76 million of foreign exchange losses. In 2014, other non-operating expenses included $8 million for provisions on marketable securities and $9 million of foreign exchange losses.

Provision for income and resource taxes was $587 million, or 36% of pre-tax profits. This rate is higher than the Canadian statutory rate of 26% primarily as a result of resource taxes, higher rates in foreign jurisdictions, inclusive of the newly enacted Peruvian corporate tax increases, and the tax impact of impairments. These were partially reduced by the lower effective tax rate on the gain on debt purchases. Due to available tax pools, we are currently shielded from cash income taxes, but not resource taxes, in Canada. We remain subject to cash taxes in foreign jurisdictions.

Profit attributable to non-controlling interests relates to the ownership interests that are held by third parties in our Quebrada Blanca, Carmen de Andacollo and Elkview operations.

Financial Position and Liquidity

Our financial position and liquidity have improved from our strong position at the beginning of the year. At December 31, 2016, we had $1.4 billion of cash and US$3.0 billion of unused lines of credit, providing us with $5.4 billion of liquidity.

Our outstanding debt was $8.3 billion at December 31, 2016, compared with $9.6 billion at the end of 2015 and $8.4 billion at the end of 2014. The decrease is due primarily to the US$759 million of notes that we repurchased and retired in September and October of 2016. A further US$34 million was repaid in January 2017. In total, in just over 12 months, we have retired approximately US$1.1 billion of our term notes to take the principal outstanding to US$6.1 billion.

Our debt positions and credit ratios are summarized in the following table:

	December 31, 2016	December 31, 2015	December 31, 2014
Term notes face value	**$ 6,141**	$ 6,900	$ 7,200
Unamortized fees and discounts	**(50)**	(61)	(68)
Other	**122**	122	144
Total debt (US$ in millions)	**$ 6,213**	$ 6,961	$ 7,276
Canadian $ equivalent(1)	**$ 8,343**	$ 9,634	$ 8,441
Less cash balances	**(1,407)**	(1,887)	(2,029)
Net debt	**$ 6,936**	$ 7,747	$ 6,412
Debt to debt-plus-equity ratio(2)(3)	**32%**	37%	31%
Net-debt to net-debt-plus-equity ratio(2)	**28%**	32%	25%
Average interest rate	**5.7%**	4.8%	4.8%

Notes:
(1) Translated at period end exchange rates.
(2) Non-GAAP financial measure. See “Use of Non-GAAP Financial Measures” section for further information.
(3) Our revolving credit facility requires us to maintain a debt to debt-plus-equity ratio not greater than 50%.

At December 31, 2016, the weighted average maturity of our consolidated indebtedness is approximately 13 years and the weighted average coupon rate is approximately 5.7%.

Our primary sources of liquidity and capital resources are our cash and temporary investments, cash flow provided from operations, and funds available under our committed and uncommitted bank credit facilities, of which approximately US$3.2 billion is currently available. Further information about our liquidity and associated risks is outlined in Notes 16 and 26 to our 2016 annual consolidated financial statements.

Our cash position decreased from $1.9 billion at the end of 2015 to $1.4 billion at December 31, 2016. Significant outflows included $987 million for our share of the Fort Hills project and amounts associated with the purchase of US$759 million of notes during 2016.

We maintain various committed and uncommitted credit facilities for liquidity and for the issuance of letters of credit. Our US$3.0 billion revolving credit facility matures in July 2020 and has a letter of credit sub-limit of US$1.0 billion. There were no drawings on this facility in 2016 and it remains fully available as at February 23, 2017.

We also have a US$1.2 billion facility, of which US$1.14 billion matures in June 2019 and US$60 million matures in June 2017. As at December 31, 2016, there are US$981 million of letters of credit issued on this facility.

Borrowing under our primary committed credit facilities is subject to our compliance with the covenants in the agreement and our ability to make certain representations and warranties at the time of the borrowing request.

In addition to our two primary revolving committed credit facilities, we also maintain surety bond capacity and uncommitted bilateral credit facilities with various banks and with Export Development Canada for the issuance of letters of credit, primarily to support our future reclamation obligations. At December 31, 2016, these bilateral credit facilities totalled $1.4 billion and $1.1 billion of letters of credit were issued thereunder,

and our surety bond capacity was $250 million, with $214 million outstanding.

The cost of funds under certain of our credit facilities depends on our credit ratings. Our current credit ratings from Moody's, S&P, Fitch and DBRS are Ba3, BB, BB (high) and B+, respectively. Moody's rating has a positive outlook, S&P's outlook is stable, and Fitch and DBRS have negative outlooks.

Under the terms of the silver streaming agreement relating to Antamina, if there is an event of default under the agreement or Teck insolvency, Teck Base Metals Ltd., our subsidiary that holds our interest in Antamina, is restricted from paying dividends or making other distributions to Teck to the extent that there are unpaid amounts under the agreement.

On February 21, 2017, we commenced cash tender offers to purchase up to US$650 million aggregate principal amount of the following series of notes: 3.000% Notes due 2019; 8.000% Notes due 2021; 4.500% Notes due 2021; 4.750% Notes due 2022; and 8.500% Notes due 2024. In conjunction with the tender offers, we are soliciting consents from holders of certain of the notes to amend the indentures governing those notes to shorten the minimum notice period for optional redemption. The tender offers and consent solicitations are scheduled to expire on March 20, 2017, and may expire earlier in certain circumstances. We have reserved the right to amend, extend, terminate and otherwise modify the tender offers and consent solicitations.

Operating Cash Flow

Cash flow from operations was $3.1 billion in 2016, compared with $2.0 billion in 2015 and $2.3 billion in 2014. The increase in 2016 compared to 2015 was mainly due to varying commodity prices and sales volumes, offset to some extent by changes in currency exchange rates. The decrease in 2015 compared to 2014 was due mainly to lower gross profits at our steelmaking coal and copper operations from lower commodity prices, particularly steelmaking coal.

Investing Activities

Capital expenditures were $1.9 billion in 2016, as summarized in the table below:

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	**Total**
Steelmaking coal	$ 38	$ 33	$ –	$ 71	$ 277	**$ 348**
Copper	106	8	69	183	156	**339**
Zinc	142	–	4	146	44	**190**
Energy	5	–	1,005	1,010	–	**1,010**
Corporate	6	–	–	6	–	**6**
	$ 297	$ 41	$ 1,078	$ 1,416	$ 477	**$ 1,893**

The largest components of sustaining capital included $85 million at Trail Operations, $61 million for our share of spending at Antamina, $46 million at Red Dog Operations and $38 million at our steelmaking coal operations.

Major enhancement expenditures included $33 million at our steelmaking coal operations to increase production capacity.

New mine development included $68 million for the Quebrada Blanca Phase 2 project, $987 million for our share of spending on the Fort Hills oil sands project and $18 million on the Frontier oil sands project.

Investments in 2016 and 2015 were $114 million and $82 million, respectively. Included in 2016 was our $33 million purchase of the remaining 2.5% minority interest stake in Highland Valley Copper Operations.

Cash proceeds from the sale of assets and investments were $170 million in 2016, $1.2 billion in 2015 and $34 million in 2014. Significant items in 2016 were proceeds of $122 million from the sale of marketable securities and various royalty interests.

Financing Activities

In June 2016, we made certain amendments to the terms of our US$1.2 billion credit facility, including a maturity extension from June 2017 to June 2019 for US$1.0 billion of commitments, with a further extension to 2019 for US$140 million obtained since then. Both of our committed credit facilities received guarantees from certain subsidiaries. These amendments are described in Note 16 to our annual consolidated financial statements. There were no amendments to the terms of our US$3.0 billion credit facility, which matures in July 2020.

Immediately following the amendments to the US$1.2 billion credit facility, we issued US$650 million of senior unsecured notes due June 2021 with a coupon of 8.00% and US$600 million of senior unsecured notes due June 2024 with a coupon of 8.50%. These notes are guaranteed on a senior unsecured basis by various wholly owned subsidiaries of Teck and are described in Note 16 to our annual consolidated financial statements.

The net proceeds from these issuances and available cash were used to finance the purchase of US$1.25 billion aggregate principal amount of our outstanding notes pursuant to cash tender offers. The purchased notes comprise US$266 million of 3.15% notes due 2017, US$284 million of 3.85% notes due 2017, US$478 million of 2.50% notes due 2018, and US$222 million of 3.00% notes due 2019. The tender offer is described in Note 16 in our annual consolidated financial statements.

In September and early October 2016, we purchased US$759 million aggregate principal amount of our outstanding notes through private and open market purchases at a total cost of US$693 million, which was funded from cash on hand. The principal amount of notes purchased was US$80 million of 3.75% notes due 2023, US$91 million of 6.125% notes due 2035, US$159 million of 6.00% notes due 2040, US$205 million of 6.25% notes due 2041, US$101 million of 5.20% notes due 2042, and US$123 million of 5.40% notes due 2043. The purchases are discussed further in Note 16 to our annual consolidated financial statements.

We repurchased 200,000 Class B subordinate voting shares for cancellation pursuant to normal course issuer bids at a cost of $5 million in 2014. We have not repurchased any shares since 2014 and our last normal course issuer bid expired on July 1, 2015.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	2016				2015			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**$ 3,557**	**$ 2,305**	**$ 1,740**	**$ 1,698**	$ 2,135	$ 2,101	$ 1,999	$ 2,024
Gross profit	**1,577**	**452**	**212**	**155**	281	339	311	348
EBITDA	**1,561**	**804**	**468**	**517**	(269)	(2,506)	596	546
Profit (loss) attributable to shareholders	**697**	**234**	**15**	**94**	(459)	(2,146)	63	68
Basic earnings (loss) per share	**$ 1.21**	**$ 0.41**	**$ 0.03**	**$ 0.16**	$ (0.80)	$ (3.73)	$ 0.11	$ 0.12
Diluted earnings (loss) per share	**$ 1.19**	**$ 0.40**	**$ 0.03**	**$ 0.16**	$ (0.80)	$ (3.73)	$ 0.11	$ 0.12
Cash flow from operations	**1,490**	**854**	**339**	**373**	693	560	335	374

Gross profit from our steelmaking coal business unit in the fourth quarter was $1.2 billion compared with $29 million a year ago. Gross profit before depreciation and amortization increased by $1.1 billion in the fourth quarter compared with the same period in 2015 due to significantly higher realized steelmaking coal prices.

Fourth quarter production of 7.3 million tonnes was 14% higher than the same period a year ago and set a second consecutive quarterly production record. Annual production of 27.6 million tonnes also represents an all-time production record. This performance in the quarter and year was the result of record fourth quarter production from four of our six operations and record annual production from Elkview, Greenhills and Line Creek. We also settled five-year collective agreements at Fording River and Elkview during the quarter.

Sales volumes of 6.9 million tonnes in the fourth quarter were 6% higher than the same period in 2015 and represented the third-highest quarterly sales in our history and best ever fourth quarter. Annual sales of 27.0 million tonnes also represents an all-time record high. This strong performance resulted from a combination of tightness in supply and robust demand in all market areas.

Gross profit in the fourth quarter from our copper business unit was $52 million compared with $76 million a year ago. Gross profit before depreciation and amortization from our copper business unit increased by $23 million in the fourth quarter compared with the same period in 2015. This was primarily due to successful cost reduction efforts and higher realized copper and by-product prices, which more than offset significantly lower sales volumes. In addition, due to the improving copper price environment and reduced unit costs, we reversed $23 million of previously recorded inventory write-downs in the quarter compared with $20 million of write-downs a year ago. These inventory adjustments were primarily related to Quebrada Blanca Operations.

Fourth quarter copper production decreased by 24% from a year ago primarily due to reduced production at Highland Valley Copper as a result of lower ore grades, as anticipated in the mine plan. Significant cost reduction efforts at our operations substantially reduced the effect of lower copper production on our cash unit costs, after by-product margins, which only increased by 6% to US$1.45 per pound compared with the same period in 2015.

Gross profit from our zinc business unit in the fourth quarter was $348 million compared with $176 million a year ago. Gross profit before depreciation and amortization from our zinc business unit increased by $181 million compared to the fourth quarter of 2015 primarily due to significantly higher zinc prices.

Zinc in concentrate production in the fourth quarter was 7% higher than the fourth quarter of 2015. A year-end inventory correction recorded in the quarter resulted in reported production being 8% lower than a year ago. Trail Operations set a new annual refined zinc production record, as refined zinc production continued to be strong in the fourth quarter and rose 2% compared to the same quarter in 2015 due to better plant availability and operational improvements.

During the fourth quarter of 2016, we recorded asset impairment charges primarily relating to our investment in the Fort Hills oil sands project. These charges totalled approximately $268 million on a pre-tax basis (after-tax $198 million), of which $222 million related to Fort Hills, but also include the write-off of costs relating to the halted fuming furnace project at Trail Operations.

Our profit attributable to shareholders was $697 million, or $1.21 per share, in the fourth quarter compared with a loss of $459 million, or $0.80 per share, in the same period a year ago, which included asset impairment charges on our investment in Fort Hills, and on our Coal Mountain and Carmen de Andacollo operations. These charges in 2015 totalled $736 million on a pre-tax basis and $536 million on an after-tax basis. The write-downs were triggered by lower market expectations for some future commodity prices and capital market conditions. In addition, profit in the fourth quarter of 2015 was lower due to substantially lower U.S. dollar prices for our primary products, partly offset by reduced operating costs and the positive effect of a stronger U.S. dollar. Declining metal prices resulted in after-tax negative pricing adjustments of approximately $42 million in the fourth quarter of 2015. We also had after-tax profits of $91 million derived from royalty sales and a gain on the formation of NuevaUnión (formerly Project Corridor).

Cash flow from operations was $1.5 billion in the fourth quarter compared with $693 million a year ago. This performance was a result of significantly higher realized steelmaking coal prices in the quarter and, to a lesser extent, higher zinc prices.

Outlook

Prices for our key commodities have recently improved and are contributing additional revenue and cash flows. Tight steelmaking coal supply and increased demand from steel mills during the fourth quarter of 2016 drove prices up rapidly. Steelmaking coal inventories are now being reduced, driving the large price correction, which started in December 2016. With increased supply from existing producers and a number of mine restarts, it is unclear how long the price correction will last. In addition, contributing to the volatility in steelmaking coal prices were changes in the Chinese government's working day policy for coal mines, future changes in that policy, or other Chinese government action, may have a significant positive or negative effect on steelmaking coal prices. Commodity markets have historically been volatile and prices can change rapidly, which we have seen recently with the sharp rise and fall in steelmaking coal prices since the third quarter of 2016, and customers can alter shipment plans. This volatility can have a substantial effect on our business. We are also significantly affected by foreign exchange rates. Over the past year, the U.S. dollar average has strengthened by approximately 4% against the Canadian dollar. This has had a positive effect on the profitability of our Canadian operations and translation of profits from our foreign operations. It will, to a lesser extent, put upward pressure on the portion of our operating costs and capital spending that is denominated in U.S. dollars.

Our labour agreement at Highland Valley Copper expired at the end of the third quarter, and negotiations are continuing. Our labour agreements at Trail Operations and at Cardinal River expire in May 2017 and June 2017, respectively. In February 2017, we extended the life of two of the three labour agreements at

Quebrada Blanca into the first quarter of 2019, leaving only one labour agreement expiring in 2017 at the end of November.

Commodity Prices and 2017 Production

Commodity prices are a key driver of our profit and cash flows. On the supply side, the depleting nature of ore reserves, difficulties in finding new orebodies, the permitting processes, the availability of skilled resources to develop projects, as well as infrastructure constraints, political risk and significant cost inflation may continue to have a moderating effect on the growth in future production for the industry as a whole. We believe that, over the longer term, the industrialization of emerging market economies will continue to be a major positive factor in the future demand for commodities. Therefore, we believe that the long-term price environment for the products that we produce and sell remains favourable.

The sensitivity of our annual profit attributable to shareholders and EBITDA to changes in the Canadian/U.S. dollar exchange rate and commodity prices, before pricing adjustments, based on our current balance sheet, our expected 2017 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.30, are as follows:

	2017 Mid-Range Production Estimates(1)	Change	Estimated Effect of Change On Profit(2)	Estimated Effect on EBITDA(2)
US$ exchange		CAD$0.01	$ 42 million	$ 68 million
Steelmaking coal (000's tonnes)	27,500	US$1/tonne	$ 21 million	$ 32 million
Copper (tonnes)	280,000	US$0.01/lb.	$ 5 million	$ 7 million
Zinc (tonnes)(3)	972,000	US$0.01/lb.	$ 9 million	$ 14 million

Notes:
(1) All production estimates are subject to change based on market and operating conditions.
(2) The effect on our profit attributable to shareholders and on EBITDA of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes. Our estimate of the sensitivity of profit and EBITDA to changes in the U.S. dollar exchange rate is sensitive to commodity price assumptions.
(3) Zinc includes 302,000 tonnes of refined zinc and 670,000 tonnes of zinc contained in concentrate.

The increase in our estimated foreign exchange sensitivity from previous estimates is primarily due to the effect of higher commodity prices, which are all denominated in U.S. dollars.

Our steelmaking coal production in 2017 is expected to be in the range of 27 to 28 million tonnes compared with 27.6 million tonnes produced in 2016. Our actual production will depend primarily on customer demand for deliveries of steelmaking coal. Depending on market conditions and the sales outlook, we may adjust our production plans.

Our copper production for 2017 is expected to decrease and be in the range of 275,000 to 290,000 tonnes compared with 324,200 tonnes produced in 2016. Copper production at Highland Valley Copper is expected to decline as a result of mining lower ore grades. Quebrada Blanca copper cathode production is expected to decline, as the agglomeration circuit will be halted, with all remaining supergene ore mined sent to the dump leach circuit. Our share of production from Antamina is anticipated to decline by approximately 7,000 tonnes due to a decrease in copper-only ore processed in 2017, while copper-zinc ore increases.

Our zinc in concentrate production in 2017 is expected to be in the range of 660,000 to 680,000 tonnes, compared with 661,600 tonnes produced in 2016. Red Dog's production is expected to decrease by approximately 28,000 tonnes primarily due to lower ore grades. Our share of Antamina's zinc production is expected to increase by 33,000 tonnes as a result of processing additional copper-zinc ores. Refined zinc

production in 2017 from our Trail Operations is expected to be in the range of 300,000 to 305,000 tonnes, compared with a record 311,600 tonnes produced in 2016.

Capital Expenditures

Our forecast approved capital expenditures for 2017, before capitalized stripping costs, are approximately $1.6 billion and are summarized in the table below. We expect to fund our 2017 capital expenditures from cash on hand and cash flow from operations.

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	**Total**
Steelmaking coal	$ 140	$ 120	$ –	$ 260	$ 430	**$ 690**
Copper	130	20	200	350	140	**490**
Zinc	210	15	20	245	50	**295**
Energy	50	–	675	725	–	**725**
Corporate	–	–	–	–	–	**–**
	$ 530	$ 155	$ 895	$ 1,580	$ 620	**$ 2,200**

New mine development includes $200 million for Quebrada Blanca Phase 2, $640 million for Fort Hills and $26 million for permitting activities on the Frontier oil sands project. In 2017, the planned sustaining capital expenditures for Fort Hills are spread across a number of areas in the project. The costs are associated with activities that will benefit the future development of the operation and technology initiatives, for example: tailings management technology and autonomous hauling. The amount and timing of actual capital expenditures is also dependent upon being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the projects to be completed as currently anticipated. We may change capital spending plans in 2017, depending on commodity markets, our financial position, results of feasibility studies and other factors.

Foreign Exchange and Debt Revaluation

The sales of our products are denominated in U.S. dollars, while a significant portion of our expenses are incurred in local currencies, particularly the Canadian dollar and the Chilean peso. Foreign exchange fluctuations can have a significant effect on our operating margins, unless such fluctuations are offset by related changes to commodity prices.

Our U.S. dollar denominated debt is subject to revaluation based on changes in the Canadian/U.S. dollar exchange rate. As at December 31, 2016, $5.4 billion of our U.S. dollar denominated debt is designated as a hedge against our foreign operations that have a U.S. dollar functional currency. As a result, any foreign exchange gains or losses arising on that amount of our U.S. dollar debt are recorded in other comprehensive income, with the remainder being charged to profit.

Other Information

Carbon Taxes

The Province of B.C. imposes a carbon tax on virtually all fossil fuels used in B.C. at a tax rate of $30 per tonne of CO_2-emission equivalent. For 2016, our seven B.C.-based operations incurred $48 million in provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas.

Following the adoption of the Paris Agreement in 2015, both the Provinces of B.C. and Alberta completed reviews of their climate change plans, including a re-examination of their primary carbon price policies, the Carbon Tax (B.C.) and the Specified Gas Emitters Regulation (Alberta). In 2016, the Province of B.C. announced a freeze in the carbon tax at the current rate until other jurisdictions in Canada raise their carbon prices to comparable levels. Additionally, the Province of Alberta announced an economy-wide carbon levy (excluding large industrial facilities) along with a 100 million-tonne GHG emissions cap on oil sands operations and a framework to address emission intensive, trade exposed industries.

Also in 2016, the Government of Canada announced a national pan-Canadian framework that includes a national floor price on carbon. Canadian provinces will be given until 2018 to implement a carbon pricing policy, starting with a minimum price of $10 per tonne in 2018, increasing $10 per year to $50 per tonne by 2022.

We will continue to assess the potential implications of the updated policies on our operations and projects.

Financial Instruments and Derivatives

We hold a number of financial instruments, derivatives and contracts containing embedded derivatives, which are recorded on our balance sheet at fair value with gains and losses in each period included in other comprehensive income and profit for the period as appropriate. The most significant of these instruments are marketable securities, commodity swap contracts, metal-related forward contracts, settlements receivable and payable, embedded debt prepayment options, and gold stream and silver stream embedded derivatives. Some of our gains and losses on metal-related financial instruments are affected by smelter price participation and are taken into account in determining royalties and other expenses. All are subject to varying rates of taxation, depending on their nature and jurisdiction. Further information about our financial instruments, derivatives and contracts containing embedded derivatives and associated risks is outlined in Note 26 to our 2016 annual consolidated financial statements.

Critical Accounting Estimates and Judgments

In preparing consolidated financial statements, management makes estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses across all reportable segments. Management makes estimates and judgments that are believed to be reasonable under the circumstances. Our estimates and judgments are based on historical experience and other factors we consider to be reasonable, including expectations of future events. Critical accounting estimates and judgments are those that could affect the consolidated financial statements materially, are highly uncertain and where changes are reasonably likely to occur from period to period. The judgments and other sources of estimation uncertainty that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are outlined below.

Impairment Testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. We consider both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. When impairment testing is required, discounted cash flow models are used to determine the recoverable amount of respective assets. These models are prepared internally with assistance from third-party advisors when required. When market transactions for comparable assets are available, these are considered in determining the recoverable amount of assets. Significant assumptions used in preparing

discounted cash flow models include commodity prices, reserves and resources, mine plans, operating costs, capital expenditures, discount rates, foreign exchange rates and inflation rates. These inputs are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges or reversals recorded in the income statement and the resulting carrying values of assets.

We allocate goodwill arising from business combinations to the cash-generating unit (CGU) or group of CGUs acquired that is expected to receive the benefits from the business combination. When performing annual goodwill impairment tests, we are required to determine the recoverable amount of each CGU or group of CGUs to which goodwill has been allocated. The recoverable amount of each CGU or group of CGUs is determined as the higher of its fair value less costs of disposal (FVLCD) and its value in use.

Year Ended December 31, 2016

In 2016, we performed our annual goodwill impairment testing at October 31 for our steelmaking coal operations and Quebrada Blanca, as these are the CGUs with goodwill balances. We did not identify any impairment losses for these CGUs in 2016 based on their FVLCD, which was calculated using a discounted cash flow methodology taking into account assumptions likely to be made by market participants.

Our annual goodwill impairment test resulted in the total recoverable amount of our steelmaking coal operations exceeding their carrying value by approximately $4.9 billion. The recoverable amount is most sensitive to the long-term steelmaking coal price assumption. The recoverable amount is based on a long-term steelmaking coal price of US$130 per tonne. An 11% decrease in the long-term price assumption would result in the recoverable amount of our steelmaking coal operations equalling their carrying value.

The recoverable amount of Quebrada Blanca exceeded the carrying amount at the date of our annual goodwill impairment test, and significant changes to key inputs would be required to result in the recoverable amount being equal to the carrying value.

During the year ended December 31, 2016, we recorded asset impairments of $294 million, of which $222 million related to the Fort Hills oil sands project, $46 million related to a project at our Trail Operations that will not be completed, and $26 million related to the Wintering Hills Wind Power Facility.

As a result of the changes in reported reserves and resources at Carmen de Andacollo and increased development costs associated with the Fort Hills oil sands project, we performed a detailed review of the recoverable amounts of these CGUs on a FVLCD basis using a discounted cash flow methodology and taking into account assumptions likely to be made by market participants as at December 31, 2016.

We have determined that the estimated recoverable amount of Carmen de Andacollo exceeded its carrying value as at December 31, 2016 and accordingly, no impairment charge was recorded.

We have estimated a post-tax recoverable amount for Fort Hills of $2.52 billion, which was lower than the carrying value as at December 31, 2016. Accordingly, we have recorded a pre-tax impairment of $222 million (after-tax $164 million) of the Fort Hills project.

The key inputs used to estimate the FVLCD of Carmen de Andacollo and Fort Hills as at December 31, 2016, were determined as follows:

Commodity Prices
Commodity price assumptions are based on a number of factors, including forward curves in the near term, and are benchmarked with external sources of information, including information published by our peers and, where possible, market transactions, to ensure they are within the range of values used by market participants.

Our key commodity price assumptions are based on a current price in the initial year and gradually escalated to an assumed real long-term price in 2021. For copper and WCS oil prices, we started with a 2016 current price in the initial year and gradually escalated that over the following three years, reaching real long-term prices in 2021 of US$3.00 per pound for copper and US$57 per barrel for oil.

Reserves and Resources
Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by appropriately qualified persons.

Operating Costs and Capital Expenditures
Operating costs and capital expenditures are based on life of mine plans and internal management forecasts. Cost estimates incorporate management experience and expertise, current operating costs, the nature and location of each operation, and the risks associated with each operation. Future capital expenditures are based on management's best estimate of expected future capital requirements, which are generally for the extraction and processing of existing reserves and resources. All committed and anticipated capital expenditures based on future cost estimates have been included in the projected cash flows. Operating cost and capital expenditure assumptions are continuously subjected to ongoing optimization and review by management.

Discount Rates
A 6.0% real, 8.1% nominal, post-tax discount rate was used to discount cash flow projections for Carmen de Andacollo as at December 31, 2016, based on a mining weighted average cost of capital.

A 5.5% real, 7.6% nominal, post-tax discount rate was used to discount cash flow projections for the Fort Hills project, based on an oil sands weighted average cost of capital.

Foreign Exchange Rates
Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. The long-term Canadian-U.S. dollar foreign exchange rate assumption used as at December 31, 2016 was CAD$1.25 to US$1.00.

Inflation Rates
Inflation rates are based on average historical inflation for the location of each operation and long-term government bond yields. The inflation rate for all FVLCD calculations as at December 31, 2016 was 2%.

Sensitivity Analysis
We noted impairment indicators at Carmen de Andacollo and Fort Hills and the recoverable amounts of the associated CGUs have been estimated. The recoverable amount of Carmen de Andacollo exceeded its carrying value and we did not record an impairment charge as at December 31, 2016. We have adjusted the carrying value of Fort Hills down to its recoverable amount as at December 31, 2016.

These recoverable amounts are most sensitive to changes in long-term copper and WCS oil prices, the Canadian-U.S. dollar exchange rates (for Fort Hills) and discount rates. The key inputs used in our

determination of recoverable amounts interrelate significantly with each other and with our operating plans. For example, a decrease in long-term commodity prices would result in us making amendments to the mine plans that would partially offset the effect of lower prices through lower operating and capital costs. It is difficult to determine how all of these factors would interrelate, but in estimating the effect of changes in these assumptions on fair values, we believe that all of these factors need to be considered together. In addition, variations in assumptions could potentially cause some assets to be fully written off and not be subject to further impairment. Therefore, once an asset is fully impaired, a further decrease in these assumptions does not necessarily correspond with a proportionate increase in a potential impairment charge and a linear extrapolation of these effects becomes less meaningful as the change in assumption increases.

Fort Hills has been written down to its recoverable amount. Ignoring the above-described interrelationships, in isolation a US$1 decrease per barrel in the long-term WCS oil price would result in an additional reduction in the recoverable amount of $120 million. A $0.01 strengthening of the Canadian dollar against the U.S. dollar would result in an additional reduction in the recoverable amount of $42 million. A 25 basis point increase in the discount rate would result in an additional reduction in the recoverable amount of approximately $120 million.

Carmen de Andacollo was written down to its recoverable amount as at December 31, 2015 and the estimated recoverable amount has not changed significantly since that date. Accordingly, the recoverable amount is sensitive to any change in the long-term copper price assumption or discount rate. Ignoring the above-described interrelationships, in isolation a US$0.01 decrease in the long-term copper price and a 25 basis point increase in the discount rate would result in a reduction in the recoverable amount of approximately $13 million and $19 million, respectively.

Year Ended December 31, 2015

In light of economics in the third and fourth quarters of 2015, we identified CGUs with carrying values that exceeded their estimated recoverable amounts and recorded impairments. The FVLCD was estimated using a discounted cash flow methodology taking into account assumptions likely to be made by market participants. For the year ended December 31, 2015, we recorded pre-tax impairment adjustments of $3.6 billion. The details of the impairment adjustments are outlined on page 26 of this Management's Discussion and Analysis.

The key inputs used to estimate the FVLCD of each CGU as at December 31, 2015, where applicable, were derived in the same manner as those noted above for our December 31, 2016 impairment testing and were as follows:

Commodity Prices

Our key commodity price assumptions were based on current prices over the first three years escalating to an assumed real long-term price. For steelmaking coal, copper, zinc and Western Canadian Select oil prices, we started with a 2015 current price in the initial year and gradually escalated that over the next three years, reaching real long-term prices in 2020 of US$130 per tonne for steelmaking coal, US$3.00 per pound for copper, US$1.00 per pound for zinc and US$60 per barrel for oil.

Discount Rates

A 6.2% real, 8.3% nominal, post-tax discount rate was used to discount cash flow projections in all of our FVLCD discounted cash flows as at December 31, 2015.

Foreign Exchange Rates
The long-term Canadian-U.S. dollar foreign exchange rate assumption used as at December 31, 2015 was CAD$1.25 to US$1.00.

Inflation Rates
The inflation rate for all FVLCD calculations as at December 31, 2015 was 2%.

Joint Arrangements

We are a party to a number of arrangements in which we do not have control. Judgment is required in determining whether joint control over these arrangements exists and, if so, which parties have joint control and whether each arrangement is a joint venture or joint operation. In assessing whether we have joint control, we analyze the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement over its life. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we generally consider decisions about activities such as managing the asset while it is being constructed, during its operating life and during the closure period. We may also consider other activities, including the approval of budgets, expansion and disposition of assets, financing, significant operating and capital expenditures, appointment of key management personnel, representation on the board of directors, and other items. When circumstances or contractual terms change, we reassess the control group and the relevant activities of the arrangement.

If we have joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether we have rights to the assets, and obligations for the liabilities, relating to the arrangement, or whether we have rights to the net assets of the arrangement. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give us rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances, we may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation. This conclusion requires judgment and is specific to each arrangement. We have applied the use of other facts and circumstances to conclude that Antamina and Fort Hills are joint operations for the purposes of our consolidated financial statements. The other facts and circumstances considered for both of these arrangements are the provisions for output to the parties of the joint arrangements. For both Antamina and Fort Hills, we will take our share of the output from the assets directly over the life of the arrangement. We have concluded that this, combined with other factors, gives us direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to our ownership interests.

Streaming Transactions

When we enter into long-term streaming arrangements linked to production at specific operations, judgment is required in assessing the appropriate accounting treatment of the transaction on the closing date and in future periods. We consider the specific terms of each arrangement to determine whether we have disposed of an interest in the reserves and resources of the respective operation. This assessment considers what the

counterparty is entitled to, and the associated risks and rewards attributable to them over the life of the operation, including the contractual terms related to the total production over the life of the arrangement as compared to the expected production over the life of the mine, the percentage being sold, the percentage of payable metals produced, the commodity price referred to in the ongoing payment, and any guarantee relating to the upfront payment if production ceases.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, and capital and production costs and recoveries, amongst other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing, and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could change the carrying value of assets, depreciation and impairment charges recorded in the income statement, and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

Current and Deferred Income Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of our financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, profit in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse, particularly in regard to the utilization of the tax loss carryforwards. We also evaluate the recoverability of deferred tax assets based on an assessment of our ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves and

resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. Judgment is also required on the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit.

Adoption of New Accounting Standards and Accounting Developments

Accounting Developments

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standard or interpretation in the annual period for which it is required.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15) as a result of a joint revenue project with the Financial Accounting Standards Board (FASB).

The new revenue standard introduces a single principles-based five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed, for the customer. The five steps are to: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers.

The standard initially had an effective date of January 1, 2017 but was subsequently deferred by one year to January 1, 2018. Early application of IFRS 15 is still permitted.

We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The July 2014 publication of IFRS 9 is the completed version of the standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosures. The IASB currently has a separate project on macro hedging activities; until the project is completed, the IASB has provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

Leases
In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and financial liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 and can be applied before that date, but only if IFRS 15 is also applied. We are currently assessing the effect of this standard on our financial statements.

Outstanding Share Data

As at February 23, 2017, there were 567,846,944 Class B subordinate voting shares and 9,353,470 million Class A common shares outstanding. In addition, there were 22,551,735 employee stock options outstanding, with exercise prices ranging between $4.15 and $58.80 per share. More information on these instruments and the terms of their conversion are set out in Note 21 to our 2016 consolidated financial statements.

Contractual and Other Obligations

($ in millions)	Less than 1 Year	2–3 Years	4–5 Years	More than 5 Years	**Total**
Principal and interest payments on debt	$ 538	$ 1,337	$ 2,423	$ 10,328	**$ 14,626**
Operating leases	56	42	24	6	**128**
Capital leases	34	26	11	64	**135**
Road and port lease at Red Dog (1)	24	47	47	291	**409**
Minimum purchase obligations(2)					
Concentrate, equipment, supply and other purchases	912	137	29	62	**1,140**
Shipping and distribution	342	545	506	247	**1,640**
Energy contracts	124	305	320	1,882	**2,631**
Pension funding(3)	38	–	–	–	**38**
Other non-pension post-retirement benefits(4)	18	39	43	438	**538**
Decommissioning and restoration provision(5)	55	97	75	993	**1,220**
Other long-term liabilities(6)	16	47	8	–	**71**
Contributions to the Fort Hills oil sands project	127	–	–	–	**127**
Total	$ 2,284	$ 2,622	$ 3,486	$ 14,311	**$ 22,703**

Notes:

(1) We lease road and port facilities from the Alaska Industrial Development and Export Authority, through which it ships metal concentrates produced at the Red Dog mine. Minimum lease payments are US$18 million for the next 14 years and US$6 million for the following nine years and are subject to deferral and abatement for *force majeure* events.

(2) The majority of our minimum purchase obligations are subject to continuing operations and *force majeure* provisions.

(3) As at December 31, 2016, the company had a net pension asset of $178 million, based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2017 in respect of defined benefit pension plans is $38 million. The timing and amount of additional funding after 2017 is dependent upon future returns on plan assets, discount rates and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $538 million in respect of other non-pension post-retirement benefits as at December 31, 2016. Amounts shown are estimated expenditures in the indicated years.

(5) We accrue environmental and reclamation obligations over the life of our mining operations, and amounts shown are estimated expenditures in the indicated years at fair value, assuming credit-adjusted risk-free discount rates between 6.33% and 7.33% and an inflation factor of 2.00%.

(6) Other long-term liabilities include amounts for post-closure, environmental costs and other items.

Disclosure Controls and Internal Control Over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to permit timely decisions regarding required disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at December 31, 2016. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at December 31, 2016.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent

limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at December 31, 2016, our internal control over financial reporting was effective.

The effectiveness of our internal controls over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion in their report included with our annual consolidated financial statements.

Use of Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS). This document refers to gross profit before depreciation and amortization, gross profit margins before depreciation, EBITDA, adjusted EBITDA, adjusted profit, adjusted earnings per share, cash unit costs, adjusted cash costs of sales, cash margins for by-products, adjusted revenue, net debt, debt to debt-plus-equity ratio, and the net-debt to net-debt-plus-equity ratio, which are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States, and therefore may not be comparable to similar measures presented by other issuers.

Gross profit before depreciation and amortization is gross profit with the depreciation and amortization expense added back. EBITDA is profit attributable to shareholders before net finance expense, income and resource taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA before impairment charges. For adjusted profit, we adjust profit attributable to shareholders as reported to remove the effect of certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis. This both highlights these items and allows us to analyze the rest of our results more clearly. We believe that disclosing these measures assists readers in understanding the cash-generating potential of our business in order to provide liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends.

Gross profit margins before depreciation are gross profit before depreciation and amortization, divided by revenue for each respective business unit.

Cash unit costs are calculated by dividing the cost of sales for the principal product by sales volumes. We include this information, as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

We sell both copper concentrates and refined copper cathodes. The price for concentrates sold to smelters is based on average LME prices over a defined quotational period, from which processing and refining deductions are made. In addition, we are paid for an agreed percentage of the copper contained in concentrates, which constitutes payable pounds. Adjusted revenue excludes the revenue from co-products and by-products, but adds back the processing and refining allowances to arrive at the value of the underlying payable pounds of copper. Readers may compare this on a per unit basis with the price of copper on the LME.

The adjusted cash cost of sales for our steelmaking coal operations is defined as the cost of the product as it leaves the mine excluding depreciation and amortization charges. Adjusted cash cost of sales for our copper operations is defined as the cost of the product delivered to the port of shipment, excluding depreciation and amortization charges. It is common practice in the industry to exclude depreciation and amortization, as these costs are 'non-cash' and discounted cash flow valuation models used in the industry substitute expectations of future capital spending for these amounts. In order to arrive at adjusted cash costs of sales for copper, we also deduct the costs of by-products and co-products. Total cash unit costs include the smelter and refining allowances added back in determining adjusted revenue. This presentation allows a comparison of unit costs, including smelter allowances, to the underlying price of copper in order to assess the margin. Unit costs, after deducting co-product and by-product margins, are also a common industry measure. By deducting the co-product and by-product margin per unit of the principal product, the margin for the mine on a per unit basis may be presented in a single metric for comparison to other operations. Readers should be aware that this metric, by excluding certain items and reclassifying cost and revenue items, distorts our actual production costs as determined under GAAP.

Net debt is total debt less cash and cash equivalents. The debt to debt-plus-equity ratio takes total debt as reported and divides that by the sum of total debt plus total equity. The net-debt to net-debt-plus-equity ratio is net debt divided by the sum of net debt plus total equity, expressed as a percentage. These measures are disclosed as we believe that they provide readers with information that allows them to assess our credit capacity and the ability to meet our short- and long-term financial obligations.

The measures described above do not have standardized meanings under IFRS, may differ from those used by other issuers, and may not be comparable to such measures as reported by others. These measures have been derived from our financial statements and have been applied on a consistent basis as appropriate. We disclose these measures because we believe that they assist readers in understanding the results of our operations and financial position; they are also meant to provide further information about our financial results to investors. These measures should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS.

Reconciliation of Gross Profit Before Depreciation and Amortization

($ in millions)	2016	2015	2014
Gross profit	**$ 2,396**	$ 1,279	$ 1,535
Depreciation and amortization	**1,385**	1,366	1,344
Gross profit before depreciation and amortization	**$ 3,781**	$ 2,645	$ 2,879
Reported as:			
Steelmaking coal	**$ 2,007**	$ 906	$ 920
Copper			
Highland Valley Copper	**268**	449	419
Antamina	**409**	412	450
Quebrada Blanca	**24**	(19)	118
Carmen de Andacollo	**86**	86	164
Duck Pond	**–**	(3)	16
Other	**1**	6	10
	$ 788	$ 931	$ 1,177
Zinc			
Trail Operations	**241**	205	142
Red Dog	**749**	600	638
Pend Oreille	**–**	(9)	–
Other	**(6)**	9	(1)
	$ 984	$ 805	$ 779
Energy	**$ 2**	$ 3	$ 3
Gross profit before depreciation and amortization	**$ 3,781**	$ 2,645	$ 2,879

Quarterly Reconciliation

($ in millions)	2016				2015			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Profit (loss) attributable to shareholders	**$ 697**	**$ 234**	**$ 15**	**$ 94**	$ (459)	$ (2,146)	$ 63	$ 68
Finance expense net of finance income	**82**	**86**	**82**	**88**	79	76	78	78
Provision (recovery of) for income taxes	**395**	**119**	**47**	**26**	(222)	(767)	90	63
Depreciation and amortization	**387**	**365**	**324**	**309**	333	331	365	337
EBITDA	**$ 1,561**	**$ 804**	**$ 468**	**$ 517**	$ (269)	$ (2,506)	$ 596	$ 546
Impairments	**$ 268**	**$ 26**	**–**	**–**	$ 736	$ 2,895	–	–
Adjusted EBITDA	**$ 1,829**	**$ 830**	**$ 468**	**$ 517**	$ 467	$ 389	$ 596	$ 546

Cautionary Statement on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements, principally under the heading “Outlook”, but also elsewhere in this document, include estimates, forecasts and statements as to management’s expectations with respect to, among other things, anticipated future production at our business units and individual operations (including our long-term production guidance), cost and spending guidance for our business units and individual operations, our expectation that we will meet our production guidance, sales volume and selling prices for our products (including settlement of coal contracts with customers), forecast capital expenditures, expected prices and demand for our products, expected receipt of regulatory approvals and timing thereof, expected receipt of pre-feasibility studies, feasibility studies and other studies and the timing thereof, plans and expectations for our development projects, including resulting increases in forecast operating costs and costs of product sold, expected production, expected progress, planned activities, costs and outcomes of our various projects and investments, including, but not limited to, those described in the discussions of our operations, the sensitivity of our estimated profit and EBITDA to changes in commodity prices and exchange rates, the effect of currency exchange rates, our strategies and objectives, our expectations for the general market for our commodities, future trends for the company, costs associated with the Elk Valley Water Quality Plan and goals of that plan, anticipated mine life for our operations, expected copper and zinc production rates at Antamina, expectations that the agglomeration circuit at Quebrada Blanca will be halted in 2017 and that this will reduce operating costs, expectations regarding the Quebrada Blanca Phase 2 project, including that the project has the potential to be a large-scale, long-life copper asset, has the potential to significantly extend mine life beyond the feasibility case, expectations that the project is expected to generate strong economic returns with operating cash costs well placed on the long-term copper C1 cost curve, capital cost and mine life and production estimates for the project, expectations regarding regulatory approvals for the Quebrada Blanca Phase 2 project and timing of any development decision in respect thereof and first ore, the potential to expand the Pend Oreille mine life at rates similar to its 2017 anticipated production for several more years, planned exploration activities at NuevaUnión, planned exploration activities and feasibility studies at Red Dog and any aim to increase mine life or mill throughput as a result, any anticipated extension to the Pend Oreille mine life, planned construction of a new acid plant at our Trail Operations and the timing thereof, our ability to continue our cost reduction initiatives and the anticipated results of the initiatives, the expected timing and amount of production at the Fort Hills oil sands project, capital costs and our remaining capital commitment at Fort Hills, Fort Hills anticipated production rate, timing expectations regarding the Frontier review and permitting process as well as anticipated cost to achieve first commercial production, reserve and resources estimates, the availability of our credit facilities, sources of liquidity and capital resources forecast and demand and market outlook for commodities. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business, regulatory and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of zinc, copper and steelmaking coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs of production, and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price

assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our steelmaking coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees, business partners and joint venturers. Assumptions regarding capital costs, mine life and other parameters for Quebrada Blanca Phase 2 are based on assumptions in the feasibility study. Statements regarding the availability of our credit facilities are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the credit facilities are not otherwise terminated or accelerated due to an event of default. The sensitivity of our project profit and EBITDA to changes in the Canadian/U.S. dollar exchange rate and commodity prices, before pricing adjustments, is based on our current balance sheet, our expected 2017 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.30. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of foreign or domestic governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, changes in tax or royalty rates, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits or environmental impact assessments, and changes or further deterioration in general economic conditions. The amount and timing of actual capital expenditures is dependent upon, among other matters, being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the related capital project to be completed as currently anticipated. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners.

Statements concerning future production costs or volumes, and the sensitivity of the company's profit to changes in commodity prices and exchange rates, are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, and adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2016, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F.

Quebrada Blanca Phase 2 reserve and grade information was approved by Mr. Rodrigo Alves Marinho, P.Geo., an employee of Teck. Mr. Marinho is a qualified person, as defined under National Instrument (NI) 43-101.

Contingent Resource Disclosure

The contingent bitumen resources at Frontier have been prepared by Sproule Unconventional Limited, a qualified resources evaluator, in accordance with the guidelines set out in the Canadian Oil and Gas Evaluation Handbook. There is uncertainty that any of these resources will be commercially viable to produce any portion of the resources. Contingent bitumen resources are defined for this purpose as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. The entire contingent bitumen resources for Frontier oil sands mine are sub-classified into the development pending project maturity sub-class as extensive pre-development work has been completed. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. Contingent resources do not constitute, and should not be confused with, reserves. There is no certainty that the Frontier project will produce any portion of the volumes currently classified as contingent resources. The primary contingencies that currently prevent the classification of the contingent resources disclosed above for the Frontier project as reserves include project economics due to the uncertainty in oil price and uncertainty in exchange rate; uncertainties around receiving regulatory approval to develop the project; potential issues regarding social licence for oil sands mining generally and climate change policy costs. In addition, there would be a need for approval of a decision to proceed to construction of the project by Teck. The Frontier project is based on a development study. The recovery technology at Frontier is expected to be a paraffinic froth treatment process. The total cost required to achieve first commercial production has been estimated by the resources evaluator at$16.2 billion.