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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, 2017
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.
2.500% Notes due 2018
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.

7,777,304 Class A Common Shares and 565,506,055 Class B Subordinate Voting Shares outstanding as of December 31, 2017.

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 ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act. Emerging growth company.

Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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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, 2017.
2. Audited Consolidated Financial Statements of Teck Resources Limited for the year ended December 31, 2017, including the auditor's report with respect thereto.
3. Management's Discussion and Analysis for the year ended December 31, 2017.

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, 2017, 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, 2017, 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 "Report of Independent Registered Public Accounting Firm" that accompanies the Registrant's Consolidated Financial Statements for the fiscal year ended December 31, 2017, 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 Laura L. Dottori-Attanasio,

Tracey L. McVicar, Una M. Power, 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, 2017, filed as part of this Annual Report on Form 40-F.

In 2016 and 2017, 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, 2017, 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.

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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.

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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, 2017
99.2	Consolidated Financial Statements for the fiscal year ended December 31, 2017, including the auditor's report with respect thereto
99.3	Management's Discussion and Analysis for the year ended December 31, 2017
101	Interactive Data File

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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/ Peter C. Rozee
Name: Peter C. Rozee
Title: Senior Vice President, Commercial and Legal Affairs

Date: February 28, 2018

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, 2017 of Teck Resources Limited of our report dated February 14, 2018, 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/ PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, Canada
February 28, 2018

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, 2017; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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
Date: February 28, 2018

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, 2017; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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
Date: February 28, 2018

Exhibit 23.4

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, 2017; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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
Date: February 28, 2018

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, 2017; (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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
Date: February 28, 2018

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, 2017; and (ii) Teck Resources Limited’s registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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,
Date: February 28, 2018

Exhibit 23.7

CONSENT

Reference is made to the Annual Report on Form 40-F for the year ended December 31, 2017 (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; and (ii) the Company's registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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,
SPROULE UNCONVENTIONAL LIMITED

/s/ Cameron P. Six, P. Eng.
Name: Cameron P. Six, P. Eng.
Title: President and CEO

Date:February 28, 2018
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, 2017 (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; and (ii) the Company's registration statements on Form S-8 (File Nos. 333-140184, 333-170840 and 333-205514), 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, P. Eng.
Name: Tim R. Freeborn, P. Eng.
Title: Vice President

Calgary, Alberta
Date:February 28, 2018

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.

Date: February 28, 2018

/s/ Donald R. Lindsay
Donald R. Lindsay
Chief Executive Officer

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.

Date: February 28, 2018

/s/ Ronald A. Millos
Ronald A. Millos
Chief Financial Officer

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, 2017 (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.

Date: February 28, 2018

/s/ Donald R. Lindsay
Donald R. Lindsay
Chief Executive Officer

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, 2017 (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.

Date: February 28, 2018

/s/ Ronald A. Millos
Ronald A. Millos
Chief Financial Officer

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, 2017.

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 2017	Legal actions instituted during 2017	Legal actions resolved during 2017
Red Dog	26	0	0	0	0	$ 101,349	0	2	3	4
Pend Oreille	8	0	0	0	1	$ 16,406	0	0	1	1

(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, 2017 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, 2017, 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 26, 2018

Teck

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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;
- sales forecasts;
- 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 or completion of prefeasibility 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 mining and processing operation, anticipated production rate and capacity, and timing of achieving 90% of designed capacity;
- expectations regarding the adequacy of our Fort Hills related logistic arrangements;
- expectations regarding the size of our interest in Fort Hills;
- 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 Quebrada Blanca Phase 2 project, the NuevaUnión copper project, and the Frontier project;

- expected mine lives and the possibility of extending mine lives;
- 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, port and other potential production disruptions;
- our planned capital expenditures and capital spending;
- 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, steps and potential impact of managing water quality at our coal operations, including but not limited to the statements under "*Description of the Business — Individual Operations — Steelmaking Coal — Elk Valley Water Management*" regarding the expectations regarding timing and costs of AWTF construction and number of AWTFs required, Elk Valley Water Quality Plan spending guidance, including projected 2018 capital spending other capital spending guidance, associated operating costs, potential for saturated fills to reduce capital and operating costs associated with active water treatment;
- expectation that Neptune terminal can expand operations to over 18.5 million tonnes per year;
- anticipated benefits, timing and cost of our ball mill project at Highland Valley;
- expectations regarding the Quebrada Blanca Phase 2 project, including expectations regarding capacity, mine life, regulatory approvals, projected expenditures and timing of any development decision in respect thereof;
- expected spending and activities at our Project Satellite properties;
- anticipated benefits, timing and costs of the Red Dog mill upgrade projects;
- timing of the sale of Waneta Dam and expectation that the sale of Waneta Dam will close;
- 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 prefeasibility 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 changes to our credit ratings; 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 , port 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. 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. Further factors associated with our Elk Valley Water Quality Plan are discussed under the heading "*Description of the Business — Individual Operations — Steelmaking Coal — Elk Valley Water Management*". Declaration and payment of dividends is at the discretion of the Board, and our dividend policy will be reviewed regularly and may change. Closing of the Waneta Dam transaction depends on approvals from third-parties that we do not control and if all required approvals are not received in a timely manner, the timing and ability to close will be jeopardized.

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 and port services 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.

In addition, assumptions regarding the Elk Valley Water Quality Plan include assumption that additional treatment will be effective at scale, and that the technology and facilities operate as expected., as well as additional assumptions discussed under the heading "*Description of the Business — Individual Operations — Steelmaking Coal — Elk Valley Water Management* " an. Assumptions regarding Quebrada Blanca Phase 2 are based on current project assumptions and the final feasibility study. Assumptions regarding Fort Hills are based on the approved project development plan and the assumption that the project will be developed and operated in accordance with that plan, assumptions regarding the performance of the plant and other facilities at Fort Hills and the operation of the project.

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 and in our "*Cautionary Statement on Forward-Looking Information*" section of our Management Discussion and Analysis for the year ended December 31, 2017, and subsequent filings, that can be found under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov). 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.

Glossary of Technical Terms

bitumen: a naturally occurring heavy viscous crude oil.

cathode: an electrode in an electrolytic cell where electrons enter 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, 2017 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 named Teck Financial Corporation Ltd.

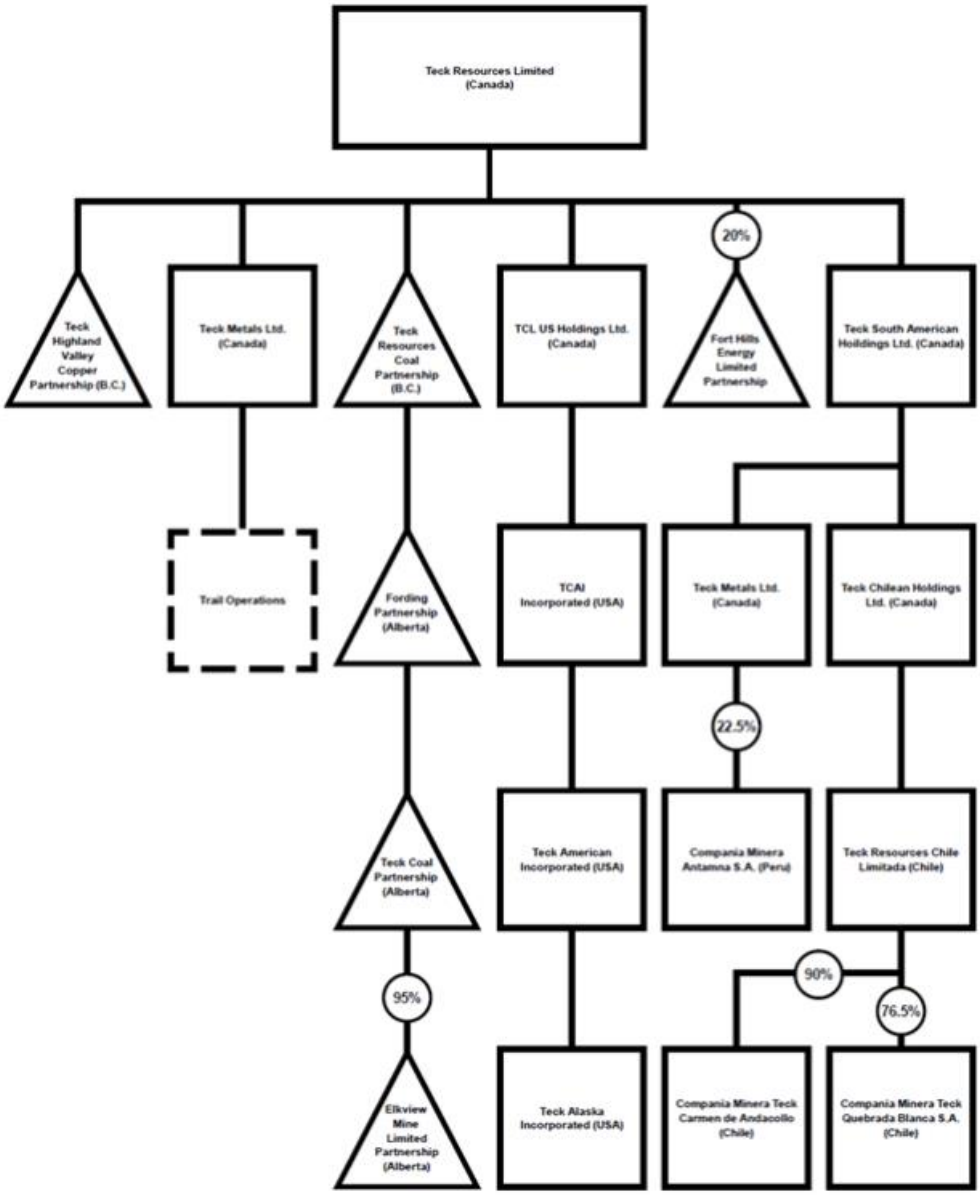
(2) Formerly named Aur QB Ltd.

(3) 95% held, directly or indirectly, by Teck

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

- a limited partnership interest (20.89% as at December 31, 2017) 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, 2017. Certain aspects of the ownership structure have been simplified.



General Development of the Business

Three-Year History

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 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.

2017

In 2017, average annual prices for our principal products increased compared to 2016. Annual average prices in 2017 for steelmaking coal, copper and zinc were US$176 per tonne, US$2.80 and US$1.31 per pound, respectively, compared with US$115 per tonne, and US$2.21 and US$0.95 per pound in 2016.

During the year we announced a new dividend policy, completed and announced a number of dispositions of non-core assets, acquired further interests in a number of our projects and advanced various initiatives and projects intended to strengthen our financial position and our core business.

In April we announced a new dividend policy and the doubling of our annualized base dividend to $0.20 per share, which was declared at $0.05 per quarter. See "*Dividends*" below for a further discussion of our new dividend policy. We also announced a normal course issuer bid, which allow us to purchase up to 20 million Class B subordinate voting shares through to September 2018. In December, we paid a dividend of $0.45 per share consisting of a supplemental dividend of $0.40 per share and our regular base quarterly dividend of $0.05 per share, which totaled approximately $260 million. In addition, taking into account our strong cash position, we also announced our intention to apply an additional $230 million to the repurchase of shares through March 31, 2018, of which 5.9 million Class B subordinate voting shares for $175 million were repurchased in the fourth quarter.

In May we announced the sale of our two-thirds interest in the Waneta Dam and related transmission assets to Fortis Inc. for $1.2 billion cash. BC Hydro subsequently exercised its right of first offer over the assets and we expect the sale of the Waneta Dam and associated assets to BC Hydro to close in the second half of 2018. We also completed the sale of our 49% interest in the Wintering Hills wind power facility in 2017, for proceeds of $59 million.

Acquisitions during the year included the closing of our purchase of AQM Copper Inc., which held an indirect 30% interest in our Zafranal copper-gold project located in Peru, and the acquisition of the minority 21% interest in our San Nicolás copper-zinc project located in Mexico. Zafranal and San Nicolás are part of our Project Satellite initiative launched in 2017, which is focused on surfacing value from substantial base metal assets in Teck's portfolio. See "*Description of the Business — Copper*" for a further discussion of Project Satellite. In addition, we increased our interest in the Fort Hills oil sands mining and processing operations from 20% to 20.89% in 2017, and we expect our interest will ultimately increase to approximately 21.3% in 2018.

Work advanced on a number of projects through 2017. At our Fort Hills oil sands mining and processing operation the mine, primary extraction, utilities and froth assets were commissioned. An intermediate product, bitumen froth, was produced in September 2017, and first oil was achieved on January 27**,** 2018. See "*Description of the Business — Energy*" for a discussion of the project. We commenced a $72 million project to install an additional ball mill at our Highland Valley Copper Operations and a US$110 million upgrade project at our Red Dog zinc operations, and continued to advance through the regulatory process for our Quebrada Blanca Phase 2 project. We also commenced and advanced studies and expansion work at in respect of other projects.

We also continued to strengthen our liquidity and financial position in 2017. Over the course of the year we retired US$1.3 billion of debt through open market repurchases, tender offers and retirement at maturity. In October, we extended the maturity of our US$3.0 billion revolving credit facility to October 2022 (from July 2020) and US$1.2 billion revolving credit facility to October 2020 (from June 2019).

Our cash and cash equivalents as at December 31, 2017 were $952 million against total debt of $6.4 billion.

Description of the Business

General

Teck's business is exploring for, acquiring, developing and producing natural resources. Our activities are organized into business units focused on copper, steelmaking coal, zinc and energy. These are supported by Teck's corporate offices, which manage corporate growth initiatives and provide marketing, administrative, technical, financial and other services.

We have interests in the following operations:

	Type of Operation	Jurisdiction
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
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/Gold Mine	Region IV, Chile
Trail Operations	Zinc/Lead Refinery	British Columbia, Canada
Red Dog	Zinc/Lead Mine	Alaska, U.S.A.
Pend Oreille	Zinc/Lead Mine	Washington, U.S.A.
Fort Hills	Oil Sands Mining and Processing Operation	Alberta, Canada

Our principal products are steelmaking coal, copper and zinc. We also produce lead, silver, molybdenum, and various specialty and other metals, chemicals and fertilizers. In addition, we own an interest in the Fort Hills oil sands mining and processing operation, and interests in other oil sands assets 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

	2017 $(Billions)	%	2016 $(Billions)	%
Copper	2.022	17	1.820	20
Coal	6.152	51	4.144	44
Zinc	2.363	20	1.787	19
Other(1)	1.511	12	1.549	17
Total	12.048	100	9.300	100

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

Product Summary

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 2017, sales to Asia accounted for more than 70% of our annual coal sales volume, similar to 2016. Approximately 75% all of the coal we produce is high quality hard coking coal, although the percentages can vary from quarter to quarter. We also produce lesser quality semi-hard coking coal, semi-soft coking coal, PCI and thermal coal products, which in aggregate accounted for approximately 25% of our annual sales volume in 2017.

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 2017, approximately 5% of our processed coal was shipped eastbound directly by rail, or by rail and by 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. Strong steel market fundamentals support demand and pricing for high quality seaborne steelmaking coal. Conversely, 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 saw a significant decline in realized coal prices over the past few years, until the latter half of 2016. In late 2016, there was a dramatic increase in steelmaking coal prices due to tightness in supply. Volatility in steelmaking coal prices continued in 2017. Cyclone Debbie, which hit Australia in late March 2017, caused steelmaking coal prices to spike above US$300 per tonne for the fourth time since 2008. Prices corrected back to the US$140-150 per tonne range, but increased steadily during the second half of the year. The steady pace of price increases has been the result of numerous factors, including: strong steel pricing and demand in China aided by ongoing closure of excess capacity, robust steel production and pricing in the rest of the world due to the improving global economy and reduced steel exports from China. In addition, constrained steelmaking coal supply resulting from continuing logistics and production issues have affected key Australian mines. Depletion and closure of some Eastern European domestic mines also created additional demand from European steel mills for seaborne steelmaking coal.

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. Coincident with the cyclone-induced price spike in April, the pricing methodology for our quarterly contract sales changed from a negotiated quarterly benchmark to an index-linked pricing mechanism based on the average of key premium steelmaking coal price assessments, effective April 1, 2017. Quarterly priced sales represent approximately 40% of our sales, with the balance of our sales priced at levels reflecting market conditions when sales are concluded. Lower-grade semi-soft coals and pulverized coal injection (PCI) pricing continues to be negotiated on a quarterly benchmark basis.

Substantially all of our revenues from sales of coal products were derived from sales to third party end-users, most of which are steelmakers.

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 go 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 go 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. Copper concentrate 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 wiring and electronic applications, with prices and premiums

highly dependent on the demand for electrical wire in construction, communications and automotive applications. We compete with other producers of copper concentrates and cathodes, as well as copper sourced through scrap sources.

Global demand for copper metal is estimated to have grown by 2.0% in 2017 to reach an estimated 23.0 million tonnes. Demand improved in Asia with Chinese demand growth estimated at 3.2% over 2016, much higher than initial projections at the beginning of the year. Demand growth in Europe and North America was up slightly at 0.3% and 0.7% respectively, while demand in developing regions is estimated to have dropped by less than 0.1%. Copper scrap availability improved with strengthening copper prices throughout the year. Scrap and unrefined copper imports into China, including blister and anode, were up over 11% in 2017.

All of our revenues from sales of copper concentrates and cathode copper 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 2017 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 2017 revenues 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.

Energy

In January 2018 we produced our first bitumen from our Fort Hills mining and processing operations project in Alberta, which is operated by an affiliate of Suncor Energy Inc. As required by pipelines to meet shipping viscosity requirements, we will purchase diluent to blend with our

bitumen production and sell a blended bitumen product known as FRB, or Fort Hills Reduced Carbon Lifecycle Dilbit Blend.

Teck's customers for the blended bitumen include refinery operators in Alberta, Ontario, the U.S. Midwest, and U.S. Gulf Coast. Bitumen production from Fort Hills is transported on the Northern Courier Pipeline to the East Tank Farm in Alberta, which is owned by the Thebacha Limited Partnership and operated by an affiliate of Suncor. At the East Tank Farm, the Fort Hills bitumen is blended with diluent that has been delivered from Edmonton on the Norlite Pipeline. The blended bitumen is subsequently transported from the East Tank Farm on the Wood Buffalo Pipeline to Hardisty, Alberta where Teck has contracted storage capacity for blended bitumen. Our tankage at Hardisty is connected to major export pipelines, including the Enbridge common carrier pipeline, the existing Keystone pipeline and the Express crude oil pipeline; and is also connected to a large unit train loading facility.

We have entered into a long-term "take or pay" transportation agreement on the existing Keystone pipeline to ship 10,000 barrels per day of blended bitumen to customers on the U.S. Gulf Coast. We have also contracted 12,000 barrels per day on the recently sanctioned Kinder Morgan TransMountain Pipeline expansion for delivery to Burnaby, British Columbia. The balance of our production will be either sold at Hardisty or shipped to customers via the Enbridge common carrier pipeline or transported by rail, if required.

Prices for our blended bitumen will be market based, and determined through a combination of global and Canadian benchmark indices. Like our other commodities, the oil industry is cyclical and is highly competitive. Blended bitumen products of the kind we produce sell at a discount to West Texas Intermediate crude oil (WTI), the benchmark North American light sweet crude oil product. The discount to WTI varies over time depending on the supply and demand for heavy crude production and the markets available to producers of those products, which are in turn influenced by available pipelines and other transportation options.

Individual Operations

Steelmaking Coal

Our coal mineral holdings consist of a mix of fee simple lands owned by us and Crown leases and licences, which are subject to licensing and leasing fees. In the past, renewals of these licences 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. The issuance of certain permits for mine life extensions may depend on our ability to meet the water quality targets set out in the Elk Valley Water Quality Plan, as discussed below. 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.

Our 2017 production of 26.6 million tonnes declined by 1.0 million tonnes from 2016, primarily due to difficult weather conditions, higher employee turnover and geotechnical issues experienced in the first half of the year.

Steelmaking coal production in 2018 is expected to be between 26 and 27 million tonnes. As in prior years, annual production volumes can be adjusted to reflect market demand for our products, subject to adequate rail and port service. Assuming that current market conditions persist, annual production from 2019 to 2021 is expected to be higher than in 2018 despite the closure of Coal Mountain Operations in mid-2018.

Elk Valley Water Management

As previously disclosed, 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 British Columbia (B.C.) Minister of Environment. The Plan establishes short-,

medium- and long-term water quality targets for selenium, nitrate, sulphate and cadmium to protect the environment and human health, as well as a plan to manage calcite formation. In accordance with the Plan, we have constructed the first water treatment facility contemplated by the Plan.

We had previously announced that we are working to address an issue regarding selenium compounds in effluent from the first active water treatment facility (AWTF) at Line Creek Operations. We have successfully tested an additional treatment step to address the issue and are proceeding with construction of plant modifications, to be completed in the third quarter of 2018 at a cost of approximately $17 million. We will commence construction of our next AWTF at Fording River Operations in the second quarter of 2018, using the same treatment process as West Line Creek and incorporating the additional design changes to address selenium compounds. In 2017, we constructed our first saturated fill project at Elkview Operations, at a total cost of $41 million, and commissioned the project in January 2018. This alternative treatment strategy has the potential to replace AWTFs in the future and/or to enhance our ability to meet the objectives of the Elk Valley Water Quality Plan. We also completed the successful installation and commissioning of our first calcite management system at Greenhills Operations to support our understanding of calcite treatment and to prevent calcite precipitation in the environment downstream from our operations.

The capital spending on water treatment in 2018 is expected to be approximately $86 million, taking into account facility design modifications, as well as the engineering and commencement of construction of the Fording River AWTF. This compares to approximately $12 million of capital spending on water treatment in 2016, and $3 million of capital spending on water treatment in 2017, which was included in our 2017 sustaining capital.

Based on our current plans, total capital spending on water treatment over the next five years, from 2018 to 2022, is expected to be in the $850 to $900 million range. This contemplates completion of modifications to the Line Creek AWTF, the construction of the Fording River AWTF and two other AWTFs elsewhere in the Elk Valley, as well as the commencement of construction of a fifth AWTF. Delays in construction caused by the technical issues faced at the Line Creek AWTF have required us to plan for the construction of more than one AWTF at a time, increasing annual expenditures in the 2019 to 2022 period.

Based on current water quality modelling data and treatment technologies, up to four additional AWTFs will be required in the 2023 to 2032 period. Annual capital expenditures in this 10-year period are expected to be lower and more evenly distributed, at an annual average of approximately $65 million. Planned AWTFs have varying capacities and capital costs.

In 2017, operating costs for Elk Valley water quality management were approximately $0.75 per tonne of clean coal produced. Operating costs are expected to increase gradually over the next 15 years to the $5 to $6 per tonne range as additional AWTFs come on stream.

If our Elkview saturated fill project performs as expected, there is potential for further saturated fills to subsequently reduce capital and operating costs associated with active water treatment. We continue with research and development on alternatives to active water treatment, which have the potential to significantly reduce capital costs for water treatment. These include

saturated rock fills, described above, which rely on biological processes in water collected in former mining areas to improve water quality, as well as various forms of caps and other reclamation techniques that have the potential to reduce the quantity of water requiring treatment. These technologies, although unproven, have the potential to significantly reduce active treatment costs over the long term.

All of the foregoing estimates are uncertain. Final costs of implementing the Plan will depend in part on the technologies applied and on the results of ongoing environmental monitoring and modelling. The timing of expenditures will depend on resolution of technical issues, permitting timelines and other factors. We expect that, in order to maintain water quality, some form of water treatment will continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provides for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental impacts, technical issues or advances associated with potential treatment technologies that could substantially increase or decrease both capital and operating costs associated with water quality management.

Inability to meet targets in the Plan or new information regarding environment inputs could adversely affect our ability to extend mining operations into new areas. 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 ("**CN**") for further transportation to the west coast. CN also provides rail service from the Cardinal River mine to the west coast. Both CN's Cardinal River services and Kamloops' interchange services are provided to Teck Coal under a two-year agreement that expired on December 31, 2017. We are in discussions with CN in regard to a new contract.

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 2017 provided services for approximately 65% 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. Expansion work continues on the Neptune facility upgrade, which is expected to expand operations from 12.5 million tonnes per year to over 18.5 million tonnes per year. Construction activities at the terminal will commence in 2018.

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 licences 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.

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 45 years. Fording River's reserve areas include Eagle Mountain, Swift, Turnbull, and Castle Mountain.

2018 projected capital costs for Fording River are approximately $139 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	77
Major enhancement	62

2018 projected cash operating costs for Fording River are approximately $527 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	235
Supplies	217
Energy	95
Other (including general & administrative, inventory changes)	87
Less amounts associated with projected capitalized stripping	(107)
Total	527

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.

Proven and probable reserves at Elkview are projected to support mining at planned production rates for a further 42 years.

2018 projected capital costs for Elkview are approximately $92 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	58
Major enhancement	34

2018 projected cash operating costs for Elkview are approximately $334 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	174
Supplies	155
Energy	82
Other (including general & administrative, inventory changes)	65
Less amounts associated with projected capitalized stripping	(142)
Total	334

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 31 years.

Our 80% share of 2018 projected capital costs for Greenhills is approximately $23 million. The major components of our share of projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	12
Major enhancement	11

Our 80% share of 2018 projected cash operating costs for Greenhills is approximately $215 million. The major components of our share of projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	100
Supplies	103
Energy	53
Other (including general & administrative, inventory changes)	18
Less amounts associated with projected capitalized stripping	(59)
Total	215

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. We expect mining to conclude in the second quarter of 2018. At that time, the plant will be shut down and put into care and maintenance but will continue to have an approximate capacity of 3.5 million tonnes of clean coal. 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.

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 18 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 retained 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 8 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.

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**”).

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 licences.

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 and Lornex 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. A higher grade phase of the Valley pit was exhausted in 2016. In 2017, significantly more lower-grade ore from the Lornex pit was processed in comparison to 2016. Mining in the Highmont pit was substantially completed in the third quarter of 2017.

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. Additional drilling and studies were conducted in 2016 and 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 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 roasters on market terms.

In 2017, 46 diamond drill holes, totalling approximately 14,000 metres were drilled in the Valley, Lornex and Highmont pit areas. In addition, twelve holes, totalling 2,700 metres, were drilled near the pits and in the surrounding district. 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 two metre intervals (HQ diameter core). 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 2017 copper production was 92,800 tonnes, compared to 119,300 tonnes in 2016 and 151,400 tonnes in 2015. The decrease in 2017 was primarily due to the expected lower copper grades and associated lower recoveries in the first half of the year. Ore grades and recoveries improved from the third quarter of 2017 as we mined through higher-grade areas of the mine. While we expect annual average grades to increase in 2018 over 2017 levels and result in an increase in production, the higher grades experienced in the fourth quarter of 2017 will not be repeated in 2018 as we continue stripping activities and process ore from lower-grade sections of the Lornex pit and the west wall of the Valley pit. Grades are expected to increase further in 2019 in the current life of mine plan. Molybdenum production was 72% higher in 2017 at 9.3 million pounds, compared to 5.4 million pounds in 2016, primarily due to higher grades.

A $72 million project to install an additional ball mill to increase grinding circuit capacity started construction in September 2017. The project is anticipated to increase overall mill throughput by 5% and copper recovery by over 2% in comparison to levels that would otherwise be achieved, and is expected to be completed by mid-2019.

Copper production in 2018 is anticipated to be between 95,000 and 100,000 tonnes, with a fairly even distribution throughout the year, before returning to sustainable higher grades in 2019 and

beyond. Annual copper production from 2019 to 2021 is expected to be between 120,000 and 140,000 tonnes per year, with lower production in 2019 then gradually rising through to 2021. Copper production is anticipated to remain at about 140,000 tonnes per year after 2021, through to the end of the current mine plan in 2028. Molybdenum production in 2018 is expected to be approximately 5.0 million pounds contained in concentrate, and annual production is expected to remain similar to this level in 2019 to 2021.

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.

2018 projected capital costs for Highland Valley are approximately $136 million. The major components of the projected capital costs are:

Component	Approximate projected cost ($/million)
Sustaining	77
Major Enhancement	59

2018 projected aggregate cash operating costs for Highland Valley are approximately $543 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost ($/million)
Labour	240
Supplies	204
Energy	105
Other (including general & administrative, inventory changes)	64
Less amounts associated with projected capitalized stripping	(70)
Total	543

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 covering an area of approximately 82,200 hectares and an area of approximately 15,000 hectares of surface rights. These rights concessions and claims can be held indefinitely, contingent upon the payment of annual licence 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. The mill has the capacity to process approximately 145,000 tonnes per day depending on ore hardness. 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 2017, 56 diamond drill holes were completed within the Antamina pit, including three deep holes, for a total of approximately 33,300 metres. 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 2017 was 422,500 tonnes, compared to 431,100 tonnes in 2016, with the decrease primarily as a result of processing less copper-only ore, as expected in the mine plan. Zinc production was a record 372,100 tonnes in 2017, nearly doubling 2016 production levels, primarily due to increased processing of a higher portion of copper-zinc ores, and significantly higher zinc grades and recoveries. Molybdenum production totalled 8.7 million pounds, 15% lower than 2016, due to processing less copper-molybdenum ore.

Our 22.5% share of Antamina's 2018 production is expected to be in the range of 90,000 to 95,000 tonnes of copper, 85,000 to 90,000 tonnes of zinc and approximately 1.8 million pounds of molybdenum in concentrate. Our share of copper production is expected to be between 90,000 and 100,000 per year tonnes from 2019 to 2021. Zinc production is expected to remain strong, as the mine is currently in a phase with high zinc grades and a higher proportion of copper-zinc ore processed. Our share of zinc production is anticipated to average between 90,000 and 100,000 tonnes per year from 2019 to 2021, although annual production will fluctuate due to feed grades and the amount of copper-zinc ore processed, with the lower end of average zinc production expected in 2019. Our share of annual molybdenum production is expected to be between 2.5 and 3.0 million pounds between 2019 and 2021.

Antamina has entered into long-term off-take agreements with affiliates of the Antamina shareholders on market terms for copper, zinc and molybdenum concentrates.

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 designed tailings storage capacity, the mine life is expected to continue until 2028. CMA is currently conducting engineering studies for additional tailings storage options and alternative mine plans that could result in significant mine life extensions.

Our 22.5% share of 2018 projected capital costs for Antamina is approximately US$63 million. The major components of the projected capital costs are:

Component	Approximate projected cost (US$/million)
Sustaining	53
Major Enhancement	10

Our 22.5% share of 2018 projected cash operating costs for Antamina is approximately US$165 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost (US$/million)
Labour	85
Supplies	90
Energy	40
Other (including general & administrative, inventory changes)	5
Less amounts associated with projected capitalized stripping	(55)
Total	165

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, in addition to an upfront acquisition price paid in a previous year. 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 by it.

The labour agreement at Antamina 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 that, since the first quarter of 2017, has been sent directly to the dump leach circuit. Prior to the first quarter of 2017, ore was sent for both heap leach and 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 plant capacity is estimated at approximately 40,000 tonnes of copper cathode per year.

Since the first quarter of 2017, all supergene ore mined has been sent directly to the dump leach circuit. This has resulted in lower recovery and a longer leaching cycle at reduced operating costs, compared to the previous operations of the heap leach circuit. As a result of these changes, and declining mine production as supergene ores are depleted, Quebrada Blanca produced 23,400 tonnes of copper cathode in 2017, compared to 34,700 tonnes in 2016.

We expect production of approximately 20,000 to 24,000 tonnes of copper cathode in 2018. The supergene deposit is expected to be exhausted in the second quarter of 2018, although we currently anticipate cathode production to continue through 2019 as leaching of the dump material and secondary extraction from old heap material will continue, although at approximately half of current cathode production rates. Options to extend mining activities further into 2018, as well as extending cathode production beyond 2019, are being studied.

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 different 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. As part of the regulatory process for Quebrada Blanca Phase 2, we submitted a Social and Environmental Impact Assessment (SEIA) to the Region of Tarapacá Environmental Authority in the third quarter of 2016, which remains in the evaluation process.

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). The study is based on an initial mine life of 25 years, consistent with the capacity of the new tailings facility. 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. Annual production capacity is expected to be 300,000 tonnes of copper equivalent per year for the first five years of mine life.

Project activities in 2017 focused primarily on completing an updated feasibility study, execution readiness activities, advancing detailed engineering and design, and continuing progress on the SEIA regulatory approval process. A decision to proceed with development will be contingent upon regulatory approvals and market conditions, among other considerations. Given the timeline of the regulatory approval process, such a decision is not expected before the second half of 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 commenced 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$6.6 million per month, determined as of December 31, 2017. 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. Based on current spot market rates, current mitigation efforts and CMTQB's projected power consumption, its net estimated aggregate monthly exposure under its power arrangements is anticipated to be in the range of US$5.5 to US$6 million in 2018.

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 semi-autogenous grinding and a flotation plant with the capacity to process up to 55,000 tonnes of ore per day depending on ore hardness. 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 2017, 21 diamond drill holes, totaling approximately 3,660 metres were drilled at 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. In addition, three of the diamond drill holes were for geotechnical purposes and the remaining two were for hydrogeological purposes.

Carmen de Andacollo produced 72,500 tonnes of copper contained in concentrate in 2017, 4% higher than 2016, primarily due to improved grades. Copper cathode production was 3,500 tonnes in 2017, compared with 3,700 tonnes in 2016. Gold production, on a 100% basis, of 54,500 ounces was similar to gold production in 2016, with 100% of the gold produced for the account of RGLD Gold AG, a wholly owned subsidiary of Royal Gold, Inc. In effect, 100% of gold production from the mine has been sold to the subsidiary, which pays a cash price of 15% of the monthly average gold price at the time of each delivery, in addition to an upfront acquisition price paid in previous years.

Consistent with the mine plan, copper grades are expected to decline towards reserve grades in 2018 and future years. We continue to study and pilot projects that could help to partially offset these grade declines. Carmen de Andacollo's production in 2018 is expected to be in the range of 60,000 to 65,000 tonnes of copper in concentrate and approximately 3,000 tonnes of copper cathode. Annual copper in concentrate production is expected to be approximately 60,000 tonnes for the subsequent three-year period. Cathode production volumes are uncertain past 2018, although there is some potential to extend production.

The current life of mine for Carmen de Andacollo is expected to continue until 2035. 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.

Copper Projects

NuevaUnión, 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 called NuevaUnión. We hold a 50% interest in NuevaUnión.

In October 2016, work began on a prefeasibility 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. Activities continued to advance a prefeasibility study in 2017, including environmental baseline studies and ongoing community engagement. We expect to complete the prefeasibility study in the first quarter of 2018.

Project Satellite

In March 2017, we publicly launched our Project Satellite initiative, the focus of which is to surface value from five substantial base metals assets — Zafranal, San Nicolás, Galore Creek, Schaft Creek, and Mesaba. The current focus is to complete environmental and social baseline studies, community engagement programs and engineering and design work to prepare environmental impact assessments (EIAs) and development permit applications on the Zafranal and San Nicolás assets.

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 hold an 80% interest with Mitsubishi Materials Corporation (MMC) holding the other 20%.

The project team completed infill and geotechnical drilling programs, hydrogeological studies and environmental, social and archeological studies during 2017. A feasibility study commenced in November 2017, along with expanded community engagement activities and permitting work necessary to prepare a social and environmental impact assessment. We expect to complete the feasibility study and submit the social and environmental impact assessment by the fourth quarter of 2018. Planned spending in 2018 is $35 million, which is included in capital expenditures for new mine development for our copper business unit.

San Nicolás, Mexico

The San Nicolás property, located in Zacatecas State, one of the oldest mining regions in Mexico, is a massive sulphide deposit with significant copper, zinc, gold and silver deposits. In October 2017 we completed the purchase of a 21% minority interest in the property held by our previous partner Goldcorp Inc. for US$50 million, and Teck now owns 100% of the project.

Environmental and social baseline studies, preliminary hydrogeological studies, and project engineering programs were initiated in the third quarter of 2017 in support of a prefeasibility study and a social and environmental impact assessment. In October 2017, we completed the acquisition of the 21% minority interest in San Nicolás held by Goldcorp Inc. for cash consideration of US$50 million, taking our ownership of the asset to 100%. We expect to complete the prefeasibility study in the second half of 2019. Planned spending in 2018 is $30 million, which is included in capital expenditures for new mine development for our copper business unit.

Galore Creek, Canada

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

The Galore Creek project is currently on care and maintenance with work in 2017 and 2018 directed at maintaining the mineral properties, managing GCMC's commitments under the existing environmental impact assessment and special use permit, maintaining commitments with the Tahltan as described in the project development agreement, and carrying out various value-added engineering studies.

Schaft Creek, Canada

The Schaft Creek property, located in the traditional territory of the Tahltan Nation in northwestern British Columbia, approximately 37 kilometres northeast of the Galore Creek property, is a large copper-molybdenum-gold porphyry deposit. The project is a 75/25 joint venture between Teck and Copper Fox Metals Inc., with Teck holding a 75% interest and acting as the operator.

The Schaft Creek project is currently on care and maintenance with work in 2017 and 2018 directed at updating the resource model, collection of environmental data, maintenance of camp and facilities and maintaining existing permits and engagement with the Tahltan Nation. The focus for 2018 will be to evaluate development alternatives with potentially improved economics.

Mesaba, United States

The Mesaba project, located in northeastern Minnesota, is part of a potentially significant new copper-nickel mining district in the United States. Known ore deposits in the district, including Mesaba, consist of metallurgically complex disseminated copper-nickel sulphides that require a range of mineral processing steps to make saleable concentrate or metal products while meeting State and Federal requirements to protect the environment. The mineral rights over the deposit are held 100% by Teck through lease agreements with private interests and the State of Minnesota.

The Mesaba project is currently on care and maintenance with work in 2017 and 2018 directed at maintaining local facilities, the mineral lease agreements and all commitments with local communities and regional government. Baseline environmental work will continue in 2018 along with resource and geometallurgical studies.

CESL Limited (CESL)

In 2017, 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.

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 as well as other locations within the State and 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 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 current and future ore production comes 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 design 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 2017, 25 holes, totalling approximately 5,600 metres were drilled in the Aqqaluk pit. Nineteen holes totalling 4,700 metres were drilled for resource infill and confirmation. An update to the Aqqaluk resource model completed in November 2017 indicated no material impact to 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 have paid 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 increased 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 Licence 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 on December 31, 2015. Early in 2017, Teck Alaska and the Borough agreed to a new 10-year PILT agreement, which was subsequently signed during the second quarter of the year. Under the new agreement, PILT payments to the Borough, based on the assessed property value of the mine, increase by approximately US$4 million to between US$14 million and US$18 million per year. In addition, Teck Alaska will make annual payments to a separate fund aimed at social investment in villages in the region. These payments, based on mine profitability, will be between US$4 million and US$8 million per year, with US$11 million invested in the first year.

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 2017, 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 2017, zinc production at Red Dog decreased to 541,900 tonnes compared to 583,000 tonnes in 2016, primarily due to poor mill performance in the first half of the year and lower zinc grades. As planned, ore from the higher-grade Qanaiyaq pit was introduced to supplement declining grade ore from the Aqqaluk pit. However, mill performance was adversely affected, as this ore is metallurgically complex and weathered, particularly during the early stages of pit development. As we gained processing experience with this ore, and deepened the pit to access less weathered ore, the amount of Qanaiyaq ore in the mill feed blend increased to 20% during the fourth quarter. We expect to maintain this feed ratio of Qanaiyaq ore in 2018.

Lead production in 2017 declined to 111,300 tonnes, compared to 122,300 tonnes in 2016, primarily due to lower lead recoveries.

In the third quarter, we initiated a mill upgrade project that is expected to increase average mill throughput by about 15% over the remaining mine life, helping to offset lower grades and harder ore in the Aqqaluk pit. This project is expected to be complete by the end of 2019 at a capital cost of US$110 million.

Because the upgrade project will permit lower grade material to be processed, the current mine life, based on existing developed deposits, will remain unchanged through to 2031. In 2018, we plan to continue an exploration drilling program and various studies focused on extending the life of Red Dog past 2031, including possible development of the Paalaaq, Anarraaq, and Aktigiruq deposits.

Red Dog's production of contained metal in 2018 is expected to be in the range of 525,000 to 545,000 tonnes of zinc and 95,000 to 100,000 tonnes of lead. From 2019 to 2021, Red Dog's production of contained metal is expected to be in the range of 475,000 to 525,000 tonnes of zinc and 85,000 to 100,000 tonnes of lead per year, respectively.

2018 projected capital costs for Red Dog are approximately US$144 million. The major components of the projected capital costs are:

Component	Approximate projected cost (US$/million)
Sustaining	50
Major Enhancement	94

2018 projected cash operating costs for Red Dog are approximately US$249 million. The major components of the projected cash operating costs are:

Component	Approximate projected cost (US$/million)
Labour	111
Supplies	74
Energy	35
Other (including general & administrative, inventory changes)	50
Less amounts associated with capitalized stripping	(21)
Total	249

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 33,100 tonnes in 2017, compared to 34,100 tonnes in 2016.

Current mine planning efforts are focused on sustaining the operation and there is still significant potential to extend the mine life further. The current mine plan sustains the operation through 2018.

We expect production in 2018 to be approximately 35,000 tonnes of zinc in concentrate. Production rates beyond 2018 are uncertain, although the potential exists to extend the mine life at similar rates for several more years.

Other Zinc Projects

In February 2017, we completed the acquisition of the 49% minority interest in the Teena/Reward and now own 100%. 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 2017 was 310,100 tonnes, compared with 311,600 tonnes the previous year. Refined lead production was 87,100 tonnes, down from 99,200 tonnes in 2016, primarily due to treating material with lower metal units and reduced lead concentrate in the fourth quarter following mechanical difficulties in a fuming furnace. Silver production declined to 21.4 million ounces in 2017 from 24.2 million ounces in 2016.

Our recycling process treated 47,000 tonnes of material during the year, and we plan to treat about 39,000 tonnes in 2018. 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 started in the first quarter of 2017, and we expect the plant to become operational in the second quarter of 2019.

In 2018, we expect Trail Operations to produce 305,000 to 310,000 tonnes of refined zinc, approximately 70,000 tonnes of refined lead and approximately 16 to 18 million ounces of silver. Zinc production from 2019 to 2021 is expected to increase to 310,000 to 315,000 tonnes per year, while annual lead production is expected to rise to 95,000 to 105,000 tonnes. 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.

During the second quarter of 2017, we announced an agreement to sell our two-thirds interest in the Waneta Dam and related transmission assets for $1.2 billion cash to Fortis Inc. (Fortis). During the third quarter of 2017, BC Hydro exercised its right of first offer in respect of this transaction. Under the agreement, we will be granted a 20-year lease with an option to extend for an additional ten years to use the two-thirds interest in Waneta which entitles us to power for our Trail Operations. The closing of the transaction with BC Hydro is subject to customary conditions, including receipt of regulatory approvals and certain consents and we do not expect to close before the third quarter of 2018. Teck Metals' obligations in respect of firm delivery of energy described above will continue following the closing.

We also own the related 15-kilometre transmission and distribution system from Waneta to the United States, which BC Hydro has agreed to purchase on a deferred schedule.

Energy

Fort Hills Oil Sands Mining and Processing Operation

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 mining and processing operation. In 2007, we entered into an agreement to increase our interest in the Fort Hills Partnership to 20%. We increased our interest to approximately 20.89% in 2017. As at December 31, 2017, the other limited partners were Suncor Energy Inc. ("**Suncor**") with a 53.05% interest and Total E&P Canada Ltd. (" **Total**") with a 26.05% interest. Suncor and Teck increased their respective interests in Fort Hills after an agreement was reached in December 2017, in which Total reduced its interest. In January 2018, our interest has continued to increase as a result of ongoing dilution of Total's interest and depending on the final project cost and our future funding elections we expect that our interest will ultimately increase to approximately 21.3%. 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.

Teck's share of the overall budgeted project costs are expected to be $3.6 billion from the date the project was sanctioned, an increase in our share of approximately $300 million from our previous forecast of $3.3 billion. Our share of project capital costs through to completion is expected to be $170 million. Our share of Fort Hills major enhancement capital expenditures is expected to be $90 million and sustaining capital expenditures is expected to be $40 million in 2018.

As of December 31, 2017, approximately $20.4 billion (100% basis) has been spent on Fort Hills by the Fort Hills Partnership since inception. Teck's cumulative spending on the project since inception was $4.8 billion at the end of 2017, of which $900 million was spent in 2017.

Suncor, as operator of the Fort Hills Energy Limited Partnership, confirmed that during 2017, the mine, primary extraction, utilities and froth assets were commissioned. The Fort Hills plant initiated froth production in the third quarter, which required operating the mine, ore preparation, primary extraction, tailings and utilities areas of the Fort Hills plant. Bitumen froth produced at Fort Hills was then trucked to Suncor's base plant facilities for further processing. Oil production from the first of three secondary extraction units commenced on January 27, 2018. The other two secondary extraction units are scheduled to be completed and commissioned in the first half of 2018 and production is expected to reach 90% of nameplate capacity by the end of 2018.

Teck's share of Fort Hills bitumen production is forecast to be approximately 38,000 barrels per day on an annualized basis, assuming a 21.3% project interest. To meet pipeline viscosity requirements Teck will purchase approximately 11,500 barrels per day of diluent blend-stock, and sell approximately 49,500 barrels per day of blended bitumen.

The Fort Hills partners have jointly entered into long-term take-or-pay agreements with regional pipelines, terminals and blend facilities. These agreements relate to:

- hot bitumen transportation from Fort Hills to the East Tank Farm on the Northern Courier Pipeline, operated by TransCanada;
- diluent transportation from Edmonton to the East Tank Farm on the Norlite Pipeline, operated by Enbridge;
- use of diluent and bitumen blending facility at the East Tank Farm, operated by the Thebacha partnership, a joint venture between Suncor and regional First Nations (Fort McKay First Nation and Mikisew Cree First Nation); and
- blended bitumen transportation from the East Tank Farm to the market hub at Hardisty, Alberta on the Wood Buffalo Pipeline, operated by Enbridge.

We have separately contracted a 425,000 barrel working-capacity storage tank for our share of blended bitumen at Hardisty, Alberta and 100,000 barrels of diluent storage capacity at Fort Saskatchewan, Alberta. Our tankage at Hardisty is connected to major export pipelines, including the Enbridge common carrier pipeline, the existing Keystone pipeline and the Express crude oil pipeline. Our tankage is also connected to a large unit train loading facility.

We have entered into a long-term agreement on the existing Keystone pipeline to ship 10,000 barrels per day of blended bitumen to the U.S. Gulf Coast. We have also contracted 12,000 barrels per day on Kinder Morgan's TransMountain Pipeline expansion project for delivery to Burnaby, B.C. The balance of our production will be sold at Hardisty, shipped to customers via the Enbridge common carrier pipeline or transported by rail if required.

Certain of these arrangements 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 had approximately $209 million in letters of credit outstanding at December 31, 2017 as financial assurance related to certain pipeline and storage agreements we entered into in connection with the Fort Hills mining and processing operation. In addition, if requested by all of Teck's counterparties, the amount of these letters of credit could increase up

to approximately $504 million. 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 mining and processing operation effective as of December 31, 2017. The best estimate of Teck's share of the proven plus probable reserves at Fort Hills as at December 31, 2017 is 594 million barrels of bitumen. Teck's share of project reserves increased by 21 million barrels in 2017 due to our increased ownership position as well as greater certainty in the recovery of ore from the South pit. 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 mining and processing operation.

The Fort Hills project is subject to the royalty framework issued by the Government of Alberta (the Oil Sands Royalty), and regulated by the Oil Sands Royalty Regulation 2009 (OSRR 2009) and related regulations. Under the Oil Sands Royalty, royalties for the Fort Hills project are based on a sliding scale of 25% to 40% of net revenue, subject to a minimum royalty within a range of 1% to 9% of gross revenue. Revenues used in royalty formulas are driven by realized net prices to arm's length customers or, if there are insufficient arm's length sales, benchmark prices for Western Canadian Select (WCS) while sliding – scale percentages in royalty formulas depend on prices for West Texas Intermediate (WTI) from CAD$55/bbl for the minimum rate to the maximum rate at a WTI price of CAD$120/bbl. The Fort Hills project remains subject to the minimum royalty (the pre-payout phase) until the project's cumulative gross revenue exceeds its cumulative costs, including an annual investment allowance. After the pre–payout phase the higher of the minimum and regular royalty rates will apply.

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.

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 process is expected to continue through 2018; making 2019 the earliest a federal decision statement is expected. Our expenditures on Frontier are limited to supporting this process. We continue to evaluate 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 17,900 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

We sold our 49% interest in the Wintering Hills Wind Power Facility to IKEA Canada for $59 million in March 2017.

Exploration

In 2017, we incurred exploration expenditures of $58 million, including $2 million for mine site and development/engineering projects. Approximately 25% of expenditures were dedicated to exploration for zinc, 53% for copper, 17% for gold and approximately 5% were dedicated to other commodities. Of the total exploration expenditures, approximately 45% was spent in North America, 30% in South America, 16% in Europe and Asia and 9% in Australia. In 2018, planned exploration expenditures are expected to be approximately $79 million, including $13 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, 2017

	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	372,100	0.32	217,400	0.27	589,500	0.30	100.0%	1,540
Antamina								
Copper only ore	115,900	1.01	196,300	0.97	312,100	0.98	22.5%	640
Copper-zinc ore	64,600	0.90	161,400	0.80	225,900	0.83	22.5%	330
	180,500	0.97	357,700	0.89	538,000	0.92	22.5%	970
Quebrada Blanca								
Heap leach (2)	13,200	0.09			13,200	0.09	76.5%	10
Dump leach (2)	1,300	0.39	1,800	0.26	3,100	0.31	76.5%	10
	14,500	0.12	1,800	0.26	16,300	0.13	76.5%	20
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)	100	0.28	3,100	0.18	3,200	0.18	90%	3
Dump leach (2)								
	100	0.28	3,100	0.18	3,200	0.18	90%	3
Andacollo - Mill	111,100	0.35	221,600	0.32	332,600	0.33	90%	870
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	372,100	0.007	217,400	0.009	589,500	0.007	100.0%	20
Antamina	115,900	0.037	196,300	0.034	312,100	0.035	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			57,600	13.6	57,600	13.6	100%	6,310
District								
Pend Oreille			700	6.8	700	6.8	100%	40
Antamina	64,600	2.2	161,400	2.0	225,900	2.1	22.5%	850
Lead								
Red Dog								
Mine			57,600	3.9	57,600	3.9	100%	1,130
District								
Pend Oreille			700	1.1	700	1.1	100%	10

MINERAL RESERVES(1) AT DECEMBER 31, 2017

	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)	111,100	0.12	221,600	0.11	332,600	0.11	90%	720
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	115,900	7.5	196,300	7.9	312,100	7.8	22.5%	14,030
Copper-zinc ore	64,600	17.9	161,400	12.8	225,900	14.3	22.5%	15,020
	180,500	11.2	357,700	10.2	538,000	10.5	22.5%	29,050
Red Dog								
Mine			57,600	70.9	57,600	70.9	100.0%	78,910
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	161,000	221,500	382,500	100%	382,500
Elkview	7,400	286,100	293,500	95%	278,800
Greenhills	10,600	154,600	165,200	80%	132,200
Line Creek	2,100	61,500	63,600	100%	63,600
Cardinal River	3,500	13,200	16,700	100%	16,700
Quintette (Mt Babcock)	700	35,400	36,000	100%	36,000
PCI Coal (3)					
Coal Mountain	1,000		1,000	100%	1,000
Cardinal River	100	400	500	100%	500
Thermal Coal (3)					
Line Creek	500	9,400	9,900	100%	9,900
Quintette (Mt Babcock)		900	900	100%	900

MINERAL RESOURCES(1) AT DECEMBER 31, 2017

	Measured		Indicated		Inferred		
	Tonnes (000's)	Grade (%)	Tonnes (000s)	Grade (%)	Tonnes (000s)	Grade (%)	**Teck Interest**
Copper							
Highland Valley Copper	488,400	0.31	822,600	0.23	382,400	0.23	100.0%
Antamina							
Copper only ore OP	53,900	0.60	319,100	0.81	603,000	0.84	22.5%
Copper-zinc ore OP	19,400	0.90	127,200	1.10	268,000	0.94	
Copper only ore UG			12,200	1.11	500,900	0.96	22.5%
	73,300	0.68	458,500	0.90	1,371,900	0.91	22.5%
Quebrada Blanca							
Heap leach (2)							76.5%
Dump leach (2)					40	0.15	76.5%
					40	0.15	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	0.38	26,700	0.07			90.0%
Dump leach ore (2)							90.0%
	6,900	0.38	26,700	0.07			90.0%
Andacollo - Mill	32,000	0.30	169,700	0.28	19,300	0.29	90.0%
Galore Creek	39,500	0.25	247,200	0.34	346,600	0.42	50.0%
San Nicolás			91,700	1.24	10,800	1.24	100.0%
NuevaUnión							
Relincho	79,900	0.27	317,100	0.34	610,800	0.38	50.0%
La Fortuna	19,800	0.51	72,600	0.39	678,100	0.35	50.0%
Molybdenum							
Highland Valley Copper	488,400	0.009	822,600	0.009	382,400	0.007	100.0%
Antamina	53,900	0.017	319,100	0.023	603,000	0.030	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	50.0%
Zinc							
Red Dog							
Mine			5,100	10.3	7,000	12.0	100.0%
District				0.0	19,400	14.4	100.0%
Pend Oreille			400	5.8	2,200	6.6	100.0%
Antamina	19,400	1.4	127,200	1.7	268,000	1.6	22.5%
San Nicolás			91,700	1.7	10,800	1.0	100.0%
Lead							
Red Dog							
Mine			5,100	3.4	7,000	4.6	100.0%
District					19,400	4.2	100.0%
Pend Oreille			400	0.8	2,200	1.4	100%

MINERAL RESOURCES(1) AT DECEMBER 31, 2017

	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)	32,000	0.11	169,700	0.10	19,300	0.08	90.0%
Galore Creek	39,500	0.39	247,200	0.26	346,600	0.24	50.0%
San Nicolás			91,700	0.46	10,800	0.26	100.0%
NuevaUnión							
La Fortuna	19,800	0.53	72,600	0.38	678,100	0.30	50.0%
Silver							
Antamina							
Copper only ore OP	53,900	6.9	319,100	9.1	603,000	7.9	22.5%
Copper-zinc ore OP	19,400	16.9	127,200	19.1	268,000	15.1	
Copper only ore UG			12,200	14.5	500,900	11.1	22.5%
	73,300	9.5	458,500	12.0	1,371,900	10.5	22.5%
San Nicolás			91,700	26.7	10,800	17.4	100.0%
Red Dog							
Mine			5,100	74.3	7,000	87.8	100%
District					19,400	73.4	100%

MINERAL RESOURCES(1) AT DECEMBER 31, 2017

		Measured	Indicated	Inferred	
		Tonnes (000's)	Tonnes (000's)	Tonnes (000's)	**Teck Interest**
Metallurgical Coal (5)					
	Fording River	430,500	938,200	787,800	100%
	Elkview	379,500	164,200	245,300	95%
	Greenhills	176,600	247,100	181,600	80%
	Line Creek	312,100	410,500	397,100	100%
	Cardinal River	11,300	2,100	400	100%
	Quintette (Mt Babcock)	31,800	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	55,900	23,100	4,900	100%
	Cardinal River	200	100	30	100%
Thermal Coal (5)					
	Line Creek	3,700	3,200	1,700	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. Figures have been rounded.

(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 2015, an interest in future gold production from the Andacollo mine was sold. Compañia Minera Teck Carmen de Andacollo has agreed to sell and deliver to the purchaser an amount of gold equal to 100% of the payable gold produced from the Carmen de Andacollo mine until 900,000 ounces have been delivered, 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.

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 prefeasibility 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 prefeasibility 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 prefeasibility 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$20.00/oz silver and US$1,250/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 2017 had a net increase of 42.9 million tonnes compared to 2016. This increase was due to a 97 million tonne increase attributed to updates to the resource model and changes in mine design, which was partially offset by a 47.8 million tonne reduction in reserves due to mining activities. Resources decreased 278.8 million tonnes compared to 2016 results, mostly due to higher long term operating cost assumptions and related changes in mine design. The resource estimate at Highland Valley is extremely sensitive to changes in these assumptions.

Antamina

Open pit reserve estimates were prepared assuming long-term metal prices of US$2.84/lb copper, US$1.00/lb zinc, US$8.01/lb molybdenum and US$19.47/oz. silver. Open pit and underground resource estimates were prepared assuming long-term metal prices of: US$3.30/lb copper, US$1.30/lb zinc, US$9.50/lb molybdenum and US$20.70/oz. silver.

Cut-off grades at Antamina are based on the net value before taxes that the relevant 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.

A third-party study was completed in 2017 to evaluate copper-only mineral resources that could be extracted using an underground operation. The underground resource has been estimated at 500 million tonnes of inferred, and 12 million tonnes of indicated, copper-only ore resources.

Although underground methods would reduce existing open pit resources by 383.0 million tonnes, there is a net increase of 123.5 million tonnes of resources.

Quebrada Blanca

Supergene reserves were estimated assuming a short-term copper metal price of US$2.38/lb, given the short-term nature of the operation. The supergene reserves are expected to be exhausted in 2018.

The Quebrada Blanca Phase 2 hypogene (concentrator) mineral reserves and resources are unchanged from 2016. 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 variable metallurgical recoveries that average approximately 91% for copper and 76% for molybdenum.

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 February 2017 with adjustments to the lithology, mineral zones and alteration models based on new drilling.

Supergene mineral reserve estimates assume a 49.7% leach recovery for soluble copper, long-term copper price of US$3.00/lb and cut-off of 0.20% soluble copper. Supergene reserves are estimated to sustain mining until 2018 from direct mill feed and existing stockpiles.

The hypogene reserves are estimated using variable mill recovery values for copper and an average fixed mill recovery of 67.6% for gold. Hypogene reserve estimates assume long-term metal prices of US$3.00/lb copper and US$1,200/oz gold. Current hypogene feeds are expected to sustain concentrator operations until 2035. Certain reserves were reclassified as resources in connection with permitting matters, although this reclassification was largely offset by increases in reserves due to lower assumed operating costs and pit design changes. Ultimately there was a net 17.1 million reduction in hypogene reserves in 2017, which is equivalent to depletion due to production in the year.

Hypogene resources increased to 221 million tonnes due mostly to the reclassification of certain reserves to resources, lower assumed operating costs and pit design changes.

NuevaUnión

Our Relincho project has been combined with Goldcorp Inc.’s El Morro (La Fortuna) project, forming NuevaUnión. Teck has a 50% interest in NuevaUnión.

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/lb copper and US$1,200/oz gold.

The NuevaUnión staff are evaluating combined mine planning alternatives for both deposits through a prefeasibility study that will be completed in early 2018.

Red Dog

Reported reserves and resources for Red Dog are divided into two reporting groups based on the spatial proximity and the land ownership associated with the deposits in and around Red Dog. The names assigned to these groups are “Mine” and “District”.

Mineral reserves are reported for Aqqaluk and Qanaiyaq deposits only. In addition to reserves, Indicated and Inferred resources are reported from both deposits and from the neighbouring Paalaaq deposit. All three deposits are included in the “Mine” 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.

Reserve and resource estimates assume long-term prices of US$1.00/lb zinc and US$0.90/lb lead.

Red Dog Mine reserves increased by 6.7 million tonnes in 2017, mostly due to the transfer of resources to reserves due to the approval of the VIP2 project and the completion of engineering required for a future tailings dam raise to a prefeasibility level. The low-grade resources are scheduled to be stockpiled and may be processed at the end of the mine life.

Red Dog Mine resources decreased by 11.0 million tonnes primarily due to the transfer of resources to reserves.

Red Dog District resources remained unchanged at 19.4 million tonnes, with all of the resources attributed to the Anarraaq deposit.

Pend Oreille

Production in 2017 accounted for 377 kt depletion from reserves, which was largely offset by the addition of 375 kt of reserves from other mine areas.

The reserves and resources for the East Mine area of Pend Oreille, scheduled to be mined in the near term, are estimated using a 4.5% zinc cut-off calculated assuming metal prices of US$1.35/lb for zinc and US$1.00/lb for lead.

The reserves and resource for MX area of Pend Oreille are estimated assuming a 4.0% zinc equivalent cut-off calculated using US$1.10/lb zinc and US$0.90/lb for lead.

Galore Creek

Reserves and resource estimates were prepared assuming 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 decreased from year-end 2016 by 7.9 million tonnes of clean coal, primarily due to production of 8.3 million tonnes. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$125/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 2017 removed 6.2 million tonnes of clean coal reserves. There were significant increases to reserves due to the expansion and mine rephasing, and changes to the geology interpretation. These factors resulted in a net increase of 27.6 million tonnes of reserves at 2017 year end as compared to 2016. The reserve estimate assumes a long-term selling price at the Port of Vancouver of US$125/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Greenhills

Teck is an 80% member of the Greenhills joint venture, which operates in certain areas of the Greenhills Operations. Normal mine depletion accounted for a 6.2 million tonnes reduction in clean coal reserves. An additional decrease of 1.9 million tonnes of reserves was due to minor design changes and geotechnical issues in a pit. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$125/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Line Creek

Mine production removed 3.6 million tonnes from reserves in 2017. Pit design changes resulted in an additional 1.6 million tonnes of reserves. The reserve estimate assumes a long term selling price at the Port of Vancouver of US$125/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Coal Mountain

Coal Mountain production removed 2.7 million tonnes from reserves in 2017, which was offset by geology interpretation and the re-addition of thermal reserves which added 1.1 million tonnes. The reserve estimate assumes a short term selling price of US$90/tonne for PCI coal and US$65/tonne for clean thermal coal at a short-term exchange rate of CAD$1.20 per US$1.00.

Cardinal River

In 2017, production reduce reserves by 1.3 million tonnes, which was offset by changes to geology interpretation and a minor pit design that added 0.9 million tonnes. The reserve estimate assumes a long term selling price of US$125/tonne for metallurgical coal at an exchange rate of CAD$1.20 per US$1.00.

Quintette (Mt Babcock)

Quintette reserves remain unchanged from 2016 year end. The resource estimates assume a long-term selling price of US$125/tonne for metallurgical coal and an exchange rate of CAD$1.20 per US$1.00.

Other Coal Properties

Other properties include Mt Duke (92.683% interest) south of Tumbler Ridge BC, Elco (75% interest) at the north end of the Elk Valley and the Coal Mountain Phase 2 property south of Elkview. The resource estimates for these other coal properties assumed a long term selling price of US$125/tonne for metallurgical coal, US$90/tonne for clean PCI, US$65/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. Except as expressly described elsewhere in this Annual Information Form, 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 *"Health 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 mining and processing operation 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, 2017. Estimates of reserves and projections of production were prepared by GLJ using information provided up to December 31, 2017. The preparation date of the GLJ report that the reserves information set out below for Fort Hills is taken from is January 19, 2018.

All reserves information in this section is based on Teck's 20.88925% interest in the Fort Hills oil sands mining and processing operation.

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 Mining and Processing Operation

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, and therefore do not take into account, interest, general and administrative expenses or the impact of any hedging activities. In addition, provisions for the abandonment and reclamation of the mines and associated facilities to which reserves have been assigned have been included; all other abandonment and reclamation costs have not been included. These forecasts and other assumptions are taken from the GLJ evaluation report with an effective date of December 31, 2017, and do not take into account the increase in our interest in the project that occurred in January 2018. 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 Mining and Processing Operation*" section of this AIF are the estimates or assumptions of GLJ, our independent reserves evaluator. In order to estimate reserves 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 mining and processing operation 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 Mining and Processing Operation* " for a further description of the project operator estimates regarding development costs.

All of our reserves are associated with our Fort Hills mining and processing operation. Bitumen is the only product type associated with our reserves.

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 as at December 31, 2017 (20.88925%) share after deduction of royalties.

Summary of Oil and Gas Reserves
at December 31, 2017
(at forecast prices and costs)

Reserves Category	Reserves	
	Bitumen	
	Gross (MMbbl)	Net (MMbbl)
Proved Reserves	0	0
Developed Producing	0	0
Developed Nonproducing	0	0
Undeveloped	366	340
Total Proved Reserves	366	340
Probable Reserves	229	194
Total Proved plus Probable Reserves	594	534

Summary of Net Present Value of Future Net Revenue at December 31, 2017
(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.

Reserves Category	Net Present Value of Future Revenue										
	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	5,278	2,344	1,131	572	286	4,888	2,234	1,098	561	282	3.33
Total Proved	5,278	2,344	1,131	572	286	4,888	2,234	1,098	561	282	3.33
Total Probable	4,555	1,046	326	145	85	3,182	784	266	129	80	1.68
Total Proved plus Probable	9,833	3,391	1,457	717	371	8,070	3,018	1,365	690	363	2.73

(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, 2017 (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	0	0
Proved Developed Nonproducing	0	0	0	0	0	0	0	0
Proved Undeveloped	23,346	1,744	13,506	2,281	537	5,278	390	4,888
Total Proved	23,346	1,744	13,506	2,281	537	5,278	390	4,888
Total Probable	22,872	3,517	12,703	1,498	599	4,555	1,373	3,182
Total Proved Plus Probable Reserves	46,218	5,260	26,209	3,780	1,136	9,833	1,763	8,070

Future Net Revenue by Product Type at December 31, 2017
(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
Total Proved	Bitumen	1,131	3.33
Total Proved Plus Probable Reserves	Bitumen	1,457	2.73

(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, 2017 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 mining and processing operation, GLJ has included a 2.0% inflation rate for 2027 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)
2018	0.7900	57.50	50.61	72.41
2019	0.8000	60.90	56.59	74.90
2020	0.8167	64.13	60.86	77.07
2021	0.8283	68.33	64.56	81.07
2022	0.8400	71.19	66.63	83.32
2023	0.8433	73.15	68.49	85.35
2024	0.8433	75.16	70.63	87.75
2025	0.8433	77.17	72.79	90.13
2026	0.8433	79.01	74.72	92.32
2027	0.8433	80.60	76.31	94.21
2028+	0.8433	+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 (2018 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	Probable	Proved Plus Probable
	(MMbbl)	(MMbbl)	(MMbbl)
At December 31, 2016	346.0	227.0	573.0
Acquisitions	15.6	9.7	25.3
Revisions	4.0	(8.0)	(4.0)
At December 31, 2017	365.6	228.7	594.3

Additional Information Relating to Reserves Data - Undeveloped Reserves

All of Teck's proved undeveloped reserves and probable undeveloped reserves relate to our Fort Hills mining and processing operation and were first attributed to Teck in 2013. On October 30, 2013, the co-owners of Fort Hills announced project sanction and the project was 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 ($ thousands)	2018	2019	2020	2021	2022	Remainder	Total	Total (10% discounted)
Total Proved	194,596	188,399	84,284	79,092	94,704	1,640,305	2,281,380	995,615
Total Proved plus Probable Reserves	205,652	199,482	89,242	83,745	100,275	3,101,194	3,779,590	1,100,172

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 2018 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 (35,512 bbl per day and 37,601 bbl per day related to Teck's interest). The gross proved reserves and gross probable reserves forecast by GLJ reflect an estimated bitumen production, related to Teck's interest as at December 31, 2017, in Fort Hills' first year of operation of 26,112 bbl per day and 2,089 bbl per day, respectively, for a gross proved plus probable total of 28,200 bbl per day.

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 will 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. Environmental, health and safety regulations are constantly evolving and present a significant challenge from time to time in order to ensure we meet changing standards.

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 findings 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, becoming increasingly complex in terms of required background information, and are 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 assurance of various forms, including letters of credit and surety bonds, 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, and as noted above many of our active sites undergo extensive progressive reclamation during operations. 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, 2017 is $1,844 million of which $719 million is attributable to our operating coal operations, $444 million is attributable to our operating copper operations, $372 million is attributable to our operating zinc operations, $39 million is attributable to our energy operations and $270 million is attributable to closed properties. Of that amount, we expect to spend approximately $83 million in 2018. As at December 31, 2017, we had letters of credit and other bonding in place to secure our reclamation obligations in the aggregate amount of approximately $1.8 billion. British Columbia, Chile and Alaska are all continuing to review their reclamation security requirements, which we expect may result in future increases to the financial security that we may be required to post in respect of our reclamation obligations.

Climate Change and Carbon Pricing

As part of the ongoing efforts to address climate change, 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 resulting uncertainty regarding the costs of technology required to comply with current or anticipated regulations make it difficult to predict the ultimate 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. Following the adoption of the Paris Agreement in 2015, both the Government of British Columbia and the Government of Alberta completed 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). In 2017, British Columbia announced a planned increase to the Carbon Tax beginning in 2018, increasing by $5/tonne of CO_2e per year until reaching $50/tonne of CO_2e. At the same time, the Government of British Columbia made a commitment to address impacts to emissions-intensive, trade-exposed industries to ensure that British Columbia operations maintain their competitiveness and that carbon leakage is avoided. In 2017, the Province of Alberta also consulted on the Carbon Competitiveness Incentive Regulation, an industry specific carbon pricing policy set to replace Alberta's previous Specified Gas Emitters Regulation, which ended in 2017. In 2017, the Government of Canada continued its consultation on the 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, staring 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 these updated and evolving policies on our operations and projects.

To respond to this changing environment, Teck has set long-term targets to reduce greenhouse gas emissions. We are working to achieve them through innovation, improved efficiency and adoption of low-carbon technologies. We support action at all levels to combat climate change and are actively advocating for broad-based, effective carbon pricing. We are also 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 expect that regional, national, or international regulations which seek to reduce greenhouse gas emissions will continue to be established or revised. The cost of reducing our emissions or of obtaining the equivalent amount of credits or offsets in the future, if regulations permit this, 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 2017 are estimated to be approximately 3.0 million tonnes (CO_2e). The most material indirect emissions associated with our activities are those from the use of our steelmaking coal by our customers. Based on our 2017 sales volumes emissions from the use of our steel making coal would have been approximately 78.4 million tonnes of CO_2 emissions.

For 2017, our seven B.C.-based operations incurred $52 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 Regulation

In addition to climate change, issues surrounding water regulation remain of particular importance. We continue to monitor regulatory initiatives and participate in consultation opportunities with the government. We are participating in the Canadian federal government consultation focused on developing a Coal Mining Effluent Regulation and updating the Metal Mining Effluent Regulation. The ultimate form of these regulations may have a material effect on compliance costs, mine plans and our capital and operating costs at affected mines. See "*Risk Factors - Changes in environmental, health and safety laws may have a material adverse effect on our operations* ". 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. Our costs of implementing this plan are uncertain and will depend on the results of ongoing environmental monitoring, other technical developments, and future actions by regulators. 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 Code of Ethics, our Charter of Corporate Responsibility and Code of Sustainable Conduct. The Charter of Corporate Responsibility 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 of Sustainable Conduct 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 Code of Ethics, the Charter of Corporate Responsibility and Code of Sustainable Conduct, we have adopted a Safety and Health Policy, a Health and Safety Guide for Exploration, a Water Policy, a Human Rights Policy, and an Indigenous Peoples Policy. We have taken steps to implement the Charter of Corporate Responsibility, the Code of Sustainable Conduct 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), 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.

Human Resources

As at December 31, 2017 there were nearly 9,600 employees classified as “regular” employees working at the various operations we manage. Of those employees approximately 4,200 were employed by our Coal operations, 2,500 by our Copper operations, 2,100 by our Zinc operations and 800 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.

We reached a number of agreements in 2017 relating to collective arrangements. New five-year collective labour agreements were reached at our Cardinal River, Highland Valley and Trail

operations during the year, and a one-year extension was reached at Coal Mountain, which is scheduled to shut in 2018. In addition, two of the three labour agreements at Quebrada Blanca were extended to the first quarter of 2019 and the third labour agreement was extended to the fourth quarter of 2019.

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, 2022
Carmen de Andacollo	September 30, 2019 (worker's union) and December 31, 2019 (supervisor's union)
Coal Mountain	December 31, 2019
Elkview	October 31, 2020
Fording River	April 30, 2021
Highland Valley Copper	September 30, 2021
Line Creek	May 31, 2019
Quebrada Blanca	January 31, 2019 (administrative union); November 30, 2019 (Union No. 1); and March 31, 2019 (Union No. 2)
Quintette	April 30, 2018
Trail	May 31, 2022

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 2017 was $55 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 operating 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 29% of our 2017 consolidated revenue and represented approximately 26% of our total assets as at December 31, 2017.

We also have interests in various exploration and development projects in various foreign countries, with significant activities in Australia, Chile, Ireland, Mexico, Peru, Turkey and the United States. We currently have foreign exploration offices in all of those countries other than 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 steelmaking coal, base metals, metal concentrates, specialty metals and bitumen 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, costs of transport and other infrastructure, the location of our Trail 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, metals and oil 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, labour-force disruptions, supply problems and delays, and flooding.

Our mining, oil 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.

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 or logistics 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, specialty metals and oil 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, specialty metals and, commencing in 2018, oil, 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, transportation and pipeline

capacity, 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 or energy 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 wiring 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.

As the world transitions to a lower-carbon economy, there is renewed focus on low-carbon technologies to replace carbon-intensive ones.

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.

Failure to secure water rights could have negative effects on our operations and financial condition.

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.

Our arrangements relating to our relationship with BC Hydro regarding the Waneta hydroelectric plant 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. These arrangements will continue following the sale of our remaining interest in the Waneta hydroelectric plant to BC Hydro, which we expect to complete in 2018.

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

Under the arrangements governing the Fort Hills mining and processing operation, 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 production. In any of these events we may face additional costs or penalties under the Fort Hills 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.

We have indebtedness to service and repay.

As of December 31, 2017, we and our consolidated subsidiaries had total indebtedness of $6.4 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.

Our material financing agreements contain financial and other covenants that may impose restrictions on our business and, 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, including restrictive 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, finance our projects, 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, although we may elect to do so from time to time to reduce borrowing costs. 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. Providers of 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 licences 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 licences 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. We may face disruption in our permitting, exploration or other activities resulting from our refusal to make “facilitation payments” in certain jurisdictions where such payments are otherwise prevalent.

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 5,700 of our nearly 9,600 regular employees (as of December 31, 2017) 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. As commodity prices increase, we could face competition for limited candidates, and may see current employees leave to pursue other opportunities. 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.

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, bitumen 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, production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. As a result, changes in estimates or inaccuracy of estimates may affect our reserves and resources. 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, or should regulatory standards or enforcement change, 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 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. If we are unable to secure permits, we may be unable to extend, expand or continue with existing operations or construct new 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. Ongoing operation of our steelmaking coal mines in the Elk Valley, British Columbia continually require 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. For example, we previously announced that we are working to address an issue regarding selenium compounds in effluent from the West Line Creek active water treatment facility, which was constructed as part of our Elk Valley Water Quality Plan, and we delayed commencement of construction of our next water treatment facility, at the Fording River operation, to incorporate certain related design changes.

Any negative developments referred to above 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 to reclaim properties after mining is completed and specific requirements vary among jurisdictions. 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, and may exceed our estimates for such costs. 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. We may be unable to obtain letters of credit or surety bonds to satisfy these requirements, in which case we may be required to deposit cash as financial assurance. If we are unable to satisfy these requirements we may face loss of permits, fines and other material and negative consequences.

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.

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 sustain our operations, and any such shortage could impact our production capacity.

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

Concerns regarding climate change may lead to further changes in legal and regulatory regimes, and technological development of alternatives to certain of our products, such as steelmaking coal and oil.

Although we make efforts to mitigate the physical risks of climate change and work with governments to influence regulatory requirements regarding climate change, there can be no

assurances that these efforts will be effective or that climate change or associated governmental action 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 "*— Health and Safety and Environmental Protection — Climate Change and Carbon Pricing*".

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.

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. In addition, our operating costs are influenced by the strength of the currencies of those countries where our operations are located, such as Chile, Peru and the United States.

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 November 2017 Environment and Climate Change Canada, a department of the Government of Canada, issued a consultation document to inform interested parties and solicit feedback regarding proposed coal mining effluent regulations under the *Fisheries Act*. While these regulations are still in development, if adopted as currently proposed, they would impose significant costs and operating limitations on our steelmaking coal operations.

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. 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. In addition, financial assurance requirements could increase significantly in light of evolving environmental, health or safety concerns or as a result of evolving regulatory pressures. Increases in financial assurance requirements could severely impact our credit capacity and our ability to raise capital for other projects or acquisitions. We may be unable to obtain letters of credit, surety bonds or other forms of acceptable assurance to satisfy these requirements, in which case we may be required to deposit cash as financial assurance. If we are unable to satisfy these requirements we may face loss of permits, fines and other material and negative consequences.

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. Potential 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, and result in lower than anticipated sales volumes and revenue. We experienced a loss of revenue and an increase in cost of coal product sold in 2017 due, in part, to logistics issues with one of our port services providers.

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, Frontier, NuevaUnión, San Nicolás, Mesaba, Zafranal and Galore Creek projects. We also have a number of other projects in our development portfolio.

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, San Nicolás, Zafranal and our Frontier project are 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, other than Fort Hills, 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 and other metals, 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 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;
- risk associated with our failure to develop or manage a project in accordance with our planning expectations;
- 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.

While construction of the Fort Hills mining and processing operation has significantly advanced, significant development work remains in order for the project to reach the targeted 90% capacity by the end of 2018 and there can be no assurance that the final construction of the Fort Hills project will be completed in accordance with that schedule or within the cost estimates prepared by the project operator.

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, 2017. 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. Total dividends per share declared and paid in the past three years were:

Year ended December 31	2017	2016	2015
Dividends paid per share	$0.60	$0.10	$0.20

In 2017 our board adopted a dividend policy which contemplates the payment of a quarterly base dividend and annual consideration of a supplemental dividend. Each year the Board will review the free cash flow generated by the business, the outlook for business conditions and priorities regarding capital allocation, and determine whether a supplemental dividend should be paid. Any supplemental dividends declared are expected to be paid on the last business day of the calendar year. If declared, supplemental dividends may be highly variable from year to year, given the volatility of commodity prices and the potential need to conserve cash for certain project capital expenditures or other corporate policies. In accordance with the policy, the dividends declared and paid in 2017 include an aggregate $0.20 per share base dividend and $0.40 per share supplemental dividend. The payment of dividends is at the discretion of the Board who will review the dividend policy regularly.

All dividends paid on our Class A common shares and Class B subordinate voting shares after 2005 are eligible dividends for purposes of the federal and provincial 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.

In September 2017, Teck was advised that Fullbloom had sold 42 million of its Class B subordinate voting shares. As a result, 59.3 million shares remain subject to the restrictions described above, representing 10.4% of Teck's outstanding Class B subordinate voting shares as of February 8, 2018.

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, 2017, 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 October 31, 2022 and which, as at December 31, 2017, was undrawn.
- A US$1.2 billion revolving credit facility provided by a syndicate of lenders, which matures on October 31, 2020. As at December 31, 2017 US$809 million of letters of credit were outstanding.
- A $150 million uncommitted standby letter of credit facility with Bank of Montreal. As at December 31, 2017, $94 million of letters of credit under the facility were outstanding.
- A $150 million uncommitted credit facility with Royal Bank of Canada. As at December 31, 2017, $92 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, 2017, $57 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, 2017, $37 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, 2017, $62 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, 2017, $75 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, 2017, US$450 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, 2017, $150 million of letters of

credit, issued by third-party banks but secured by EDC under this arrangement, were outstanding.

- A US$113 million credit facility with Goldman Sachs Mortgage Company. As at December 31, 2017, US$113 million of letters of credit were outstanding.

In addition to the letters of credit outstanding under the facilities listed above, we also had, as at December 31, 2017, $336 million of stand-alone letters of credit and $350 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 $283 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, 2017 we had US$323 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.

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, 2017, 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 over debt-plus-equity) ratio of not more than 0.5:1.0. As of December 31, 2017 our ratio of debt to total capitalization for purposes of our credit facilities was 0.25:1.0;
- a restriction on certain of our subsidiaries incurring indebtedness of more than an aggregate of US$250 million;
- restriction on incurrence of indebtedness by guarantor subsidiaries;
- restrictions on use of proceeds relating to asset dispositions in excess of US$250 million by Teck or guarantor subsidiaries (not including the Waneta transaction);
- 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 of the date of this annual information form, the following subsidiaries guarantee our obligations under almost all of our credit facilities, as well as certain hedging obligations: 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.

Our revolving credit facilities include 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 the “Other Liabilities and Provisions” line item on our balance sheet. Associated letters of credit and surety bonds would not become a liability unless the letter of credit or surety bond 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 a drawing, we would be required to reimburse the issuing bank or surety bond provider for the amount drawn on the letter of credit or surety bond, respectively. Issued letters of credit and outstanding surety bonds do not constitute debt for the purpose of the debt-to-debt plus equity covenant in our bank credit agreements or limitations on indebtedness under our 2016 indenture (as defined below).

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. 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.

Public Indebtedness

As of December 31, 2017, our public indebtedness consisted of 10 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 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) 8.500% notes due 2024, which were issued under the 2016 indenture. Our 8.500% notes due 2024 were issued in a private placement and are not registered under the securities laws of any jurisdiction. The details of the outstanding principal amount, coupon and issuance date of each issuance of our outstanding series of notes as of December 31, 2017 follows:

- US$22.474 million of 2.500% notes due 2018 issued on August 8, 2012;
- US$219.533 million of 4.500% notes due 2021 issued on September 8, 2010;
- US$672.769 million of 4.750% notes due 2022 issued on July 5, 2011;
- US$646.393 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 (callable on or after June 1, 2019);
- US$609.355 million of 6.125% notes due 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 6.250% 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.

During 2017, we redeemed or retired at maturity the following series of notes: 3.15% notes due 2017, 3.850% notes due 2017, 3.000% notes due 2019 and 8.000% notes due 2021. Our 2.500% notes due 2018 were retired at their maturity on February 1, 2018.

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.

The above is a 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	Fitch	Dominion Bond Rating Service
Guaranteed Senior Unsecured Notes[1]	Ba1	BB+	BB+	BB (high)
Senior Unsecured Notes[2]	Ba3	BB+	BB+	BB

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 Ba rating 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 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.

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+ to both our guaranteed senior unsecured notes and our senior unsecured notes. The ratings assigned to Teck are the fifth 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. Fitch's may append the modifier "+" or "-" to a rating to denote the relative status of a security within a major 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.

Payments to Agencies

We have made payments in respect of certain services provided to us by each of Moody's, S&P 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 2017 for the Class A common shares and Class B subordinate voting shares.

	Teck Resources A			Teck Resources B		
Month	High ($)	Low ($)	Volume	High ($)	Low ($)	Volume
January	35.10	28.31	191,188	34.60	26.53	52,047,554
February	35.14	27.02	228,046	34.20	25.90	57,094,492
March	30.69	26.73	94,719	29.99	25.94	57,024,928
April	32.84	28.22	97,533	32.18	27.67	45,950,369
May	29.05	24.59	65,453	28.61	23.71	48,562,603
June	25.00	20.00	56,172	24.78	19.27	48,707,282
July	27.91	22.81	32,447	27.28	22.05	41,003,785
August	32.49	27.34	63,002	31.92	26.80	50,671,450
September	32.00	25.75	71,943	31.76	25.60	56,308,746
October	29.98	26.48	80,120	29.72	25.89	43,586,128
November	30.48	26.35	47,870	29.99	26.12	35,662,590
December	33.56	28.75	76,377	33.76	28.57	36,837,562

Source: TSX

Directors and Officers

Directors

As of February 26, 2018, 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) Clagary, Alberta, Canada	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
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) Greenwood Village, Colorado, United States	Chairman, Alacer Gold Corp. and Polyus Open Joint Stock Company and Director of Detour Gold Corporation	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 Inc., 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.	April 2012
Donald R. Lindsay (1) Vancouver, British Columbia, Canada	President and Chief Executive Officer of the Company	February 2005
Tracey L. McVicar (2)(3)(7) Vancouver, British Columbia, Canada	Managing Partner of CAI Capital Management Co. since 2014; previously Managing Director of CAI Capital Management Co.	November 2014

Name, City, Province/State and Country of Residence	Principal Occupations within Previous Five Years	Director Since
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
Una M. Power (2)(6) Vancouver, British Columbia	Corporate Director and former Chief Financial Officer of Nexen Energy ULC, a former publicly traded oil and gas company that is now a wholly-owned subsidiary of CNOOC Limited.	April 2017
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) 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 until December 2016

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 25, 2018.

Officers

As of February 26, 2018, 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; previously 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
H. Fraser Phillips Vancouver, British Columbia, Canada	Senior Vice President, Investor Relations and Strategic Analysis since March 2017; previously, Managing Director, RBC Capital Markets
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
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, North American Operations, Based Metals since February 2018; previously, Vice President, Planning & Development, Base Metals May 2016-February 2018; Vice President, Strategy & Development, Copper since March 2014
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; previously General Manager Elkview Coal Mine
Christopher J. Dechert Santiago, Chile	Vice President, Copper, Chile Operations since April 2015, previously General Manager, Teck Highland Valley Copper
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
C. Jeffery Hanman Vancouver, British Columbia, Canada	Vice President, Corporate Affairs since March 2017; Director of Communications from 2011-2016; Head Corporate Affairs from 2016 to March 2017; previously
M. Colin Joudrie North Vancouver, British Columbia, Canada	Vice President, Business Development
Ralph J. Lutes Beijing, China	Vice President, Asia
Scott E. Maloney Vancouver, British Columbia, Canada	Vice President, Environment since September 2017; previously Manager Health Safety Environment Community at BHP, Lead HSE Assurance and Review at BHP from 2016-2017.
Douglas J. Powrie Vancouver, British Columbia, Canada	Vice President, Tax
Amanda R. Robinson Vancouver, British Columbia, Canada	Corporate Secretary since February 2018; previously Partner, Fasken Martineau Dumoulin LLP 2016-2018, Associate Fasken Martineau Dumoulin LLP 2007-2016
Kalev Ruberg West Vancouver, British Columbia, Canada	Vice President, Teck Digital Systems and Chief Information Officer since November 2017; previously Chief Information Officer.
Keith G. Stein Anmore, British Columbia, Canada	Vice President, Project Development since July 2016; previously Vice President Projects

Name, City, Province/State and Country of Residence	Office Held With Company and Principal Occupations within Previous Five Years
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
Dean C. Winsor West Vancouver, British Columbia, Canada	Vice President, Human Resources

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:

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.

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.

Una M. Power

Ms. Power is a graduate of Memorial University B.Comm (Honours), and also holds CPA, CA and CFA designations. Ms. Power is the former chief financial officer of Nexen Energy ULC, and held various other executive positions covering financial reporting, financial management, investor relations, business development, strategic planning and investment at Nexen. She is also a director of the Bank of Nova Scotia and Kinross Gold Corporation.

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, where he participated in the review and publication of financial statements.

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, 2017 and 2016, the Company paid the external auditors $5,752,593 and $5,781,419, respectively, as detailed below:

	Year Ended 2017 ($000)	Year Ended 2016 ($000)
Audit Services(1)	4,892	5,306
Audit Related Services(2)	269	326
Tax Fees(3)	124	3
All Other Fees(4)	468	146

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) 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.
(3) Fees are for corporate and international expatriate tax services.
(4) Amounts relate to a number of projects, including ISO 14001/9001 audits, greenhouse gas verification and sustainability assurance, as well as subscriptions to online accounting guidance and publications.

Ownership by Directors and Officers

As of February 8, 2018, 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	5.38
Class B subordinate voting shares	813,514	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 January 31, 2018, beneficially owned or exercised direction or control, directly or indirectly, over 4,300,000 Class A common shares, representing 55.29% of the Class A common shares outstanding and 725,000 Class B subordinate voting shares, representing 0.13% 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 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 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 in July 2016 the Ninth Circuit unanimously ruled in favour of Teck Metals on its appeal of the District Court decision. 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 2015 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 2019.

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, 2017. PricewaterhouseCoopers LLP report that they are independent of the Company in accordance with the code of professional conduct of the Chartered Professional Accountants of British Columbia and the rules of the Public Company Accounting Oversight Board.

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 mining and processing operation 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 25, 2018. Additional financial information is also provided in our comparative financial statements and Management's Discussion and Analysis for the year ended December 31, 2017. Copies of these documents are available upon request from our Corporate Secretary.
3. Unless otherwise stated information contained herein is as at December 31, 2017.

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 effect 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.

Donald R. Lindsay

(Signed) Donald R. Lindsay
President and Chief Executive Officer

Norman B. Keevil III

(signed) Norman B. Keevil III
Director

Ronald A. Millos

(signed) Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

Kenneth W. Pickering

(signed) Kenneth W. Pickering
Director

Date: February 26, 2018

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, 2017. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2017, 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, 2017, 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	12/31/2017	Canada		1,457	-	1,457

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, 2018

"Originally Signed By"
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, 2017 and 2016

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 the standards of the Public Company Accounting Oversight Board (United States) and have expressed their opinion in the Report of Independent Registered Public Accounting Firm.



Donald R. Lindsay
President and Chief Executive Officer



Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer

February 14, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Teck Resources Limited

Opinions on the financial statements and internal control over financial reporting

We have audited the accompanying consolidated balance sheets of Teck Resources Limited and its subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016 and their financial performance and their cash flows for the years then ended in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for opinions

The Company's management is responsible for these consolidated financial statements, 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, included in Management's Discussion and Analysis. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

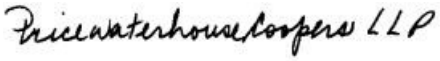
Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations 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 consolidated 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 consolidated 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 consolidated financial statements.

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.



Chartered Professional Accountants
February 14, 2018
Vancouver, Canada

We have served as the Company's auditor since 1964.

Report of Independent Registered Public Accounting Firm

Teck Resources Limited
Consolidated Statements of Income
Years ended December 31

(CAD$ in millions, except for share data)	2017	2016
Revenues	**$12,048**	$ 9,300
Cost of sales	**(7,419)**	(6,904)
Gross profit	**4,629**	2,396
Other operating income (expenses)		
General and administration	**(116)**	(99)
Exploration	**(58)**	(51)
Research and development	**(55)**	(30)
Impairment reversal and (asset impairments) (Note 6)	**163**	(294)
Other operating expense (Note 7)	**(230)**	(197)
Profit from operations	**4,333**	1,725
Finance income (Note 8)	**17**	16
Finance expense (Note 8)	**(229)**	(354)
Non-operating income (expense) (Note 9)	**(151)**	239
Share of income of associates and joint ventures (Note 14)	**6**	2
Profit before taxes	**3,976**	1,628
Provision for income taxes (Note 19)	**(1,438)**	(587)
Profit for the year	**$ 2,538**	$ 1,041
Profit attributable to:		
Shareholders of the company	**$ 2,509**	$ 1,040
Non-controlling interests	**29**	1
Profit for the year	**$ 2,538**	$ 1,041
Earnings per share (Note 23(f)**)**		
Basic	**$ 4.34**	$ 1.80
Diluted	**$ 4.28**	$ 1.78
Weighted average shares outstanding (millions)	**577.5**	576.4
Shares outstanding at end of year (millions)	**573.3**	576.9

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited
Consolidated Statements of Comprehensive Income
Years ended December 31

(CAD$ in millions)	2017	2016
Profit for the year	**$2,538**	$1,041
Other comprehensive income (loss) in the year		
Items that may be reclassified to profit		
Currency translation differences (net of taxes of $(46) and $(27))	**(155)**	(21)
Change in fair value of available-for-sale financial instruments (net of taxes of $2 and $(2))	**(10)**	16
Share of other comprehensive income (loss) of associates and joint ventures (Note 14)	**(1)**	1
	(166)	(4)
Items that will not be reclassified to profit		
Remeasurements of retirement benefit plans (net of taxes of $(55) and $(7))	**129**	19
Total other comprehensive income (loss) for the year	**(37)**	15
Total comprehensive income for the year	**$2,501**	$1,056
Total other comprehensive income (loss) attributable to:		
Shareholders of the company	**$ (29)**	$ 15
Non-controlling interests	**(8)**	—
	$ (37)	$ 15
Total comprehensive income attributable to:		
Shareholders of the company	**$2,480**	$1,055
Non-controlling interests	**21**	1
	$2,501	$1,056

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)	2017	2016
Operating activities		
Profit for the year	**$ 2,538**	$ 1,041
Depreciation and amortization	**1,467**	1,385
Provision for income taxes	**1,438**	587
Asset impairments and (impairment reversal)	**(163)**	294
Gain on sale of investments and assets	**(51)**	(96)
Foreign exchange gains	**(5)**	(46)
Loss (gain) on debt repurchase	**216**	(49)
Gain on debt prepayment options	**(51)**	(113)
Finance expense	**229**	354
Income taxes paid	**(879)**	(272)
Other	**233**	331
Net change in non-cash working capital items	**94**	(360)
	5,066	3,056
Investing activities		
Property, plant and equipment	**(1,621)**	(1,416)
Capitalized production stripping costs	**(678)**	(477)
Expenditures on financial investments and other assets	**(309)**	(114)
Proceeds from the sale of investments and other assets	**109**	170
	(2,499)	(1,837)
Financing activities		
Issuance of debt	**—**	1,567
Repurchase and repayment of debt	**(1,929)**	(2,560)
Debt interest and finance charges paid	**(495)**	(571)
Issuance of Class B subordinate voting shares	**26**	8
Purchase and cancellation of Class B subordinate voting shares	**(175)**	—
Dividends paid	**(344)**	(58)
Distributions to non-controlling interests	**(56)**	(21)
	(2,973)	(1,635)
Effect of exchange rate changes on cash and cash equivalents	**(49)**	(64)
Decrease in cash and cash equivalents	**(455)**	(480)
Cash and cash equivalents at beginning of year	**1,407**	1,887
Cash and cash equivalents at end of year	**$ 952**	$ 1,407

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these financial statements.

Teck Resources Limited
Consolidated Balance Sheets

(CAD$ in millions)	December 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	**$ 952**	$ 1,407
Current income taxes receivable	**48**	97
Trade accounts receivable	**1,791**	1,585
Inventories (Note 11)	**1,637**	1,673
Assets held for sale (Note 12)	**350**	—
	4,778	4,762
Financial and other assets (Note 13)	**1,051**	1,034
Investments in associates and joint ventures (Note 14)	**943**	1,012
Property, plant and equipment (Note 6 and Note 15)	**29,045**	27,595
Deferred income tax assets (Note 19)	**154**	112
Goodwill (Note 6 and Note 16)	**1,087**	1,114
	$ 37,058	$ 35,629
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable and other liabilities (Note 17)	**$ 2,313**	$ 1,902
Current income taxes payable	**273**	199
Debt (Note 18)	**55**	99
	2,641	2,200
Debt (Note 18)	**6,314**	8,244
Deferred income tax liabilities (Note 19)	**5,398**	4,896
Deferred consideration (Note 20)	**651**	723
Retirement benefit liabilities (Note 21)	**552**	643
Other liabilities and provisions (Note 22)	**1,977**	1,322
	17,533	18,028
Equity		
Attributable to shareholders of the company	**19,383**	17,442
Attributable to non-controlling interests (Note 24)	**142**	159
	19,525	17,601
	$ 37,058	$ 35,629

Contingencies (Note 25)
Commitments (Note 26)

Approved on behalf of the Board of Directors

Tracey L. McVicar
Tracey L. McVicar
Chair of the Audit Committee

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)	2017	2016
Class A common shares (Note 23)		
Beginning of year	**$ 7**	$ 7
Class A share conversion (Note 23(b))	**(1)**	—
End of year	**6**	7
Class B subordinate voting shares (Note 23)		
Beginning of year	**6,637**	6,627
Share repurchases (Note 23(h))	**(69)**	—
Issued on exercise of options (Note 23(c))	**34**	10
Class A shares conversion (Note 23(b))	**1**	—
End of year	**6,603**	6,637
Retained earnings		
Beginning of year	**10,183**	9,174
Profit for the year attributable to shareholders of the company	**2,509**	1,040
Dividends declared (Note 23(g))	**(344)**	(58)
Share repurchases (Note 23(h))	**(106)**	—
Purchase of non-controlling interests	**(63)**	8
Remeasurements of retirement benefit plans	**129**	19
End of year	**12,308**	10,183
Contributed surplus		
Beginning of year	**193**	173
Share option compensation expense (Note 23(c))	**17**	22
Transfer to Class B subordinate voting shares on exercise of options	**(8)**	(2)
End of year	**202**	193
Accumulated other comprehensive income attributable to shareholders of the company (Note 23(e))		
Beginning of year	**422**	426
Other comprehensive income (loss)	**(29)**	15
Less remeasurements of retirement benefit plans recorded in retained earnings	**(129)**	(19)
End of year	**264**	422
Non-controlling interests (Note 24)		
Beginning of year	**159**	230
Profit for the year attributable to non-controlling interests	**29**	1
Other comprehensive loss attributable to non-controlling interests	**(8)**	—
Purchase of non-controlling interests	**—**	(46)
Acquisition of AQM Copper Inc.	**18**	—
Other	**—**	(5)
Dividends or distributions	**(56)**	(21)
End of year	**142**	159
Total equity	**$19,525**	$17,601

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 that is being commissioned 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 14, 2018.

b) New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements 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 to each performance obligation, and recognize revenue as each 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 has an effective date of January 1, 2018. We are required to adopt the provisions of IFRS 15 on either a full or modified retrospective basis, and we will apply the full retrospective approach in restating our prior period financial information. This restated information will be disclosed in our financial statements for the first quarter ended March 31, 2018.

As at December 31, 2017, we have substantially completed our review and analysis of IFRS 15 and the effect on our financial statements. Based on our analysis, we do not expect the timing and amount of our revenue from product sales to be significantly different under IFRS 15. The only exception to this would be for steelmaking coal sales where we have a shipment that is partially loaded on a vessel at a reporting date. The performance obligation in these contracts is for the full shipment and accordingly, we cannot recognize revenue until the full shipment is loaded. This is a timing difference only and does not change the amount of revenue recognized for the full shipment. In our transition adjustments, this timing difference will result in the reversal of $61 million of revenue recognized in the year ended December 31, 2017. This revenue will be recognized in the first quarter ended March 31, 2018 under IFRS 15. We will also adjust our inventory and cost of sales associated with these sales, as required.

2. Basis of Preparation and New IFRS Pronouncements (continued)

As part of our assessment of IFRS 15, we analyzed the treatment of freight services provided to customers subsequent to the transfer of control of the product sold. Under IFRS 15, in our view, these services represent performance obligations that should be recognized separately. For the performance obligation related to these freight services, we have concluded that we are the principal to the shipping of product in our refined metal sales and concentrate sales contracts and will continue to reflect the revenue in these arrangements on a gross basis. For certain of our steelmaking coal sales contracts, we have concluded that we are the agent to the ocean freight shipping of product due to the terms of the arrangement, and our revenue will be reported on a net basis for these arrangements. This change would reduce the revenue recognized for the year ended December 31, 2017, by approximately $76 million as a result of the presentation of steelmaking coal sales revenue net of ocean freight costs. There will be no effect on our gross profit as these freight costs will be netted against revenue and not presented within cost of sales.

We have assessed the effects of IFRS 15 on our silver and gold streaming arrangements. At the date these transactions were completed, we accounted for the arrangements as the sale of a portion of our mineral interests at Compañia Minera Antamina (Antamina) and Compañia Minera Teck Carmen de Andacollo (Carmen de Andacollo), respectively. We did not recognize disposal gains on the transactions as a result of the requirements of the IFRS standards in effect at the dates of closing. Under the recognition and measurement principles of IFRS 15, the gain on these streaming transactions would have been recognized in full as control over the right to the silver or gold mineral interest transferred to the purchaser. Accordingly, we will recognize the deferred consideration of $755 million recorded on our balance sheet through equity on transition to IFRS 15 as at January 1, 2017 and will present our restated financial information in our first quarter financial statements as at March 31, 2018.

Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes 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, 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.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. We have concluded that this standard will not have a material effect on our financial statements.

2. Basis of Preparation and New IFRS Pronouncements (continued)

We have made the irrevocable classification choice to record fair value changes on our current portfolio of investments in other comprehensive income. This election will result in a reclassification of a $41 million loss from our retained earnings to accumulated other comprehensive income (loss), all within equity, on January 1, 2018.

We have also completed a review of our expected credit losses on our trade receivables. We do not expect to record a significant adjustment relating to the implementation of the expected credit loss model for our trade receivables as the expected credit losses are nominal based on our review at the time of transition. We have implemented a process for managing and estimating provisions relating to trade receivables going forward under IFRS 9.

We have elected not to adopt the hedging requirements of IFRS 9 as at January 1, 2018.

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. We are currently assessing and quantifying the effect of this standard on our financial statements. On the transition date of January 1, 2019, we expect to recognize additional leases on our consolidated balance sheet, which will increase our debt and property, plant and equipment balances. As a result of recognizing additional finance leases, we expect an increase in depreciation expense and finance expense.

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 Carmen de Andacollo.

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 and comprehensive income.

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, 20.89% share) and Waneta Dam (66.7% share), which operate in Canada and Antamina (22.5% share), 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 14).

3. Summary of Significant Accounting Policies (continued)

During the year ended December 31, 2017, our share of the Fort Hills oil sands project increased from 20% to 20.89% on resolution of a commercial dispute between the Fort Hills partners. We funded an increased share of the project capital in the amount of $120 million, in consideration for the additional interest in the project. Subsequent to December 31, 2017, our share of the Fort Hills oil sands project increased by a further 0.19% to 21.08% for consideration of approximately $25 million.

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 further investments or 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.

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.

3. Summary of Significant Accounting Policies (continued)

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, generally the U.S. dollar, into Canadian dollars on consolidation. Items in the statements of income and other comprehensive income are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items on 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.

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 or average pricing contracts. The selling price in average pricing contracts is determined based on quoted price assessments over a specific period and the sale may occur before, during or subsequent to this period. For certain of our steelmaking coal contracts, prices are determined based on quoted price assessments in a period subsequent to the date of sale. For all steelmaking coal sales under average pricing contracts, the price is determined on a provisional basis at the date of sale, and revenue is recorded at that time based on estimated prices. For spot sales contracts, pricing is final when the product is shipped.

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 estimated prices.

Adjustments are made to customer receivables in subsequent periods based on movements in quoted market prices or published price assessments (for steelmaking coal) up to the date of final pricing. As a result, the value of our cathode, concentrate and steelmaking coal sales receivables changes as the underlying commodity 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 or published price assessments (for steelmaking coal), and the changes in fair value are recorded as an adjustment to other operating income (expense).

3. Summary of Significant Accounting Policies (continued)

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 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 (loss) 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, that loss cannot be reversed through profit 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.

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.

3. Summary of Significant Accounting Policies (continued)

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 (loss). Gains and losses are recognized in profit 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 (loss). Gains and losses are recognized in profit 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 on inventory not yet sold is reversed.

We use both joint-product and by-product costing for work in-process and finished product inventories. Joint-product costing is applied to primary products where the profitability of the operations is dependent upon the production of these products. Joint-product costing allocates total production costs based on the relative values of the products. By-product costing is used for products that are not the primary products produced by the operation. The 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.

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 — 50 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.

3. Summary of Significant Accounting Policies (continued)

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 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 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 completed, 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 completed, 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.

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 estimated recoverable amount, and is recorded as an expense immediately.

3. Summary of Significant Accounting Policies (continued)

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 and oil sands development costs, when a binding sale agreement is not readily available, fair value less costs of disposal is usually estimated using a discounted cash flow approach, unless comparable market transactions on which to estimate fair value are available. Estimated future cash flows are calculated using estimated future commodity prices, 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 for those operating assets where value in use exceeds the fair value less costs of disposal. 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. A value in use calculation uses a pre-tax discount rate and a fair value less costs of disposal calculation uses a post-tax discount rate.

Indicators of impairment for exploration and evaluation assets 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 may have 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.

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.

3. Summary of Significant Accounting Policies (continued)

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, 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 changes in tax legislation, including changes in tax rates, 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.

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.

3. Summary of Significant Accounting Policies (continued)

Defined contribution pension plans

The cost of providing benefits through defined contribution plans is charged to profit 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 terminate employees. 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 (PSUs) have an additional vesting factor determined by our total shareholder return in comparison to a group of specified companies. PSUs and performance deferred share units (PDSUs) issued in 2017 also have a vesting factor determined by the ratio of the change in our earnings before interest, taxes, depreciation and amortization (EBITDA) over the life of the share unit to the change in a specified weighted commodity price index. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price as well as changes to the above-noted vesting factors, as applicable.

Share Repurchases

Where we repurchase any of our equity share capital, the excess of the consideration paid over book value is deducted from retained earnings.

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.

3. Summary of Significant Accounting Policies (continued)

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.

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. Note 6 outlines 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 and the resulting carrying values of assets.

4. Critical Accounting Estimates and Judgments (continued)

Property, Plant and Equipment – Determination of Available for Use Date

Judgment is required in determining the date that property, plant and equipment is available for use. An asset is available for use when it is in the location and condition necessary to operate in the manner intended by management, and at that time, we commence depreciation of the asset and cease capitalization of borrowing costs. We consider a number of factors in making the determination of when an asset is available for use including, but not limited to, design capacity of the asset, production levels achieved, capital spending remaining and commissioning status. The Fort Hills oil sands project produced first oil in January 2018. We expect the project to be available for use, as defined above, in the first half of 2018.

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 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 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.

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 for 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.

4. Critical Accounting Estimates and Judgments (continued)

For our silver and gold streaming arrangements entered into in 2015, there is no guarantee associated with the upfront payment, and we have concluded that we have effectively disposed of the interest in the silver and gold mineral interests at Antamina and Carmen de Andacollo, respectively. 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 28(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 and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities. 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 and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision (DRP) is based on future cost estimates using information available at the balance sheet date (Note 22(a)). The DRP represents the present value of estimated costs of future decommissioning and other site restoration activities. The DRP 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 credit adjusted 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.

During the year ended December 31, 2017, we updated our cost estimates for water quality management in the Elk Valley, including post-closure water quality management costs. These updates have increased our DRP for water quality management at Teck Coal to $394 million, which is an increase of approximately $244 million compared to December 31, 2016. The DRP includes water quality management costs based on mining activities up to December 31, 2017 and does not incorporate future mining activities. The water quality management costs included in our DRP extend for periods up to 100 years and are discounted using a nominal discount rate of 6.82% as at December 31, 2017. The cash flow estimates are inflated at a rate of 2.00%.

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 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.

5. Expenses by Nature

(CAD$ in millions)	2017	2016
Employment-related costs:		
Wages and salaries	**$ 899**	$ 858
Employee benefits and other wage-related costs	**236**	250
Bonus payments	**192**	162
Post-employment benefits and pension costs	**122**	112
	1,449	1,382
Transportation	**1,331**	1,270
Depreciation and amortization	**1,467**	1,385
Raw material purchases	**824**	876
Fuel and energy	**657**	596
Operating supplies consumed	**569**	558
Maintenance and repair supplies	**698**	586
Contractors and consultants	**570**	427
Overhead costs	**287**	293
Royalties	**453**	312
Other operating costs	**9**	13
	8,314	7,698
Less:		
Capitalized production stripping costs	**(678)**	(477)
Change in inventory	**12**	(137)
Total cost of sales, general and administration, exploration and research and development expenses	**$7,648**	$7,084

Approximately 28% (2016 — 29%) of our costs are incurred at our foreign operations where the functional currency is the U.S. dollar.

6. Asset and Goodwill Impairment Testing

a) Impairment Reversal and Asset Impairments

The following pre-tax impairment reversal and (asset impairments) were recorded in the statement of profit and loss:

Impairment Reversal and (Asset Impairments)

(CAD$ in millions)	2017	2016
Steelmaking coal CGU	**$207**	$ —
Fort Hills oil sands project	**—**	(222)
Other	**(44)**	(72)
Total	**$163**	$(294)

Steelmaking Coal CGU

As at December 31, 2017, we recorded a pre-tax impairment reversal of $207 million (after-tax $131 million) related to one of the mines in our steelmaking coal CGU. The estimated post-tax recoverable amount of this mine was significantly higher than the carrying value. This impairment reversal arose as a result of changes in short-term and long-term market participant price expectations for steelmaking coal and expected future operating cost estimates included in our annual goodwill impairment testing. The impairment reversal affects the profit (loss) of our steelmaking coal operating segment (Note 27).

Fort Hills Project

For the year ended December 31, 2017, we noted an impairment indicator at Fort Hills and the recoverable amount of the CGU was estimated.

As at December 31, 2017, we did not record an impairment charge for our share of the Fort Hills oil sands project as our estimated post-tax recoverable amount of $3.7 billion approximately equaled our carrying value.

As at December 31, 2016, we recorded a pre-tax impairment charge of $222 million (after-tax $164 million) within our property, plant and equipment balance related to our interest in Fort Hills. This was a result of our estimated post-tax recoverable amount of $2.5 billion being lower than our carrying value.

Cash flow projections used in the 2017 and 2016 analyses were based on current life of mine plans at the testing date and exploration potential and cash flows covered a period of 49 years and 44 years, respectively. We performed impairment testing for Fort Hills in 2017 and 2016 as a result of an increase in development costs associated with the Fort Hills oil sands project.

Other

During the year ended December 31, 2017, we recorded other asset impairments of $44 million relating to Quebrada Blanca assets that will not be recovered through use and will not be used for Quebrada Blanca Phase 2.

During the year ended December 31, 2016, we recorded other asset impairments of $72 million, of which $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 was sold in 2017.

6. Asset and Goodwill Impairment Testing (continued)

Sensitivity Analysis

The recoverable amount of Fort Hills is most sensitive to changes in WCS oil prices, the Canadian/U.S. dollar exchange rates 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.

Ignoring the above described interrelationships, in isolation a US$1 decrease in the long-term WCS oil price would result in a reduction in the recoverable amount of $140 million. A $0.01 strengthening of the Canadian dollar against the U.S. dollar would result in a reduction in the recoverable amount of $50 million. A 25 basis point increase in the discount rate would result in a reduction in the recoverable amount of approximately $150 million.

b) Annual Goodwill Impairment Testing

The allocation of goodwill to CGUs or groups of CGUs reflects how goodwill is monitored for internal management purposes. Our Quebrada Blanca CGU and steelmaking coal CGU have goodwill allocated to them (Note 16).

In 2017, we performed our annual goodwill impairment testing at October 31 and did not identify any goodwill impairment losses.

Cash flow projections are based on expected mine life. For our steelmaking coal operations, the cash flows cover periods of 15 to 42 years with a steady state thereafter until reserves and resources are exhausted. For Quebrada Blanca, the cash flows cover a period of 29 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 in Note 6(c).

Sensitivity Analysis

Our annual goodwill impairment test carried out at October 31, 2017 resulted in the recoverable amount of our steelmaking coal CGU exceeding its carrying value by approximately $6.2 billion. The recoverable amount of our steelmaking coal CGU is most sensitive to the long-term Canadian dollar steelmaking coal price assumption. In isolation, a 14% decrease in the long-term Canadian dollar steelmaking coal price would result in the recoverable amount of the steelmaking coal CGU being equal to the carrying value.

The recoverable amount of Quebrada Blanca exceeded the carrying amount by approximately $1.2 billion at the date of our annual goodwill impairment testing. The recoverable amount of Quebrada Blanca is most sensitive to the long-term copper price assumption and the development timeline of Quebrada Blanca Phase 2 project. In isolation, a 6% decrease in the long-term copper price or a 3.5-year delay in the development of the Quebrada Blanca Phase 2 project would result in the recoverable amount of Quebrada Blanca being equal to its carrying value.

6. Asset and Goodwill Impairment Testing (continued)

c) Key Assumptions

The following are the key assumptions used in our asset impairment, asset impairment reversal and goodwill impairment analyses during the years ended December 31, 2017 and 2016:

	2017	2016
Steelmaking coal prices	**Current price used in initial year, decreased to a long-term price in 2022 of US$140 per tonne**	Current price used in initial year, decreased to a long-term price in 2021 of US$130 per tonne
Copper prices	**Current price used in initial year, decreased to a long-term price in 2022 of US$3.00 per pound**	Current price used in initial year, increased to a long-term price in 2021 of US$3.00 per pound
Western Canadian Select (WCS) Oil prices	**Current price used in initial year, increased to a long-term price in 2022 of US$57 per barrel**	Current price used in initial year, increased to a long-term price in 2021 of US$57 per barrel
Discount rate	**5.2% — 5.9%**	5.5% — 6.0%
Long-term foreign exchange rate	**1 U.S. to 1.25 Canadian dollars**	1 U.S. to 1.25 Canadian dollars
Inflation rate	**2%**	2%

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.

Discount Rates

Discount rates are based on a mining weighted average cost of capital for all mining operations and an oil sands weighted average cost of capital for the Fort Hills oil sands project. For the year ended December 31, 2017, we used a discount rate of 5.9% real, 8.0% nominal post-tax (2016 — 5.8% real, 7.9% nominal post-tax) for mining operations and goodwill. For the year ended December 31, 2017, we used a discount rate of 5.2% real, 7.3% nominal post-tax (2016 — 5.5% real, 7.6% nominal post-tax) for oil sands operations.

Foreign Exchange Rates

Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. Long-term foreign exchange assumptions are from year 2022 onwards for analysis performed in the year ended December 31, 2017 and are from year 2021 onwards for analysis performed in the year ended December 31, 2016.

Inflation Rates

Inflation rates are based on average historical inflation for the location of each operation and long-term government targets.

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.

6. Asset and Goodwill Impairment Testing (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.

Recoverable Amount Basis

We estimate the recoverable amount of our CGUs on a fair value less costs of disposal (FVLCD) basis using a discounted cash flow methodology and taking into account assumptions likely to be made by market participants unless it is expected that the value-in-use methodology would result in a higher recoverable amount. For the asset impairment, impairment reversal and goodwill impairment analyses performed in December 31, 2017 and 2016 (Note 6(a)), we have applied the FVLCD basis. This is classified as a Level 3 measurement within the fair value measurement hierarchy (Note 29).

7. Other Operating Income (Expense)

(CAD$ in millions)	2017	2016
Settlement pricing adjustments (Note 28(b))	**$ 190**	$ 153
Share-based compensation	**(125)**	(171)
Environmental and care and maintenance costs	**(186)**	(144)
Social responsibility and donations	**(7)**	(25)
Gain on sale of assets	**35**	62
Commodity derivatives (Note 28(b) and Note 28(c))	**12**	32
Restructuring	**(11)**	(8)
Take or pay contract costs	**(81)**	(48)
Break fee in respect of Waneta Dam sale (Note 12)	**(28)**	—
Other	**(29)**	(48)
	$(230)	$(197)

8. Finance Income and Finance Expense

(CAD$ in millions)	2017	2016
Finance income		
Investment income	**$ 17**	$ 16
Total finance income	**$ 17**	$ 16
Finance expense		
Debt interest	**$ 385**	$ 476
Letters of credit and standby fees	**70**	62
Net interest expense on retirement benefit plans	**12**	14
Accretion on decommissioning and restoration provisions (Note 22(a))	**81**	55
Other	**14**	13
	562	620
Less capitalized borrowing costs (Note 15(c))	**(333)**	(266)
Total finance expense	**$ 229**	$ 354

9. Non-Operating Income (Expense)

(CAD$ in millions)	2017	2016
Foreign exchange gains	**$ 5**	$ 46
Gain on debt prepayment options (Note 28(b))	**51**	113
Gain on sale of investments	**9**	34
Gain (loss) on debt repurchases (Note 18(a) and Note 18(b))	**(216)**	49
Provision for marketable securities	**—**	(3)
	$(151)	$239

10. Supplemental Cash Flow Information

(CAD$ in millions)	December 31, 2017	December 31, 2016
Cash and cash equivalents		
Cash	**$ 230**	$ 254
Investments with maturities from the date of acquisition of three months or less	**722**	1,153
	$ 952	$ 1,407

(CAD$ in millions)	2017	2016
Net change in non-cash working capital items		
Trade accounts receivable	**$ (250)**	$ (480)
Inventories	**(1)**	(86)
Trade accounts payable and other liabilities	**345**	206
	$ 94	$ (360)

11. Inventories

(CAD$ in millions)	December 31, 2017	December 31, 2016
Supplies	**$ 563**	$ 586
Raw materials	**223**	204
Work in-process	**529**	521
Finished products	**430**	449
	1,745	1,760
Less long-term portion (Note 13)	**(108)**	(87)
	$ 1,637	$ 1,673

Cost of sales of $7.4 billion (2016 — $6.9 billion) include $6.7 billion (2016 — $6.3 billion) of inventories recognized as an expense during the year.

Total inventories held at net realizable value amounted to $17 million at December 31, 2017 (December 31, 2016 — $53 million). Total inventory write-downs in 2017 were $20 million (2016 — $7 million) and were included as part of cost of sales. Total reversals of inventory write-downs previously recorded were $30 million in 2017 (2016 — $23 million) 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.

12. Assets Held for Sale

During the year ended December 31, 2017, we announced an agreement to sell our two-thirds interest in the Waneta Dam and related transmission assets for $1.2 billion cash to Fortis Inc. (Fortis). Under the agreement, we were granted a 20-year lease with an option to extend for an additional 10 years to use Fortis' two-thirds interest in the Waneta Dam, which entitles us to power for our Trail Operations. During the third quarter of 2017, BC Hydro exercised their right of first offer in respect of this transaction on materially the same terms. The closing of the transaction with BC Hydro is subject to customary conditions, including receipt of regulatory approvals and certain consents and is not expected to close before the third quarter of 2018. During the year, we paid a break fee of $28 million to Fortis, which was recorded as part of other operating income (expense) (Note 7).

We have reclassified the carrying value of the Waneta Dam and related transmission assets to "assets held for sale" and ceased depreciation on these assets in accordance with the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. There were no adjustments required to the carrying amount of the Waneta Dam assets on reclassification to assets held for sale as the FVLCD exceeded the carrying amount.

The Waneta Dam is a hydroelectric dam that is located near the Trail smelter. We hold a two-thirds interest in the Waneta Dam and report this asset in our zinc operating segment (Note 27).

13. Financial and Other Assets

(CAD$ in millions)	December 31, 2017	December 31, 2016
Long-term receivables and deposits	**$ 209**	$ 249
Available-for-sale marketable equity and debt securities carried at fair value	**156**	163
Debt prepayment options (Note 28(c))	**108**	139
Derivative assets	**12**	1
Pension plans in a net asset position (Note 21(a))	**339**	283
Long-term portion of inventories (Note 11)	**108**	87
Intangibles	**76**	74
Other	**43**	38
	$ 1,051	$ 1,034

14. Investments in Associates and Joint Ventures

(CAD$ in millions)	NuevaUnión	Other	Total
At January 1, 2016	$ 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	$1,012
Contributions	43	4	47
Changes in foreign exchange rates	(64)	1	(63)
Share of income	4	2	6
Share of other comprehensive income	—	(1)	(1)
Acquisition of AQM Copper Inc.	—	(58)	(58)
At December 31, 2017	**$ 929**	**$ 14**	**$ 943**

15. 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, 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)
Asset impairments (Note 6)	—	—	(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**
Year ended December 31, 2017						
Opening net book value	$ 1,613	$ 13,562	$ 6,352	$ 2,161	$ 3,907	$ 27,595
Additions	171	174	562	742	1,284	2,933
Disposals	—	—	(67)	—	—	(67)
Impairment reversal and (asset impairments) (Note 6)	—	207	(44)	—	—	163
Depreciation and amortization	—	(368)	(640)	(566)	—	(1,574)
Transfers between classifications	—	(8)	104	—	(96)	—
Decommissioning and restoration provision change in estimate	—	501	24	—	—	525
Capitalized borrowing costs	—	102	—	—	231	333
Reclass of Waneta Dam and other	—	40	(394)	—	—	(354)
Changes in foreign exchange rates	(10)	(240)	(155)	(39)	(65)	(509)
Closing net book value	**$ 1,774**	**$ 13,970**	**$ 5,742**	**$ 2,298**	**$ 5,261**	**$ 29,045**
At December 31, 2017						
Cost	$ 1,774	$ 19,329	$ 12,948	$ 4,561	$ 5,261	$ 43,873
Accumulated depreciation	—	(5,359)	(7,206)	(2,263)	—	(14,828)
Net book value	**$ 1,774**	**$ 13,970**	**$ 5,742**	**$ 2,298**	**$ 5,261**	**$ 29,045**

15. Property, Plant and Equipment (continued)

a) Exploration and Evaluation

Significant exploration and evaluation projects in property, plant and equipment include Galore Creek and non-Fort Hills oil sands properties in Alberta.

b) Finance Leases

The net carrying value of property, plant and equipment held under finance lease (Note 18(c)) at December 31, 2017 is $406 million (2016 — $220 million), of which $192 million (2016 — $220 million) is included in land, buildings, plant and equipment and $214 million (2016 — $nil) is included in construction in progress for our share of the pipeline leases of the Fort Hills oil sands project. Ownership of leased assets remains with the lessor.

c) 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 2017 was 5.8% (2016 — 5.7%).

16. Goodwill

(CAD$ in millions)	Steelmaking Coal Operations	Quebrada Blanca	Total
January 1, 2016	$ 702	$ 425	$1,127
Changes in foreign exchange rates	—	(13)	(13)
December 31, 2016	$ 702	$ 412	$1,114
Changes in foreign exchange rates	—	(27)	(27)
December 31, 2017	**$ 702**	**$ 385**	**$1,087**

The results of our annual goodwill impairment analysis and key assumptions used in the analysis are outlined in Notes 6(b) and 6(c).

17. Trade Accounts Payable and Other Liabilities

(CAD$ in millions)	December 31, 2017	December 31, 2016
Trade accounts payable and accruals	**$ 1,150**	$ 986
Capital project accruals	**149**	142
Payroll-related liabilities	**420**	252
Accrued interest	**120**	148
Commercial and government royalties	**296**	246
Customer deposits	**19**	18
Current portion of provisions (Note 22(a))	**133**	71
Current portion of deferred consideration (Note 20)	**23**	32
Other	**3**	7
	$ 2,313	$ 1,902

18. Debt

($ in millions)	December 31, 2017 Face Value (US$)	December 31, 2017 Carrying Value (CAD$)	December 31, 2017 Fair Value (CAD$)	December 31, 2016 Face Value (US$)	December 31, 2016 Carrying Value (CAD$)	December 31, 2016 Fair Value (CAD$)
3.15% notes due January 2017	**$ —**	**$ —**	**$ —**	$ 34	$ 45	$ 45
3.85% notes due August 2017	**—**	**—**	**—**	16	21	21
2.5% notes due February 2018	**22**	**28**	**28**	22	30	30
3.0% notes due March 2019 (a)	**—**	**—**	**—**	278	372	375
4.5% notes due January 2021 (a)	**220**	**274**	**285**	500	668	685
8.0% notes due June 2021 (a)(b)	**—**	**—**	**—**	650	866	963
4.75% notes due January 2022 (a)	**672**	**841**	**884**	700	936	951
3.75% notes due February 2023 (a)(b)	**646**	**804**	**818**	670	891	858
8.5% notes due June 2024 (b)	**600**	**753**	**853**	600	806	935
6.125% notes due October 2035 (b)	**609**	**751**	**865**	609	804	801
6.0% notes due August 2040 (b)	**491**	**613**	**686**	491	658	623
6.25% notes due July 2041 (b)	**795**	**986**	**1,144**	795	1,055	1,043
5.2% notes due March 2042 (b)	**399**	**494**	**502**	399	528	477
5.4% notes due February 2043 (b)	**377**	**468**	**481**	377	500	450
	4,831	**6,012**	**6,546**	6,141	8,180	8,257
Antamina term loan due April 2020	**23**	**28**	**28**	23	30	30
Finance lease liabilities (c)	**250**	**313**	**313**	86	115	115
Other	**13**	**16**	**16**	13	18	18
	5,117	**6,369**	**6,903**	6,263	8,343	8,420
Less current portion of debt	**(45)**	**(55)**	**(55)**	(74)	(99)	(99)
	$5,072	**$ 6,314**	**$6,848**	$6,189	$ 8,244	$8,321

The fair values of debt are determined using market values, if available, and 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 29).

a) Debt Transactions — 2017

During the year ended December 31, 2017, we purchased US$1.26 billion aggregate principal amount of our outstanding notes pursuant to cash tender offers, make-whole redemptions and open-market purchases. The principal amount of notes purchased was US$278 million of 3.00% notes due 2019, US$280 million of 4.50% notes due January 2021, US$650 million of 8.00% notes due June 2021 (June 2021 notes), US$28 million of 4.75% notes due 2022 and US$24 million of 3.75% notes due 2023. The total cost of the purchases, which was funded from cash on hand, including the premiums, was US$1.36 billion. We recorded a pre-tax accounting charge of $216 million ($159 million after-tax) in non-operating income (expense) (Note 9) in connection with these purchases for the year ended December 31, 2017. The accounting charge of $216 million included $75 million relating to the write-off of the prepayment option recorded in other assets for the June 2021 notes (Note 28(c)).

18. Debt (continued)

b) Debt Transactions — 2016

In 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 9) in connection with these purchases for the year ended December 31, 2016.

In 2016, we issued US$650 million of senior unsecured notes due June 2021 which were repurchased in 2017. We also issued US$600 million of senior unsecured notes due June 2024 (2024 notes). 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 in 2016, 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 in 2016 pursuant to cash tender offers. The principal amount of notes purchased in 2016 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 9) during the year ended December 31, 2016.

The 2024 notes include a prepayment option that is considered to be an embedded derivative (Note 28(c)).

c) Finance Lease Liabilities

As at December 31, 2017, the carrying amount of assets under finance leases is $406 million (Note 15(b)) and the corresponding finance lease liabilities are $313 million.

Minimum lease payments in respect of finance lease liabilities and the effect of discounting are as follows:

(CAD$ in millions)	December 31, 2017	December 31, 2016
Undiscounted minimum finance lease payments:		
Less than one year	**$ 51**	$ 34
One to five years	**134**	43
Thereafter	**554**	62
	739	139
Effect of discounting	**(426)**	(24)
Present value of minimum finance lease payments — total finance lease liabilities	**313**	115
Less current portion	**(27)**	(33)
Long-term finance lease liabilities	**$ 286**	$ 82

18. Debt (continued)

The present value of finance lease liabilities and their expected timing of payment are as follows:

(CAD$ in millions)	December 31, 2017	December 31, 2016
Less than one year	**$ 48**	$ 34
One to five years	**106**	39
Thereafter	**159**	42
Total	**$ 313**	$ 115

Fort Hills has a service agreement with TransCanada Corp. for the operation of the Northern Courier Pipeline to transport bitumen between the Fort Hills oil sands project and Fort McMurray, Alberta, for a period of 25 years with an option to renew for four additional five-year periods. As at December 31, 2017, our share of the related lease liability was $207 million.

d) Optional Redemptions

All of our outstanding notes, except the 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 2024 notes issued during the year ended December 31, 2016, can be redeemed as described in (b).

e) Revolving Facilities

At December 31, 2017, 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 October 2022 and is undrawn at December 31, 2017. The US$1.2 billion facility is available until October 2020 and has an aggregate of US$809 million in outstanding letters of credit drawn against it at December 31, 2017.

Under our US$3.0 billion and US$1.2 billion facilities, our uncommitted credit facilities, certain standby letters of credit and hedging lines, we have provided subsidiary guarantees for the benefit of the credit facilities. As a result, our obligations under these agreements are guaranteed on a senior unsecured basis by TML, Teck Coal, Teck South American Holdings Ltd., TCL U.S. Holdings Ltd., TAK and Highland Valley Copper, each a wholly owned subsidiary of Teck.

Any amounts drawn under the committed revolving credit facilities can be repaid at any time and are due in full at maturity. While Teck has non-investment grade credit ratings, amounts outstanding under these facilities bear interest at LIBOR plus an applicable margin based on our leverage ratio. If and when Teck regains investment grade credit ratings, amounts outstanding under these facilities will bear interest at LIBOR plus an applicable margin based on credit ratings. Both facilities require that our total debt-to-capitalization ratio, which was 0.25 to 1.0 at December 31, 2017, not exceed 0.5 to 1.0.

When our credit ratings are below investment grade, we are required to satisfy financial security requirements under power purchase agreements at Quebrada Blanca and transportation, tank storage and pipeline capacity agreements for our interest in Fort Hills. At December 31, 2017, we had an aggregate of US$839 million in letters of credit outstanding for these security requirements. These letters of credit will be terminated if and when we regain investment grade ratings and for the power purchase agreements will also be reduced, if, and when, certain project milestones are reached.

18. Debt (continued)

We maintain uncommitted bilateral credit facilities primarily for the issuance of letters of credit to support our future reclamation obligations. As at December 31, 2017, we were party to various uncommitted credit facilities providing for a total of $1.46 billion of capacity, and the aggregate outstanding letters of credit issued thereunder were $1.27 billion. In addition to the letters of credit outstanding under these uncommitted credit facilities, we also had stand-alone letters of credit of $336 million outstanding at December 31, 2017, 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.

We also have $350 million in surety bonds outstanding at December 31, 2017, to support current and future reclamation obligations.

f) Scheduled Principal Payments

At December 31, 2017, the scheduled principal payments excluding finance lease liabilities (c), during the next five years and thereafter are as follows:

($ in millions)	US$	CAD$ Equivalent
2018	$ 22	$ 28
2019	—	—
2020	23	28
2021	220	275
2022	672	844
Thereafter	3,930	4,930
	$4,867	$ 6,105

g) Debt Continuity

	US$		CAD$ Equivalent	
($ in millions)	2017	2016	2017	2016
As at January 1	**$ 6,213**	$ 6,961	**$ 8,343**	$ 9,634
Cash flows				
Issuance of debt	**—**	1,227	**—**	1,567
Scheduled debt repayments	**(49)**	—	**(64)**	—
Debt repurchases	**(1,356)**	(1,960)	**(1,831)**	(2,531)
Finance lease payments (c)	**(26)**	(22)	**(34)**	(29)
Non-cash changes				
Issuance of debt	**—**	17	**—**	22
Loss (gain) on debt repurchases (a)(b)	**105**	(37)	**141**	(49)
Changes in foreign exchange rates	**—**	—	**(424)**	(308)
Finance lease liabilities (c)	**187**	21	**234**	28
Finance fees and discount amortization	**3**	6	**4**	9
As at December 31	**$ 5,077**	$ 6,213	**$ 6,369**	$ 8,343

19. Income Taxes

a) Provision for Income Taxes

(CAD$ in millions)	2017	2016
Current		
Current taxes on profits for the year	**$1,014**	$551
Adjustments for current taxes of prior periods	**(15)**	(14)
Total current taxes	**$ 999**	$537
Deferred		
Origination and reversal of temporary differences	**$ 444**	$ 42
Adjustments to deferred taxes of prior periods	**23**	(2)
Tax losses not recognized (recognition of previously unrecognized losses)	**(9)**	(10)
Effect due to tax legislative changes	**(19)**	20
Total deferred taxes	**$ 439**	$ 50
	$1,438	$587

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)	2017	2016
Tax (recovery) expense at the Canadian statutory income tax rate of 26.10% (2016 — 26.10%)	**$1,038**	$ 425
Tax effect of:		
Resource taxes	**371**	170
Resource and depletion allowances	**(128)**	(110)
Non-temporary differences including one-half of capital gains and losses	**14**	(15)
Tax pools not recognized (recognition of previously unrecognized tax pools)	**(9)**	(10)
Effect due to tax legislative changes	**(19)**	20
Withholding taxes	**57**	40
Difference in tax rates in foreign jurisdictions	**129**	90
Revisions to prior year estimates	**12**	(5)
Other	**(27)**	(18)
	$1,438	$ 587

Effective January 1, 2018, the Canadian statutory tax rate increased by 1% due to the British Columbia legislative change which resulted in an increase to deferred tax liabilities of $82 million.

As a result of the enacted U.S. tax reform, our statutory U.S. federal income tax rate decreased from 35% to 21%. Accordingly, a $101 million reduction in our deferred tax liabilities was recorded, which relates to the reduction in corporate income tax rate and the repeal of the corporate alternative minimum tax regime.

19. Income Taxes (continued)

c) The amount of deferred tax expense charged (credited) to the income statement is as follows:

(CAD$ in millions)	2017	2016
Net operating loss carryforwards	**$ 133**	$(154)
Capital allowances in excess of depreciation	**775**	311
Decommissioning and restoration provisions	**(393)**	(212)
U.S. alternative minimum tax credits	**(31)**	(9)
Unrealized foreign exchange losses	**89**	113
Withholding taxes	**(10)**	4
Retirement benefit plans	**4**	2
Other temporary differences	**(128)**	(5)
	$ 439	$ 50

d) Temporary differences giving rise to deferred income tax assets and liabilities are as follows:

(CAD$ in millions)	December 31, 2017	December 31, 2016
Net operating loss carryforwards	**$ 58**	$ 32
Property, plant and equipment	**(189)**	35
Decommissioning and restoration provisions	**78**	—
U.S. alternative minimum tax credits	**143**	—
Retirement benefit plans	**23**	—
Other temporary differences	**41**	45
Deferred income tax assets	**$ 154**	$ 112
Net operating loss carryforwards	**$ (1,059)**	$ (1,218)
Property, plant and equipment	**7,390**	6,881
Decommissioning and restoration provisions	**(754)**	(439)
U.S. alternative minimum tax credits	**—**	(112)
Unrealized foreign exchange	**(135)**	(224)
Withholding taxes	**79**	89
Retirement benefit plans	**(22)**	(92)
Other temporary differences	**(101)**	11
Deferred income tax liabilities	**$ 5,398**	$ 4,896

19. Income Taxes (continued)

e) The general movement in the net deferred income taxes account is as follows:

(CAD$ in millions)	2017	2016
As at January 1	**$4,784**	$4,738
Income statement change	**439**	50
Amounts recognized in equity	**—**	6
Tax charge relating to components of other comprehensive income	**90**	37
Foreign exchange and other differences	**(69)**	(47)
As at December 31	**$5,244**	$4,784

f) Deferred Tax Liabilities Not Recognized

Deferred tax liabilities of $694 million (2016 — $730 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.

g) Loss Carryforwards and Canadian Development Expenses

At December 31, 2017, we had $3.63 billion of Canadian federal net operating loss carryforwards (2016 — $4.57 billion). These loss carryforwards expire at various dates between 2028 and 2036. We have $981 million of cumulative Canadian development expenses at December 31, 2017 (2016 — $1.33 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 $103.7 million of Canadian federal and provincial investment tax credits that expire at various dates between 2021 and 2037.

h) Deferred Tax Assets Not Recognized

We have not recognized $231 million (2016 — $270 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.

20. 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.

20. Deferred Consideration (continued)

The following table summarizes the movements in deferred consideration for the years ended December 31, 2017, and 2016:

(CAD$ in millions)	2017	2016
As at January 1	**$755**	$816
Recognized in profit	**(32)**	(36)
Changes in foreign exchange rates	**(49)**	(25)
As at December 31	**$674**	$755
Less current portion of deferred consideration (Note 17)	**(23)**	(32)
Long-term deferred consideration	**$651**	$723

21. 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 members. 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. Actuarial deficits are funded in accordance with minimum funding regulations in each applicable jurisdiction. All of our defined benefit pension plans were actuarially valued within the past three years. While the majority of benefit payments are made from registered held-in-trust funds, there are also several unregistered and unfunded plans where benefit payment obligations are met as they fall due.

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.

21. Retirement Benefit Plans (continued)

a) Actuarial Valuation of Plans

(CAD$ in millions)	2017 Defined Benefit Pension Plans	2017 Non-Pension Post-Retirement Benefit Plans	2016 Defined Benefit Pension Plans	2016 Non-Pension Post-Retirement Benefit Plans
Defined benefit obligation				
Balance at beginning of year	**$ 2,106**	**$ 538**	$ 2,112	$ 518
Current service cost	**48**	**24**	46	21
Past service costs arising from plan improvements	**10**	**—**	7	1
Benefits paid	**(153)**	**(23)**	(151)	(19)
Interest expense	**79**	**22**	79	21
Obligation experience adjustments	**27**	**(22)**	(8)	2
Effect from change in financial assumptions	**119**	**25**	33	8
Effect from change in demographic assumptions	**—**	**(104)**	(6)	(13)
Changes in foreign exchange rates	**(12)**	**(5)**	(6)	(1)
Balance at end of year	**2,224**	**455**	2,106	538
Fair value of plan assets				
Fair value at beginning of year	**2,342**	**—**	2,312	—
Interest income	**88**	**—**	87	—
Return on plan assets, excluding amounts included in interest income	**212**	**—**	63	—
Benefits paid	**(153)**	**(23)**	(151)	(19)
Contributions by the employer	**31**	**23**	36	19
Changes in foreign exchange rates	**(10)**	**—**	(5)	—
Fair value at end of year	**2,510**	**—**	2,342	—
Funding surplus (deficit)	**286**	**(455)**	236	(538)
Less effect of the asset ceiling				
Balance at beginning of year	**58**	**—**	36	—
Interest on asset ceiling	**3**	**—**	1	—
Change in asset ceiling	**(17)**	**—**	21	—
Balance at end of year	**44**	**—**	58	—
Net accrued retirement benefit asset (liability)	**$ 242**	**$ (455)**	$ 178	$ (538)
Represented by:				
Pension assets (Note 13)	**$ 339**	**$ —**	$ 283	$ —
Accrued retirement benefit liability	**(97)**	**(455)**	(105)	(538)
Net accrued retirement benefit asset (liability)	**$ 242**	**$ (455)**	$ 178	$ (538)

A number of the plans have a surplus totalling $44 million at December 31, 2017 (December 31, 2016 — $58 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.

In 2017, we recorded a $104 million gain through other comprehensive income (loss) as a result of changes in assumptions related to a reduction in future Medical Services Plan premiums required for post-retirement benefit plan members in the Province of British Columbia.

21. Retirement Benefit Plans (continued)

We expect to contribute $28 million to our defined benefit pension plans in 2018 based on minimum funding requirements. The weighted average duration of the defined benefit pension obligation is 14 years and the weighted average duration of the non-pension post-retirement benefit obligation is 17 years.

Defined contribution expense for 2017 was $44 million (2016 — $44 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:

	2017		2016	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Discount rate	**3.36%**	**3.44%**	3.74%	3.79%
Rate of increase in future compensation	**3.25%**	**3.25%**	3.25%	3.25%
Initial medical trend rate	**—**	**5.00%**	—	5.50%
Ultimate medical trend rate	**—**	**5.00%**	—	5.00%
Years to reach ultimate medical trend rate	**—**	**—**	—	2

c) Sensitivity of the defined benefit obligation to changes in the weighted average assumptions:

	2017		
	Effect on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	**1.0%**	**Decrease by 15%**	**Increase by 17%**
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%**

	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%

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.

21. 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:

	2017		2016	
	Male	Female	Male	Female
Retiring at the end of the reporting period	**85.2 years**	**87.6 years**	85.1 years	87.6 years
Retiring 20 years after the end of the reporting period	**86.3 years**	**88.6 years**	86.3 years	88.6 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.

21. Retirement Benefit Plans (continued)

The defined benefit pension plan assets at December 31, 2017 and 2016 are as follows:

	2017			2016		
(CAD$ in millions)	Quoted	Unquoted	Total %	Quoted	Unquoted	Total %
Equity securities	**$1,184**	**$ —**	**47%**	$1,124	$ —	48%
Debt securities	**$ 935**	**$ —**	**37%**	$ 850	$ —	36%
Real estate and other	**$ 74**	**$ 317**	**16%**	$ 49	$ 319	16%

22. Other Liabilities and Provisions

(CAD$ in millions)	December 31, 2017	December 31, 2016
Provisions (a)	**$ 1,905**	$ 1,236
Derivative liabilities (net of current portion of $nil (2016 —$5 million))	**43**	21
Other	**29**	65
	$ 1,977	$ 1,322

a) Provisions

The following table summarizes the movements in provisions for the year ended December 31, 2017:

(CAD$ in millions)	Decommissioning and Restoration Provisions	Other	Total
As at January 1, 2017	$ 1,220	$ 87	$1,307
Settled during the year	(39)	(10)	(49)
Change in discount rate	210	—	210
Change in amount and timing of cash flows	406	121	527
Accretion	81	—	81
Other	(2)	—	(2)
Changes in foreign exchange rates	(32)	(4)	(36)
As at December 31, 2017	1,844	194	2,038
Less current portion of provisions (Note 17)	(83)	(50)	(133)
Long-term provisions	**$ 1,761**	**$144**	**$1,905**

During the year ended December 31, 2017, we recorded $121 million of additional study and environmental costs arising from legal obligations through other provisions.

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, or after, the life of the related operation. Our provision for these expenditures was $1,169 million as at December 31, 2017. After the end of the life of certain operations, water quality management costs may extend for periods in excess of 100 years. Our provision for these expenditures was $675 million as at December 31, 2017. In 2017, the decommissioning and restoration provision was calculated using nominal discount rates between 5.32% and 6.82%. We also used an inflation rate of 2.00% in our cash flow estimates. The decommissioning and restoration provision includes $270 million (2016 — $194 million) in respect of closed operations.

22. Other Liabilities and Provisions (continued)

During the fourth quarter of 2017, our decommissioning and restoration provisions increased by $398 million compared to the third quarter as a result of a change in cash flow estimates, the majority of which relates to post-closure water quality management costs at Teck Coal (Note 4). This increase was partially offset by a decrease of $36 million relating to an increase in the discount rate compared to the third quarter.

23. 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, 2016	9,353	566,899
Options exercised (c)	—	647
As at December 31, 2016	9,353	567,546
Class A share conversion	(1,576)	1,576
Options exercised (c)	—	2,275
Acquired and cancelled pursuant to normal course issuer bid (h)	—	(5,891)
As at December 31, 2017	**7,777**	**565,506**

During the year ended December 31, 2017, 1,576,166 Class A common shares were converted into the same number of Class B subordinate voting shares. As a result of this conversion, the percentage of total votes attached to outstanding Class A common shares was reduced from 62.2% to 57.7% upon completion of this transaction in the second quarter of 2017.

23. Equity (continued)

c) Share Options

Under our current share option plan, at December 31, 2017, 28 million Class B shares have been set aside for the grant of share options to full-time employees, of which 4.8 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, 2017, we granted 2,010,520 Class B share options to employees. These share options have a weighted average exercise price of $27.79, vest in equal amounts over three years, and have a term of 10 years.

The weighted average fair value of Class B share options granted in the year was estimated at $8.32 per option (2016 — $1.81) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2017	2016
Weighted average exercise price	**$ 27.79**	$ 5.48
Dividend yield	**2.20%**	1.85%
Risk-free interest rate	**1.06%**	0.72%
Expected option life	**4.2 years**	4.2 years
Expected volatility	**42%**	46%
Forfeiture rate	**0.36%**	0.96%

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:

	2017		2016	
	Share Options (in 000's)	**Weighted Average Exercise Price**	**Share Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**22,854**	**$ 18.38**	15,929	$ 26.53
Granted	**2,011**	**27.79**	8,946	5.48
Exercised	**(2,275)**	**11.47**	(647)	12.15
Forfeited	**(78)**	**16.25**	(219)	10.74
Expired	**(444)**	**40.40**	(1,155)	35.73
Outstanding at end of year	**22,068**	**$ 19.52**	22,854	$ 18.38
Vested and exercisable at end of year	**12,266**	**$ 24.94**	9,090	$ 29.70

The average share price during the year was $27.86 (2016 — $17.59).

23. Equity (continued)

Information relating to share options outstanding at December 31, 2017, is as follows:

Outstanding Share Options (in 000's)	Exercise Price Range	Weighted Average Remaining Life of Outstanding Options (months)
8,018	$ 4.15 — $12.35	91
5,083	$12.36 — $20.14	86
2,734	$20.15 — $26.79	74
4,527	$26.80 — $36.85	77
1,706	$36.86 — $58.80	45
22,068	**$ 4.15 — $58.80**	**81**

Total share option compensation expense recognized for the year was $17 million (2016 — $22 million).

d) Deferred Share Units, Restricted Share Units, Performance Share Units and Performance Deferred Share Units

We have issued and outstanding deferred share units (DSUs), restricted share units (RSUs), performance share units (PSUs) and performance deferred share units (PDSUs) (collectively Units).

As of 2017, DSUs are granted to directors only. RSUs are granted to both employees and directors. PSUs and PDSUs are granted to certain officers only. DSUs entitle the holder to a cash payment equal to the closing price of one Class B subordinate voting share on the Toronto Stock Exchange on the day prior to exercise. RSUs entitle the holder to a cash payment equal to the weighted average trading price of one Class B share on the Toronto Stock Exchange over either 10 or 20 consecutive trading days prior to the payout date, depending on the date issued. PSUs granted prior to 2017 vest in a percentage of the original grant varying from 0% to 200% based on our total shareholder return ranking compared to a group of specified companies. PSUs issued in 2017 vest in a percentage from 0% to 200% based on both relative total shareholder return and a calculation based on the change in EBITDA over the vesting period divided by the change in a weighted commodity price index. Once vested, PSUs entitle the holder to a cash payment equal to the weighted average trading price of one Class B subordinate voting share on the Toronto Stock Exchange over either 10 or 20 consecutive trading days prior to vesting, depending on the date issued. Officers granted PSUs in 2017 can elect on the grant date to receive PSUs or PDSUs, which pay out following termination of employment as described below.

RSUs, PSUs, and PDSUs vest on December 20th in the year prior to the third anniversary of the grant date. DSUs vest immediately for directors, and on the December 20th in the year prior to the third anniversary of the grant date for employees. Units vest on a pro rata basis if employees retire or are terminated without cause, and unvested units are forfeited if employees resign or are terminated with cause.

DSUs and PDSUs may be exercised on or before December 15 of the first calendar year commencing after the date on which the participant ceases to be a director or employee. RSUs and PSUs pay out on the vesting date.

Additional Units are issued to Unit holders to reflect dividends paid and other adjustments to Class B subordinate voting shares.

In 2017, we recognized compensation expense of $108 million for Units (2016 — $149 million). The total liability and intrinsic value for vested Units as at December 31, 2017 was $185 million (2016 — $128 million).

23. Equity (continued)

The outstanding Units are summarized in the following table:

	2017		2016	
(in 000's)	**Outstanding**	**Vested**	**Outstanding**	**Vested**
DSUs	**2,648**	**2,423**	2,597	2,119
RSUs	**2,823**	**1,699**	3,316	1,327
PSUs	**1,517**	**869**	1,554	616
PDSUs	**70**	**20**	—	—
	7,058	**5,011**	7,467	4,062

e) Accumulated Other Comprehensive Income

(CAD$ in millions)	2017	2016
Accumulated other comprehensive income — beginning of year	**$ 422**	$ 426
Currency translation differences:		
Unrealized losses on translation of foreign subsidiaries	**(488)**	(201)
Foreign exchange differences on debt designated as a hedge of our investment in foreign subsidiaries (net of taxes of $(46) and $(27))	**341**	180
	(147)	(21)
Available-for-sale financial assets:		
Unrealized gains (losses) (net of taxes of $1 and $(6))	**(4)**	45
Gains reclassified to profit (net of taxes of $1 and $4)	**(6)**	(29)
	(10)	16
Share of other comprehensive income (loss) of associates and joint ventures	**(1)**	1
Remeasurements of retirement benefit plans (net of taxes of $(55) and $(7))	**129**	19
Total other comprehensive income (loss)	**(29)**	15
Less remeasurements of retirement benefit plans recorded in retained earnings	**(129)**	(19)
Accumulated other comprehensive income — end of year	**$ 264**	$ 422

f) Earnings Per Share

The following table reconciles our basic and diluted earnings per share:

(CAD$ in millions, except per share data)	2017	2016
Net basic and diluted profit attributable to shareholders of the company	**$ 2,509**	$ 1,040
Weighted average shares outstanding (000's)	**577,482**	576,391
Dilutive effect of share options	**8,910**	6,496
Weighted average diluted shares outstanding (000's)	**586,392**	582,887
Basic earnings per share	**$ 4.34**	$ 1.80
Diluted earnings per share	**$ 4.28**	$ 1.78

At December 31, 2017, 4,240,949 (2016 — 13,333,164) potentially dilutive shares were not included in the diluted earnings per share calculation because their effect was anti-dilutive.

23. Equity (continued)

g) Dividends

We declared and paid dividends on our Class A common and Class B subordinate voting shares of $0.10, $0.05 and $0.45 per share in the second, third and fourth quarters of 2017, respectively, and $0.05 per share in the second and fourth quarters of 2016.

h) Normal Course Issuer Bid

On occasion, we purchase and cancel Class B subordinate voting shares pursuant to our normal course issuer bids that allow us to purchase up to a specified maximum number of shares over a one-year period.

In October 2017, we renewed our normal course issuer bid, under which we may purchase up to 20 million Class B subordinate voting shares during the period from October 10, 2017 to October 9, 2018. All repurchased shares will be cancelled. We repurchased 5,890,794 Class B subordinate voting shares under our normal course issuer bid during the fourth quarter of 2017.

24. Non-Controlling Interests

Set out below is information about our subsidiaries with non-controlling interests and the non-controlling interest balances included in equity.

(CAD$ in millions)	Principal Place of Business	Percentage of Ownership Interest and Voting Rights Held by Non-Controlling Interest	December 31, 2017	December 31, 2016
Carmen de Andacollo	Region IV, Chile	10%	**$ 34**	$ 45
Quebrada Blanca	Region I, Chile	23.5%	**30**	64
Elkview Mine Limited Partnership	British Columbia, Canada	5%	**53**	50
Compañia Minera Zafranal S.A.C.	Arequipa Region, Peru	20%	**25**	—
			$ 142	$ 159

25. 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, 2017, 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:

25. Contingencies (continued)

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 have reached an agreement regarding remediation to be undertaken, and that work is ongoing. 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. In August 2016 the trial court judge ruled in favour of the Tribal plaintiffs awarding approximately $9 million in past response costs and that decision, along with certain other findings in the first phase of the case, is under appeal in the Ninth Circuit Court of Appeals, and a decision is expected in 2018.

A District Court ruling in favour of plaintiffs on a motion seeking 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 was overturned on appeal in the Ninth Circuit in July 2016, with the result that alleged damages associated with air emissions are no longer part of the case.

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.

26. Commitments

a) Capital Commitments

As at December 31, 2017, we had contracted for $766 million of capital expenditures that have not yet been incurred for the purchase of property, plant and equipment. This amount includes $323 million for Quebrada Blanca Phase 2, $196 million for our 20.89% share of Fort Hills, $175 million for our steelmaking coal operations and $72 million for our other operations. The amount includes $520 million that is expected to be incurred within one year and $246 million within two to five years.

b) Operating Lease Commitments

We lease office premises, mining equipment and rail facilities under operating leases. The terms of these leases are up to 20 years.

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 15 years and US$6 million for the following seven years, totalling US$312 million over 22 years.

26. Commitments (continued)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(CAD$ in millions)	2017	2016
Less than one year	**$ 93**	$ 80
One to five years	**179**	162
Thereafter	**327**	310
	$599	$552

Total operating lease expenses were $113 million (2016 — $93 million). This consists of $13 million (2016 — $10 million) for office premises, $60 million (2016 — $36 million) for mining equipment, $12 million (2016 — $10 million) for rail facilities and $28 million (2016 — $37 million) for road and port facilities.

c) Red Dog Royalty

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 35% of net proceeds of production occurred in the fourth quarter of 2017. An expense of US$324 million was recorded in 2017 (2016 — US$213 million) in respect of this royalty.

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 $28 million was recorded in 2017 (2016 — $17 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.

27. 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 (expenses). 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.

	December 31, 2017					
(CAD$ in millions)	Steelmaking Coal	Copper	Zinc	Energy	Corporate	Total
Segment revenues	$ 6,152	$ 2,400	$ 4,131	$ —	$ —	$12,683
Less: Inter-segment revenues	—	—	(635)	—	—	(635)
Revenues	6,152	2,400	3,496	—	—	12,048
Cost of sales	(3,108)	(1,782)	(2,529)	—	—	(7,419)
Gross profit	3,044	618	967	—	—	4,629
Impairment reversal and (asset impairments)	207	(44)	—	—	—	163
Other operating income (expenses)	(99)	63	(28)	(3)	(392)	(459)
Profit (loss) from operations	3,152	637	939	(3)	(392)	4,333
Net finance expense	(5)	(45)	(31)	(7)	(124)	(212)
Non-operating income (expense)	(29)	5	(9)	—	(118)	(151)
Share of income of associates and joint ventures	—	3	—	—	3	6
Profit (loss) before taxes	3,118	600	899	(10)	(631)	3,976
Capital expenditures	673	467	244	911	4	2,299
Goodwill	702	385	—	—	—	1,087
Total assets	15,271	9,533	3,720	5,667	2,867	37,058
Net assets	$ 9,759	$ 5,748	$ 2,335	$4,656	$ (2,973)	$19,525

27. Segmented Information (continued)

(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 (expense)	6	(5)	(5)	—	243	239
Share of income 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

The geographical distribution of our non-current assets is as follows:

(CAD$ in millions)	December 31, 2017	December 31, 2016
Canada	**$ 22,466**	$ 20,853
Chile	**6,077**	6,332
Peru	**1,305**	1,286
United States	**1,131**	1,180
Other	**96**	70
	$ 31,075	$ 29,721

Non-current assets attributed to geographical locations exclude deferred income tax assets and financial and other assets.

27. 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)	2017	2016
Asia		
China	**$ 2,129**	$1,773
Japan	**1,921**	1,319
South Korea	**1,353**	1,181
India	**763**	553
Other	**970**	825
Americas		
United States	**1,360**	1,314
Canada	**919**	770
Latin America	**407**	294
Europe		
Germany	**579**	354
Finland	**284**	178
Spain	**278**	186
Netherlands	**215**	95
Italy	**191**	124
Other	**679**	334
	$12,048	$9,300

28. 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.

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, 2017, $4.1 billion of U.S. dollar debt was designated in this manner.

28. Accounting for Financial Instruments (continued)

U.S. dollar financial instruments subject to foreign exchange risk consist of U.S. dollar denominated items held in Canada and are 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)	December 31, 2017	December 31, 2016
Cash and cash equivalents	**$ 368**	$ 521
Trade accounts receivable	**913**	867
Trade accounts payable and other liabilities	**(569)**	(572)
Debt	**(4,831)**	(6,141)
	(4,119)	(5,325)
Net investment in foreign operations hedged	**4,149**	5,424
Net U.S. dollar exposure	**$ 30**	$ 99

As at December 31, 2017, with other variables unchanged, a $0.10 strengthening of the Canadian dollar against the U.S. dollar would result in a $3 million pre-tax loss (2016 — $10 million) from our financial instruments. There would also be a $157 million pre-tax loss (2016 — $11 million) in other comprehensive income 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 18(e) details our available credit facilities as at December 31, 2017.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2017 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	$ 2,313	$ —	$ —	$ —	**$2,313**
Debt (Note 18(f))	28	28	1,119	4,930	**6,105**
Estimated interest payments on debt	$ 346	$692	$ 626	$ 3,514	**$5,178**

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.

A 1% increase in the LIBOR rate, with other variables unchanged, would result in a $10 million pre-tax gain (2016 — $13 million). There would be no effect on other comprehensive income. The inverse effect would result if the LIBOR rate decreased by 1%.

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.

28. 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 attributable to shareholders from a 10% change in commodity prices, based on outstanding receivables and payables subject to final pricing adjustments at December 31, 2017. There is no effect on other comprehensive income.

	Price on December 31,		Change in Profit Attributable to Shareholders	
(CAD$ in millions, except for US$/lb. data)	2017	2016	2017	2016
Copper	**US$3.26/lb.**	US$2.50/lb.	**$ 35**	$ 24
Zinc	**US$1.50/lb.**	US$1.17/lb.	**$ 5**	$ 5

A 10% change in the price of zinc, lead, silver and gold, respectively, with other variables unchanged, 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 attributable to shareholders by $26 million (2016 — $45 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 of these ratings. We manage credit risk for trade and other receivables through close monitoring of outstanding customer receivables subject to established credit policies, procedures and controls and ongoing review to evaluate the credit-worthiness of customers. 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 or published price assessments (for steelmaking coal). 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.

28. Accounting for Financial Instruments (continued)

The table below outlines our outstanding receivable and payable positions, which were provisionally valued at December 31, 2017, and December 31, 2016.

(Pounds in millions)	Outstanding at December 31, 2017 Pounds	Outstanding at December 31, 2017 US$/lb.	Outstanding at December 31, 2016 Pounds	Outstanding at December 31, 2016 US$/lb.
Receivable positions				
Copper	**138**	**$ 3.26**	114	$ 2.50
Zinc	**197**	**$ 1.50**	231	$ 1.17
Lead	**44**	**$ 1.13**	26	$ 0.90
Payable positions				
Zinc payable	**97**	**$ 1.50**	114	$ 1.17
Lead payable	**30**	**$ 1.13**	20	$ 0.90

At December 31, 2017, total outstanding settlements receivable were $687 million (2016 — $631 million), and total outstanding settlements payable were $39 million (2016 — $43 million). These amounts are included in trade accounts receivable and trade accounts payable and other liabilities, 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 2017 and 2016, 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, 2017 is as follows:

	Quantity	Average Price of Purchase Commitments	Average Price of Sale Commitments	Fair Value Asset (CAD$ in millions)
Derivatives not designated as hedging instruments				
Zinc swaps	175 million lbs.	US$ 1.44/lb.	US$ 1.47/lb.	$ 6
Lead swaps	68 million lbs.	US$ 1.09/lb.	US$ 1.09/lb.	—
				$ 6

All free-standing derivative contracts mature in 2018 and 2019.

Free-standing derivatives, not designated as hedging instruments, are recorded in trade accounts receivable in the amount of $6 million on the consolidated balance sheet.

28. 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)	
	2017	2016
Zinc derivatives	**$ 11**	$ 45
Lead derivatives	**10**	(5)
Settlements receivable and payable	**190**	153
Contingent zinc escalation payment embedded derivative (c)	**(24)**	(18)
Gold stream embedded derivative (c)	**13**	6
Silver stream embedded derivative (c)	**2**	4
	$ 202	$ 185

During the year ended December 31, 2017, we recorded a $51 million gain (2016 — $113 million) in non-operating income (expense) (Note 9) related to an increase in the value of debt prepayment options (c).

Hedges

Net investment hedge

Our hedges of net investments in foreign operations were effective, and no ineffectiveness was recognized in profit 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 $43 million at December 31, 2017 (2016 — $20 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 each contain an embedded derivative in the ongoing future payments due to Teck from RGLD Gold AG 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 $9 million at December 31, 2017 (2016 — $2 million) and is included in financial and other assets (2016 — 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 $3 million at December 31, 2017 (2016 — $1 million) and is included in financial and other assets on the consolidated balance sheet.

Our June 2021 and 2024 notes issued in 2016 (Note 18(b)) include prepayment options that are considered to be embedded derivatives. The June 2021 notes were purchased in 2017, and the prepayment option was written off (Note 18(a)) during the year. At December 31, 2017, the prepayment option in the 2024 notes is recorded as financial and other assets (Note 13) on the consolidated balance sheet at a fair value of $108 million (2016 — $78 million) based on current market interest rates for similar instruments and our credit spread.

29. 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, marketable equity securities and certain debt 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 and steelmaking coal sales because they are valued using quoted market prices for forward curves for copper, zinc and lead and published price assessments for steelmaking coal sales.

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.

The fair values of our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2017 and 2016, are summarized in the following table:

(CAD$ in millions)	2017				2016			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Cash equivalents	$ 722	$ —	$ —	**$ 722**	$1,153	$ —	$ —	$1,153
Marketable equity securities	94	—	—	**94**	95	—	—	95
Debt securities	67	—	4	**71**	68	—	11	79
Settlements receivable	—	687	—	**687**	—	631	—	631
Derivative instruments and embedded derivatives	—	126	—	**126**	—	142	—	142
	$ 883	$ 813	$ 4	**$1,700**	$1,316	$ 773	$ 11	$2,100
Financial liabilities								
Derivative instruments and embedded derivatives	$ —	$ 43	$ —	**$ 43**	$ —	$ 27	$ —	$ 27
Settlements payable	—	39	—	**39**	—	43	—	43
	$ —	$ 82	$ —	**$ 82**	$ —	$ 70	$ —	$ 70

29. Fair Value Measurements (continued)

As at December 31, 2017 and 2016, 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 6 for information about these fair value measurements.

30. 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 are to maintain, on average over time, a target debt to debt-plus-equity ratio of less than 30% and a target debt-to-EBITDA ratio of less than 2.5x. 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% (Note 18).

As at December 31, 2017, our debt to debt-to-capitalization ratio was 25% (2016 — 32%), our debt-to-EBITDA ratio was 1.1 (2016 — 2.5) and our debt-to-adjusted-EBITDA ratio was 1.1 (2016 — 2.4). We manage the risk of not meeting our financial targets through the issuance and repayment of debt, our distribution policy, the issuance of equity capital, asset sales as well as through the ongoing management of operations, investments and capital expenditures.

31. Key Management Compensation

The compensation for key management recognized in total comprehensive income in respect of employee services is summarized in the table below. Key management includes our directors and senior vice presidents.

(CAD$ in millions)	2017	2016
Salaries, bonuses, director fees and other short term benefits	**$ 16**	$ 14
Post-employment benefits	**5**	6
Share option compensation expense (Note 23(c))	**7**	8
Compensation expense related to Units (Note 23(d))	**52**	85
	$ 80	$113

Exhibit 99.3

Management's Discussion and Analysis

February 14, 2018

Teck

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 an interest in the Fort Hills oil sands mining and processing operation, as well as 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 14, 2018 and should be read in conjunction with our audited consolidated financial statements as at and for the year ended December 31, 2017. 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 and do not have a standardized meaning prescribed by IFRS. See “Use of Non-GAAP Financial Measures” on page 53 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 statements under the heading “Cautionary Statement on Forward-Looking Statements” on page 61, 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 2018.

Five-Year Production Record and Our Estimated Production in 2018

Units in 000's (excluding steelmaking coal and molybdenum)		2013	2014	2015	2016	**2017**	2018 estimate[3]
Principal Products							
Steelmaking coal	million tonnes	25.6	26.7	25.3	27.6	**26.6**	26.5
Copper[1]	tonnes	364	333	358	324	**287**	278
Zinc							
Contained in concentrate	tonnes	623	660	658	662	**659**	658
Refined	tonnes	290	277	307	312	**310**	308
Energy (bitumen)[2]	million barrels	–	–	–	–	**–**	8.3
Other Products							
Lead							
Contained in concentrate	tonnes	97	123	124	128	**116**	97
Refined	tonnes	86	82	84	99	**87**	70
Molybdenum contained in concentrate	million pounds	8.3	5.9	4.4	7.7	**11.2**	6.8

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 equity interest in Antamina. Copper production includes cathode production at Quebrada Blanca. Zinc contained in concentrate production includes co-product production from our copper business unit.

(2) Guidance for Teck's share of production in 2018 is at our estimated working interest of 21.3%. It is based on Suncor's outlook for 2018 Fort Hills production which was provided at their previous working interest of 53.06% and is 20,000 to 40,000 barrels per day in Q1, 30,000 to 50,000 barrels per day in Q2, 60,000 to 70,000 barrels per day in Q3, and 80,000 to 90,000 barrels per day in Q4. Production estimates for Fort Hills could be negatively affected by delays in or unexpected events involving the ramp-up of production from the project.

(3) Production estimate for 2018 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$				
	2017	% chg	2016	% chg	2015	**2017**	% chg	2016	% chg	2015
Steelmaking coal (realized — $/tonne)	**176**	+53%	115	+24%	93	**229**	+50%	153	+31%	117
Copper (LME cash — $/pound)	**2.80**	+27%	2.21	-11%	2.49	**3.64**	+24%	2.94	-8%	3.19
Zinc (LME cash — $/pound)	**1.31**	+38%	0.95	+9%	0.87	**1.70**	+35%	1.26	+14%	1.11
Exchange rate (Bank of Canada)										
US$1 = CAD$	**1.30**	-2%	1.33	+4%	1.28					
CAD$1 = US$	**0.77**	+2%	0.75	-4%	0.78					

Our revenues, 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)	**2017**	2016	2015	**2017**	2016	2015	**2017**	2016	2015
Steelmaking coal	**$ 6,152**	$ 4,144	$ 3,049	**$ 3,769**	$ 2,007	$ 906	**$ 3,044**	$ 1,379	$ 200
Copper	**2,400**	2,007	2,422	**1,154**	788	931	**618**	190	426
Zinc	**3,496**	3,147	2,784	**1,173**	984	805	**967**	830	655
Energy	**–**	2	4	**–**	2	3	**–**	(3)	(2)
Total	**$ 12,048**	$ 9,300	$ 8,259	**$ 6,096**	$ 3,781	$ 2,645	**$ 4,629**	$ 2,396	$ 1,279

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 2017, our six steelmaking coal operations in Western Canada produced 26.6 million tonnes of steelmaking coal, with sales of 26.8 million tonnes. The majority of our sales are to the Asia-Pacific region, with lesser amounts going primarily to Europe and the Americas. Our long-term production capacity is approximately 27 million tonnes, and we have total proven and probable reserves of 922 million tonnes of steelmaking coal.

Progress continued on two projects at Elkview and Fording River operations in 2017. The Baldy Ridge Extension project allows Elkview to extend the current life of mine and increase its production of high-quality coal. Mining this area commenced in the first quarter of 2017, with first coal release expected in 2020. Mining in the Swift area at Fording River commenced in the first quarter of 2017 and the project is expected to sustain the operations' current production levels in the future. Construction will continue in 2018, and further mine development is expected to continue until 2022.

Coal Mountain Operations will operate as planned until mid-2018, before transitioning to closure as reserves are depleted in the current mining area. Coal Mountain produces approximately 2.5 million tonnes of steelmaking coal annually. The Elk Valley operations continue to work to replace Coal Mountain's production with coal from other mines.

A new five-year collective agreement was reached at Cardinal River Operations in 2017. With this agreement in place, all of the unionized employees within the steelmaking coal business unit are under contract until at least May 31, 2019.

In 2017, our steelmaking coal business unit accounted for 51% of revenue and 62% of gross profit before depreciation and amortization.

($ in millions)	**2017**	2016	2015
Revenues	**$ 6,152**	$ 4,144	$ 3,049
Gross profit before depreciation and amortization (1)	**$ 3,769**	$ 2,007	$ 906
Gross profit	**$ 3,044**	$ 1,379	$ 200
Production (million tonnes)	**26.6**	27.6	25.3
Sales (million tonnes)	**26.8**	27.0	26.0

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 2017, primarily due to higher steelmaking coal prices. Gross profit was $3.0 billion, a 121% increase over 2016, primarily due to higher coal prices.

Our average realized selling price in 2017 increased to US$176 per tonne, compared with US$115 per tonne in 2016 and US$93 per tonne in 2015. Effective April 1, 2017, steel mills and most steelmaking coal producers agreed on an index-linked pricing mechanism based on the average of key premium steelmaking coal spot price assessments to replace the negotiated quarterly benchmark.

Sales volumes were 26.8 million tonnes in 2017, slightly lower than our record sales volumes in 2016. This

was mainly due to lower sales in the first quarter of 2017 as a result of logistics issues and customers delaying purchasing as they reduced inventories built in the fourth quarter of 2016. Concurrently, customers further delayed purchases due to rapidly correcting steelmaking coal prices.

Our 2017 production of 26.6 million tonnes declined by 1.0 million tonnes from 2016, primarily due to difficult weather conditions, higher employee turnover and geotechnical issues experienced in the first half of the year.

The cost of product sold in 2017, before transportation and depreciation, was $52 per tonne, compared with $43 per tonne in 2016 (excluding one-time collective agreement settlement charges). This cost increase was a result of lower first quarter sales volumes and logistics issues at Westshore Terminals that led to plant shutdowns as mine site storage was full. In addition, material movement fell below plan due to difficult weather conditions, higher employee turnover and geotechnical issues at Cardinal River and Line Creek operations. These issues, combined with a number of operations mining in recently permitted areas with higher strip ratios, led to a drawdown in raw coal during the first three quarters of 2017. Contract miners were mobilized to maintain production levels, resulting in higher costs per tonne.

Capital spending in 2017 included $112 million for sustaining capital, $55 million for major enhancements to maintain long-term production capacity and $506 million on stripping activities.

Elk Valley Water Management

As previously disclosed, 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 British Columbia (B.C.) Minister of Environment. The Plan establishes short-, medium- and long-term water quality targets for selenium, nitrate, sulphate and cadmium to protect the environment and human health, as well as a plan to manage calcite formation. In accordance with the Plan, we have constructed the first water treatment facility contemplated by the Plan.

We had previously announced that we are working to address an issue regarding selenium compounds in effluent from the first active water treatment facility (AWTF) at Line Creek Operations. We have successfully tested an additional treatment step to address the issue, and are proceeding with construction of plant modifications, to be completed in the third quarter of 2018 at a cost of approximately $17 million. We will commence construction of our next AWTF at Fording River Operations in the second quarter of 2018, using the same treatment process as West Line Creek and incorporating the additional design changes to address selenium compounds. In 2017, we constructed our first saturated fill project at Elkview Operations, at a total cost of $41 million, and commissioned the project in January 2018. This alternative treatment strategy has the potential to replace AWTFs in the future and/or to enhance our ability to meet the objectives of the Elk Valley Water Quality Plan. We also completed the successful installation and commissioning of our first calcite management system at Greenhills Operations to support our understanding of calcite treatment and to prevent calcite precipitation in the environment downstream from our operations.

The capital spending on water treatment in 2018 is expected to be approximately $86 million, taking into account facility design modifications, as well as the engineering and commencement of construction of the Fording River AWTF. This compares to approximately $12 million of capital spending on water treatment in 2016, and $3 million of capital spending on water treatment in 2017, which was included in our 2017 sustaining capital.

Based on our current plans, total capital spending on water treatment over the next five years, from 2018 to 2022, is expected to be in the $850 to $900 million range. This contemplates completion of modifications to the Line Creek AWTF, the construction of the Fording River AWTF and two other AWTFs elsewhere in the Elk Valley, as well as the commencement of construction of a fifth AWTF. Delays in construction caused by the technical issues faced at the Line Creek AWTF have required us to plan for the construction of more than one AWTF at a time, increasing annual expenditures in the 2019 to 2022 period.

Based on current water quality modelling data and treatment technologies, up to four additional AWTFs will be required in the 2023 to 2032 period. Annual capital expenditures in this 10-year period are expected to be lower and more evenly distributed, at an annual average of approximately $65 million. Planned AWTFs have varying capacities and capital costs.

In 2017, operating costs for Elk Valley water quality management were approximately $0.75 per tonne of clean coal produced. Operating costs are expected to increase gradually over the next 15 years to the $5 to $6 per tonne range as additional AWTFs come on stream.

If our Elkview saturated fill project performs as expected, there is potential for further saturated fills to subsequently reduce capital and operating costs associated with active water treatment. We continue with research and development on alternatives to active water treatment, which have the potential to significantly reduce capital costs for water treatment. These include saturated rock fills, described above, which rely on biological processes in water collected in former mining areas to improve water quality, as well as various forms of caps and other reclamation techniques that have the potential to reduce the quantity of water requiring treatment. These technologies, although unproven, have the potential to significantly reduce active treatment costs over the long term.

All of the foregoing estimates are uncertain. Final costs of implementing the Plan will depend in part on the technologies applied and on the results of ongoing environmental monitoring and modelling. The timing of expenditures will depend on resolution of technical issues, permitting timelines and other factors. We expect that, in order to maintain water quality, some form of water treatment will continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and provides for adjustments if warranted by monitoring results. This ongoing monitoring, as well as our continued research into treatment technologies, could reveal unexpected environmental impacts, technical issues or advances associated with potential treatment technologies that could substantially 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 eastbound coal deliveries to North American customers are shipped pursuant to an arrangement with CP Rail. The remaining eastbound coal deliveries are shipped via the BNSF Railway. Our Cardinal River Operations in Alberta is served by Canadian National Railway (CN), which transports our product to ports on the west coast. Our agreement with CN expired on December 31, 2017, and we are in discussion with CN with regard to a new contract.

Ports

We maintain access to terminal loading capacity in excess of our planned 2018 shipments. Engineering work continues on the Neptune facility upgrade, which is expected to expand operations from 12.5 million tonnes per year to over 18.5 million tonnes per year. Construction activities at the terminal will commence in 2018.

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

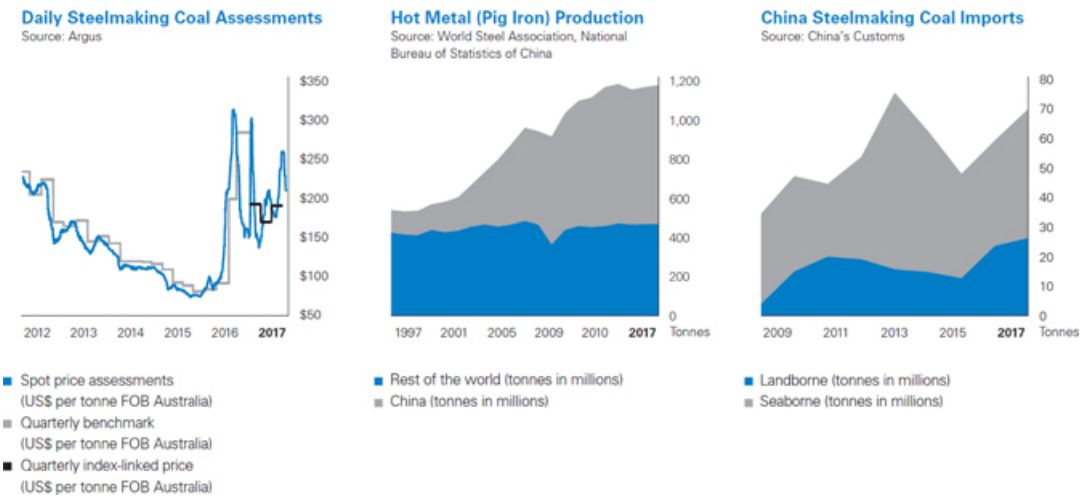
Our steelmaking coal marketing strategy is focused on maintaining and building relationships with our traditional customers, while establishing new customers in markets where we anticipate long-term growth in steel production and demand for seaborne steelmaking coal. In 2017, we continued to focus our marketing in areas with the greatest demand growth, increasing sales volumes to areas such as Europe, India and Vietnam.

Markets

The year 2017 was characterized by significant volatility in steelmaking coal prices. Cyclone Debbie, which hit Australia in late March 2017, caused steelmaking coal prices to spike above US$300 per tonne for the fourth time since 2008. Prices subsequently corrected back to the US$140–$150 per tonne range, but increased steadily during the second half of the year. The steady pace of price increases has been the result of numerous factors, including strong steel pricing and demand in China, aided by ongoing closure of excess capacity, robust steel production and pricing in the rest of the world, due to the improving global economy and reduced steel exports from China. In addition, constrained steelmaking coal supply resulting from continuing logistics and production issues has affected key Australian mines. Depletion and closure of some Eastern European domestic mines also created additional demand from European steel mills for seaborne steelmaking coal.

Coincident with the cyclone-induced price spike in April, the pricing methodology for our quarterly contract sales changed from a negotiated quarterly benchmark to an index-linked pricing mechanism based on the average of key premium steelmaking coal price assessments, effective April 1, 2017. Quarterly priced sales represent approximately 40% of our sales, with the balance of our sales priced at levels reflecting market conditions when sales are concluded. Lower-grade semi-soft coals and pulverized coal injection (PCI) pricing continues to be negotiated on a quarterly benchmark basis.

The following graphs show key metrics affecting steelmaking coal sales: spot price assessments and quarterly 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

Market expectations are that global steel production and demand for steelmaking coal will continue to increase in 2018. Competition in the steelmaking coal trade is expected to increase in 2018 as Australian exports recover and the ongoing logistics issues are gradually resolved. While it is unclear how coal trade rebalancing will affect pricing, we are well positioned to respond to changing markets.

Steelmaking coal production in 2018 is expected to be between 26 and 27 million tonnes. As in prior years, annual production volumes can be adjusted to reflect market demand for our products, subject to adequate rail and port service. Assuming that current market conditions persist, annual production from 2019 to 2021 is expected to be higher than 2018, despite the closure of Coal Mountain Operations mid-2018.

In January 2018, a significant pressure event interrupted operations in the coal dryer at Elkview Operations. The preliminary damage assessment has determined that repairs to the dryer may take in the range of four to six weeks. In the interim, Elkview is producing higher moisture steelmaking coals at approximately 80% of planned production levels. In order to manage the overall moisture level of our product, we are coordinating production with our other operations in the Elk Valley, and blending the higher moisture coal with dry finished coal inventory and dry coal from other operations to the extent possible. We expect lost production in the range of 200,000 tonnes. Costs of repair to the dryer are not expected to exceed $10 million.

We received permits to commence mining in new areas at the Fording River, Elkview and Greenhills mines, which will extend the lives of these mines and allow us to increase production to compensate for the closure of Coal Mountain. We are investing in the processing plants and have transferred mining assets from Coal Mountain in order to develop the new mining areas at each of the sites. The strip ratios in these new areas will be higher in the near term, and we have invested in some additional mining capacity to balance coal production targets.

We are expecting sales volumes in the first quarter of 2018 to be in the range of 6.3 to 6.5 million tonnes, reflecting Westshore's underperformance continuing through January and the potential impacts from the pressure event at our Elkview mine coal dryer. With steel pricing and world economies remaining strong,

indications are that demand for steelmaking coal will continue to grow while supply issues, mainly in Australia, are also expected to continue supporting prices.

Customers determine vessel nominations for the majority of our sales. 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. We are currently working with the logistics service providers to accelerate moving excess mine inventories to ports.

With the additional mining development activity, we expect our site costs in 2018 to be in the range of $56 to $60 per tonne (US$45 to US$48). This range is higher than in 2017, 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, diesel and labour.

Transportation costs in 2018 are expected to be approximately $35 to $37 per tonne (US$28 to US$30).

We plan to incur $275 million of sustaining capital in 2018, including approximately $185 million of sustaining capital for operations and approximately $86 million of sustaining capital related to water treatment. Sustaining capital for operations largely relates to reinvestment in our equipment fleets. In addition, $160 million will be invested in major enhancement projects, which largely relate to the development costs of the new mining areas at our Elk Valley operations.

We also plan to make an equity investment of $85 million for port upgrades at Neptune Terminals in 2018. The investment in the port will further improve the global competitiveness and responsiveness of our steelmaking coal portfolio over the longer term.

Copper

In 2017, we produced 287,300 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 declined 11% from 2016, primarily due to a temporary decline in grades and recoveries at Highland Valley Copper, as anticipated in the mine plan.

In 2017, our copper operations accounted for 20% of our revenue and 19% of our gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization[1]			Gross Profit (Loss)		
($ in millions)	**2017**	2016	2015	**2017**	2016	2015	**2017**	2016	2015
Highland Valley Copper	**$ 733**	$ 750	$ 999	**$ 213**	$ 268	$ 449	**$ 18**	$ 86	$ 278
Antamina	**936**	627	634	**670**	409	412	**566**	305	304
Carmen de Andacollo	**549**	401	442	**222**	86	86	**142**	9	(4)
Quebrada Blanca	**182**	229	288	**50**	24	(19)	**(107)**	(211)	(141)
Duck Pond	**–**	–	53	**–**	–	(3)	**–**	–	(17)
Other	**–**	–	6	**(1)**	1	6	**(1)**	1	6
Total	**$ 2,400**	$ 2,007	$ 2,422	**$ 1,154**	$ 788	$ 931	**$ 618**	$ 190	$ 426

Note:
(1) Gross profit (loss) 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)	**2017**	2016	2015	**2017**	2016	2015
Highland Valley Copper	**93**	119	152	**89**	122	150
Antamina	**95**	97	88	**94**	95	87
Carmen de Andacollo	**76**	73	73	**77**	73	72
Quebrada Blanca	**23**	35	39	**23**	35	40
Duck Pond	**–**	–	6	**–**	–	8
Total	**287**	324	358	**283**	325	357

Operations

Highland Valley Copper

Highland Valley Copper Operations is located in south-central B.C. Gross profit before depreciation and amortization was $213 million in 2017, compared to $268 million in 2016 and $449 million in 2015. Gross profit was $18 million in 2017, significantly lower than 2016 due to planned lower grades and recoveries resulting in a temporary decline in production and a one-time labour settlement charge, partially offset by higher copper prices.

Highland Valley Copper’s 2017 copper production was 92,800 tonnes, compared to 119,300 tonnes in 2016 and 151,400 tonnes in 2015. The decrease in 2017 was primarily due to the expected lower copper grades

and associated lower recoveries in the first half of the year. Ore grades and recoveries improved from the third quarter of 2017 as we mined through higher-grade areas of the mine. While we expect annual average grades to increase in 2018 over 2017 levels and result in an increase in production, the higher grades experienced in the fourth quarter of 2017 will not be repeated in 2018 as we continue stripping activities and process ore from lower-grade sections of the Lornex pit and the west wall of the Valley pit. Grades are expected to increase further in 2019 in the current life of mine plan. Molybdenum production was 72% higher in 2017 at 9.3 million pounds, compared to 5.4 million pounds in 2016, primarily due to higher grades.

Ore is currently mined from the Valley and Lornex pits. A higher-grade phase of the Valley pit was exhausted in 2016. In 2017, significantly more lower-grade ore from the Lornex pit was processed in comparison to 2016. Mining in the Highmont pit was substantially completed in the third quarter of 2017.

A new five-year collective labour agreement was reached with unionized employees at Highland Valley Copper in 2017, resulting in a one-time labour settlement charge of $13 million.

A $72 million project to install an additional ball mill to increase grinding circuit capacity started construction in September 2017. The project is anticipated to increase overall mill throughput by 5% and copper recovery by over 2%, and is expected to be completed by mid-2019.

Copper production in 2018 is anticipated to be between 95,000 and 100,000 tonnes, with a fairly even distribution throughout the year, before returning to sustainable higher grades in 2019 and beyond. Annual copper production from 2019 to 2021 is expected to be between 120,000 and 140,000 tonnes per year, with lower production in 2019, then gradually rising through to 2021. Copper production is anticipated to remain at about 140,000 tonnes per year after 2021, through to the end of the current mine plan in 2028. Molybdenum production in 2018 is expected to be approximately 5.0 million pounds contained in concentrate, and annual production is expected to remain similar to this level in 2019 to 2021.

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 2017, our share of gross profit before depreciation and amortization was $670 million, compared with $409 million in 2016 and $412 million in 2015. Gross profit in 2017 was higher than 2016 due to substantially higher zinc production combined with higher zinc and copper prices.

Antamina's copper production (100% basis) in 2017 was 422,500 tonnes, compared to 431,100 tonnes in 2016, with the decrease primarily as a result of processing less copper-only ore, as expected in the mine plan. Zinc production was a record 372,100 tonnes in 2017, nearly doubling 2016 production levels, primarily due to increased processing of a higher portion of copper-zinc ores, and significantly higher zinc grades and recoveries. Molybdenum production totalled 8.7 million pounds, 15% lower than 2016, due to processing less copper-molybdenum ore.

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 addition to an upfront acquisition price paid in a previous year. In 2017, approximately 3.7 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. A total of 10.1 million ounces of silver have been delivered under the agreement from 2015 to December 31, 2017.

Our 22.5% share of Antamina's 2018 production is expected to be in the range of 90,000 to 95,000 tonnes of copper, 85,000 to 90,000 tonnes of zinc and approximately 1.8 million pounds of molybdenum in concentrate. Our share of copper production is expected to be between 90,000 and 100,000 tonnes per year from 2019 to 2021. Zinc production is expected to remain strong, as the mine is currently in a phase with high zinc grades and a higher proportion of copper-zinc ore processed. Our share of zinc production is anticipated to average between 90,000 and 100,000 tonnes per year from 2019 to 2021, although annual production will fluctuate due to feed grades and the amount of copper-zinc ore processed, with the lower end of average zinc production expected in 2019. Our share of annual molybdenum production is expected to be between 2.5 and 3.0 million pounds between 2019 and 2021.

Carmen de Andacollo

We have a 90% interest in the Carmen de Andacollo mine, 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 $222 million in 2017, compared to $86 million in 2016 and 2015. Gross profit increased to $142 million from $9 million in 2016, primarily due to substantially higher copper prices.

Carmen de Andacollo produced 72,500 tonnes of copper contained in concentrate in 2017, 4% higher than 2016, primarily due to improved grades. Copper cathode production was 3,500 tonnes in 2017, compared with 3,700 tonnes in 2016. Gold production, on a 100% basis, of 54,500 ounces was similar to gold production in 2016, with 100% of the gold produced for the account of RGLD Gold AG, a wholly owned subsidiary of Royal Gold, Inc. In effect, 100% of gold production from the mine has been sold to Royal Gold, Inc., who pays a cash price of 15% of the monthly average gold price at the time of each delivery, in addition to an upfront acquisition price paid in previous years.

Consistent with the mine plan, copper grades are expected to decline towards reserve grades in 2018 and future years. We continue to study and pilot projects that could help to partially offset these grade declines. Carmen de Andacollo's production in 2018 is expected to be in the range of 60,000 to 65,000 tonnes of copper in concentrate and approximately 3,000 tonnes of copper cathode. Annual copper in concentrate production is expected to be approximately 60,000 tonnes for the subsequent three-year period. Cathode production volumes are uncertain past 2018, although there is some potential to extend production.

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 $50 million in 2017, compared to $24 million in 2016 and a gross loss before depreciation and amortization of $19 million in 2015. Quebrada Blanca incurred a gross loss of $107 million, compared to $211 million in 2016. The improvement in 2017 was primarily due to higher copper prices, lower operating costs and reduced depreciation expenses,

partially offset by lower copper cathode production and sales volumes.

Since the first quarter of 2017, all supergene ore mined has been sent directly to the dump leach circuit. This has resulted in lower recovery and a longer leaching cycle at reduced operating costs, compared to the previous operations of the heap leach circuit. As a result of these changes, and declining mine production as supergene ores are depleted, Quebrada Blanca produced 23,400 tonnes of copper cathode in 2017, compared to 34,700 tonnes in 2016.

In February 2017, we extended two of the three labour agreements at Quebrada Blanca into the first quarter of 2019. In December 2017, the third labour agreement, representing 24% of the workforce, was extended to the fourth quarter of 2019.

We expect production of approximately 20,000 to 24,000 tonnes of copper cathode in 2018. The supergene deposit is expected to be exhausted in the second quarter of 2018, although we currently anticipate cathode production to continue through 2019 as leaching of the dump material and secondary extraction from old heap material will continue, although at approximately half of current cathode production rates. Options to extend mining activities further into 2018, as well as extending cathode production beyond 2019, are being studied.

Quebrada Blanca Phase 2

Quebrada Blanca Phase 2 is expected to have an initial mine life of 25 years based on reserves, which make up approximately 25% of the combined reserve and resource. Annual production capacity is expected to be 300,000 tonnes of copper equivalent per year for the first five years of mine life. Project activities in 2017 focused primarily on completing an updated feasibility study, execution readiness activities, advancing detailed engineering and design, and continuing progress on the social and environmental impact assessment (SEIA) regulatory approval process.

A decision to proceed with development will be contingent upon regulatory approvals and market conditions, among other considerations. Given the timeline of the regulatory approval process, such a decision is not expected before the second half of 2018. Work activities continue to focus on completing the regulatory approval process and advancing detailed engineering, early procurement contracts and construction planning to ready the project for execution. Project development expenditures for the first four months of 2018 are anticipated to be approximately US$100 million. Updates on further expenditure plans during the remainder of 2018 will be provided at the end of first quarter.

NuevaUnión

Activities continued to advance a prefeasibility study in 2017, including environmental baseline studies and ongoing community engagement. We expect to complete the prefeasibility study in the first quarter of 2018.

Project Satellite

In March 2017, we publicly launched our Project Satellite initiative, the focus of which is to surface value from five substantial base metals assets — Zafranal, San Nicolás, Galore Creek, Schaft Creek, and Mesaba — all of which are located in stable jurisdictions in the Americas.

The current focus is to complete environmental and social baseline studies, community engagement programs and engineering and design work to prepare environmental impact assessments and development

permit applications on the Zafranal and San Nicolás assets.

At the Zafranal copper-gold project in southern Peru, the project team completed infill and geotechnical drilling programs, hydrogeological studies, and environmental, social and archeological studies during 2017. A feasibility study commenced in November 2017, along with expanded community engagement activities and permitting work necessary to prepare a social and environmental impact assessment (SEIA). We expect to complete the feasibility study and submit the SEIA by the fourth quarter of 2018. Planned spending in 2018 is $35 million, which is included in capital expenditures for new mine development for our copper business unit.

At the San Nicolás copper-zinc project in Zacatecas, Mexico, environmental and social baseline studies, preliminary hydrogeological studies, and project engineering programs were initiated in the third quarter of 2017 in support of a prefeasibility study and an SEIA. In October 2017, we completed the acquisition of the 21% minority interest in San Nicolás held by Goldcorp Inc. for cash consideration of US$50 million, taking our ownership of the asset to 100%. We expect to complete the prefeasibility study in the second half of 2019. Planned spending in 2018 is $30 million, which is included in capital expenditures for new mine development for our copper business unit.

Field programs, including mapping, sampling, drilling, environmental and social baseline studies, and focused engineering work, will be carried out on each of the Galore Creek (copper-gold), Schaft Creek (copper-molybdenum-gold) and the Mesaba (copper-nickel) projects in 2018. Planned spending in 2018 for the three projects is $15 million, which will be included in exploration expense.

Markets

Copper prices on the London Metal Exchange (LME) averaged US$2.80 per pound in 2017, up US$0.59 per pound or 27% from the average of 2016.

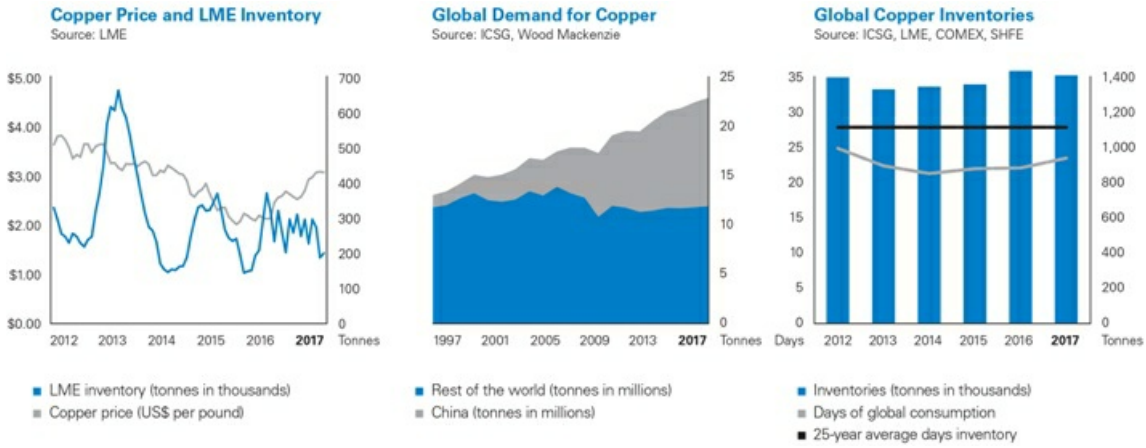
According to Wood Mackenzie, a commodity research consultancy, global demand for copper metal grew by 2.0% in 2017, in comparison to 2.7% in 2016, to reach an estimated 23.0 million tonnes. Demand improved in Asia, with Chinese demand growth estimated at 3.2% over 2016, much higher than initial projections at the beginning of the year. Demand growth in Europe and North America was up slightly at 0.3% and 0.7% respectively, while demand in developing regions is estimated to have dropped by less than 0.1%. Wood Mackenzie estimates the refined global copper market was effectively balanced in 2017.

Copper stocks on the LME fell by 37% to 201,725 tonnes in 2017, while Shanghai stocks rose by 2.7% to 150,500 tonnes and COMEX warehouse stocks increased 141% to 182,000 tonnes. Combined exchange stocks decreased by 10,800 tonnes during 2017 and ended the year at 533,400 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 2017, global copper mine production decreased 0.7% in 2017, with total production estimated at 19.9 million tonnes. The industry faced several disruptions to production in the first half of 2017, mostly attributable to labour disputes. Wood Mackenzie is forecasting a 1.1% increase in global mine production in 2018 to 20.2 million tonnes.

Copper scrap availability improved with strengthening copper prices throughout the year. Scrap and unrefined copper imports into China, including blister and anode, were up over 11% in 2017. Scrap supply towards the end of 2017 began to tighten in China as new environmental standards on the importation of low-grade scrap were published, which could impact the short-term availability of copper scrap units.

Fundamentals remain positive over the medium to long term, with supply constrained by lower grades and a lack of investment in new projects over the past six years due to the downtrend in copper prices. With Wood Mackenzie forecasting global copper metal demand to increase by 2.1% in 2018, and with projected supply expected to be below forecast demand, the refined copper market is anticipated to be in deficit in 2018.



Outlook

We expect 2018 copper production to be in the range of 270,000 to 285,000 tonnes, slightly lower than 2017 production levels. The lower production is primarily due to lower grades at Carmen de Andacollo while we work on throughput improvement options, partially offset by higher production at Highland Valley Copper.

In 2018, we expect our copper unit costs to be in the range of US$1.80 to US$1.90 per pound before margins from by-products and US$1.35 to US$1.45 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 270,000 to 300,000 tonnes per year from 2019 to 2021.

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 2017, we produced 658,700 tonnes of zinc in concentrate, while our Trail Operations produced 310,100 tonnes of refined zinc.

In 2017, our zinc business unit accounted for 29% of revenue and 19% of gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization[1]			Gross Profit (Loss)		
($ in millions)	**2017**	2016	2015	**2017**	2016	2015	**2017**	2016	2015
Red Dog	**$ 1,752**	$ 1,444	$ 1,220	**$ 971**	$ 749	$ 600	**$ 874**	$ 668	$ 537
Trail Operations	**2,266**	2,049	1,847	**209**	241	205	**131**	178	124
Pend Oreille	**105**	77	47	**19**	–	(9)	**(12)**	(10)	(15)
Other	**8**	7	7	**(26)**	(6)	9	**(26)**	(6)	9
Inter-segment	**(635)**	(430)	(337)	**–**	–	–	**–**	–	–
Total	**$ 3,496**	$ 3,147	$ 2,784	**$ 1,173**	$ 984	$ 805	**$ 967**	$ 830	$ 655

Note:
(1) Gross profit (loss) 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)	**2017**	2016	2015	**2017**	2016	2015
Refined zinc						
Trail Operations	**310**	312	307	**309**	312	308
Contained in concentrate						
Red Dog	**542**	583	567	**534**	600	613
Pend Oreille	**33**	34	31	**32**	34	31
Copper business unit[1]	**84**	45	60	**85**	43	62
Total	**659**	662	658	**651**	677	706

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 2017 was $971 million, compared with $749 million in 2016 and $600 million in 2015. Gross profit increased from a year ago, primarily due to higher zinc and lead prices, partially offset by lower sales volumes and higher royalty expenses.

In 2017, zinc production at Red Dog decreased to 541,900 tonnes compared to 583,000 tonnes in 2016, primarily due to poor mill performance in the first half of the year and lower zinc grades. As planned, ore from

the higher-grade Qanaiyaq pit was introduced to supplement declining-grade ore from the Aqqaluk pit. However, mill performance was adversely affected, as this ore is metallurgically complex and weathered, particularly during the early stages of pit development. As we gained processing experience with this ore, and deepened the pit to access less weathered ore, the amount of Qanaiyaq ore in the mill feed blend increased to 20% during the fourth quarter. We expect to maintain this feed ratio of Qanaiyaq ore in 2018.

Lead production in 2017 declined to 111,300 tonnes, compared to 122,300 tonnes in 2016, primarily due to lower lead recoveries.

In the third quarter, we initiated a mill upgrade project that is expected to increase average mill throughput by about 15% over the remaining mine life, helping to offset lower grades and harder ore in the Aqqaluk pit. This project is expected to be complete by the end of 2019 at a capital cost of US$110 million. Because the upgrade project will permit lower-grade material to be processed, the current mine life, based on existing developed deposits, will remain unchanged through to 2031.

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 between Teck and NANA Regional Corporation, Inc. (NANA) governing the Red Dog mine, we pay a royalty on net proceeds of production each quarter. This royalty increases by 5% every fifth year to a maximum of 50%. The most recent increase occurred in October 2017, bringing the royalty to 35%. The NANA royalty charge in 2017 was US$324 million, compared with US$213 million in 2016. NANA has advised us that it ultimately shares approximately 63% 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 Northwest Arctic Borough (the Borough) expired on December 31, 2015. Early in 2017, Teck Alaska and the Borough agreed on a new 10-year PILT agreement, which was subsequently signed during the second quarter of the year. Under the new agreement, PILT payments to the Borough, based on the assessed property value of the mine, increase by approximately US$4 million to between US$14 million and US$18 million per year. In addition, Teck Alaska will make annual payments to a separate fund aimed at social investment in villages in the region. These payments, based on mine profitability, will be between US$4 million and US$8 million per year, with US$11 million invested in the first year.

Red Dog's production of contained metal in 2018 is expected to be in the range of 525,000 to 545,000 tonnes of zinc and 95,000 to 100,000 tonnes of lead. From 2019 to 2021, Red Dog's production of contained metal is expected to be in the range of 475,000 to 525,000 tonnes of zinc and 85,000 to 100,000 tonnes of lead per year, respectively.

Trail Operations

Our Trail Operations in southern 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.

Trail Operations contributed $209 million to gross profits before depreciation and amortization in 2017, compared with $241 million in 2016 and $205 million in 2015. Gross profit was $131 million in 2017, a decrease of 26% in comparison to 2016. The decrease in 2017 from 2016 was primarily due to higher operating costs and a one-time labour settlement charge of $26 million.

During the second quarter of 2017, we announced an agreement to sell ourtwo-thirds interest in the Waneta Dam and related transmission assets for $1.2 billion cash to Fortis Inc. (Fortis). During the third quarter of 2017, BC Hydro exercised its right of first offer in respect of this transaction, electing to acquire the dam on the terms agreed with Fortis. Under the agreement, we will be granted a 20-year lease with an option to extend for an additional 10 years to use the two-thirds interest in Waneta, which entitles us to power for our Trail Operations. The closing of the transaction with BC Hydro is subject to customary conditions, including receipt of regulatory approvals and certain consents, and we do not expect to close before the third quarter of 2018. During the third quarter of 2017, we paid a break fee of $28 million to Fortis.

Refined zinc production in 2017 was 310,100 tonnes, compared with 311,600 tonnes the previous year. Refined lead production was 87,100 tonnes, down from 99,200 tonnes in 2016, primarily due to treating material with lower metal units and reduced lead concentrate treatment in the fourth quarter following mechanical difficulties in a fuming furnace. Silver production declined to 21.4 million ounces in 2017 from 24.2 million ounces in 2016.

Our recycling process treated 47,000 tonnes of material during the year, and we plan to treat about 39,000 tonnes in 2018. 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 started in the first quarter of 2017, and we expect the plant to become operational in the second quarter of 2019.

A new five-year collective agreement was reached with employees at Trail Operations in 2017, incurring aone-time labour settlement charge of $26 million.

In 2018, we expect Trail Operations to produce 305,000 to 310,000 tonnes of refined zinc, approximately 70,000 tonnes of refined lead and approximately 16 to 18 million ounces of silver. Zinc production from 2019 to 2021 is expected to increase to 310,000 to 315,000 tonnes per year, while annual lead production is expected to rise to 95,000 to 105,000 tonnes. Silver production is dependent on the amount of silver contained in the purchased concentrates.

Pend Oreille

Pend Oreille, located in Washington state, achieved zinc production of 33,100 tonnes in 2017, compared to 34,100 tonnes in 2016.

Current mine planning efforts are focused on sustaining the operation and there is still significant potential to extend the mine life further.

We expect production in 2018 to be approximately 35,000 tonnes of zinc in concentrate. Production rates beyond 2018 are uncertain, although the potential exists to extend the mine life at similar rates for several more years.

Markets

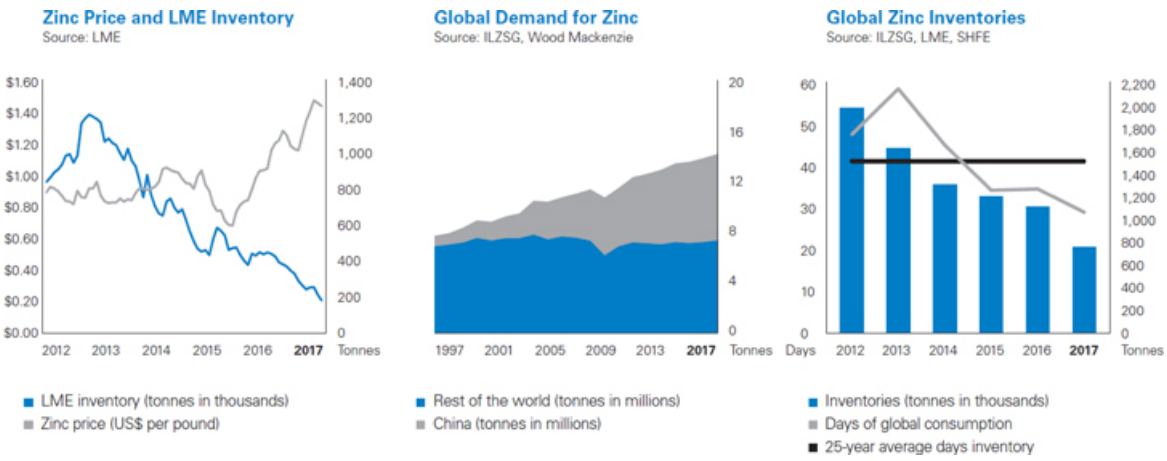
Zinc prices on the LME averaged US$1.31 per pound for the year, up US$0.36 per pound or 38% from the 2016 average.

Wood Mackenzie, a commodity research consultancy, estimates that the global zinc metal market remained in a deficit of 0.8 million tonnes in 2017. Global refined zinc demand was up 2.4% year over year, rising to 14.4 million tonnes. Global demand for refined zinc remained strong in 2017, with global galvanized steel production up 3.2% year over year.

Despite an increase of 6.3% to global mine production in 2017, mine production remains below the level seen in 2015, while smelter capacity continued to grow. This left global refined zinc production constrained by a lack of concentrates. In China, environmental and safety inspections continue to restrict production at mines and at smelters. According to CNIA, a Chinese statistical agency, mine production in China in 2017 was down 9% and smelter production was down 0.7%. The tightness in the global concentrate market is reflected in the historically low spot treatment charges being settled in 2017 and progressing into 2018. Wood Mackenzie estimates that global refined zinc production was constrained in 2017 and only rose 0.2% year over year, totalling 13.6 million tonnes. Although Wood Mackenzie is expecting increases to mine and smelter production into 2018, these increases will be insufficient to meet growing metal demand, and they are forecasting the market will continue to draw down stocks by close to 0.5 million tonnes into 2018.

LME stocks fell by 245,800 tonnes in 2017, a 58% decline from 2016 levels, finishing the year at 182,050 tonnes. We estimate that total reported global stocks — which include producer, consumer, merchant and terminal stocks — fell by approximately 345,200 tonnes in 2017 and, at year-end, were 0.75 million tonnes, representing an estimated 20 days of global demand, compared to the 25-year average of 41 days.

Global zinc mine production is expected to grow to 13.8 million tonnes in 2018, largely attributable to a number of new mines beginning or restarting production in 2018. Wood Mackenzie estimates that refined zinc production will see a 5.2% increase in 2018 over 2017 levels, to 14.3 million tonnes, with some of this growth coming from an increase in the secondary recovery of zinc. The total increase in supply will still be below the growth in global metal demand of 2.5% to 14.8 million tonnes, so that the refined metal market will continue in deficit into 2018.



Outlook

We expect zinc in concentrate production in 2018, including co-product zinc production from our copper business unit, to be in the range of 645,000 to 670,000 tonnes.

For the 2019 to 2021 period, we expect annual zinc in concentrate production to be in the range of 575,000 to 625,000 tonnes, excluding Pend Oreille, which has an uncertain production profile beyond 2018.

Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include an interest in the Fort Hills oil sands mining and processing operation, 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 share of proved and probable reserves totalled 594 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 2017. 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. In addition, the greenhouse gas intensity for both the Fort Hills and Frontier oil sands projects is predicted to be among the lowest on a life cycle basis of any Canadian oil sands production, with a lower carbon intensity than about half of the oil currently refined in the United States.

The disclosure regarding our oil sands assets includes references to reserves and contingent bitumen resource estimates. Further information about these resource estimates, and the related risks and uncertainties, and contingencies that prevent the classification of resources as reserves, is set out on page 64 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

The Fort Hills oil sands mining and processing operation is located in northern Alberta. As at December 31, 2017, we held a 20.89% interest in the Fort Hills Energy Limited Partnership (Fort Hills Partnership), which owns Fort Hills, with Total E&P Canada Ltd. (Total) and Suncor Energy Inc. (Suncor) holding the remaining interest. An affiliate of Suncor is the operator of the project.

Suncor and Teck increased their respective interests in Fort Hills after an agreement was reached in December 2017, in which Total reduced its interest. In January 2018, our interest has continued to increase as a result of ongoing dilution of Total's interest and depending on the final project cost and our future funding elections we expect that our interest will ultimately increase to approximately 21.3%.

During 2017, the mine, primary extraction, utilities and froth assets were commissioned. The Fort Hills plant initiated froth production in the third quarter in order to accelerate commissioning. Froth production requires operating the mine, ore preparation, primary extraction, tailings and utilities areas of the Fort Hills plant. Fort Hills has completed five successful froth production runs and produced a total of 1.4 million barrels of froth. Froth produced at Fort Hills is then trucked to Suncor's base plant facilities for further processing. Proceeds from the froth production have been used to offset construction costs.

Our share of new mine development for 2017 was $858 million. We expect our share of the capital cost to complete the project to be approximately $170 million. Our share of Fort Hills' major enhancement capital expenditures is expected to be $90 million and sustaining capital expenditures are expected to be $40 million in 2018. Fort Hills' major enhancement and sustaining capital is expected to remain elevated in 2019 at approximately $13.50 per barrel, primarily due to tailings and equipment ramp-up spending, before sustaining capital declines to $3-5 per barrel on average over the life of mine. Major enhancement capital is variable over the life of mine due to phasing of tailings and other development spending.

Oil production from the first of three secondary extraction trains commenced on January 27, 2018. The other two secondary extraction trains are scheduled to be completed and commissioned in the first half of 2018, and production is expected to reach 90% of nameplate capacity of 194,000 barrels per day by the end of 2018.

Frontier Project

We hold a 100% interest in the Frontier project, which is located in northern Alberta. The regulatory application review of Frontier is ongoing, with a joint federal-provincial panel reviewing information filed to date. The regulatory review process is expected to continue through 2018, making 2019 the earliest a federal decision statement is expected. Our expenditures on Frontier are limited to supporting this process. We continue to evaluate the future project schedule and development options as part of our ongoing capital review and prioritization process.

As of December 31, 2017, 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.

Markets

Prices for our heavy blend will be market based, and determined through a combination of global and Canadian heavy blend benchmark indices. The New York Mercantile Exchange (NYMEX) average contract price for light sweet crude oil (WTI) in 2017 was US$51 per barrel, a 17% improvement versus the 2016 average. The Canadian heavy blend differential, which is deducted against WTI prices, averaged US$12 per barrel, a 14% improvement versus the 2016 average.

According to the U.S. government's Energy Information Administration, global demand for crude oil and associated liquids grew by 1.50% in 2017, to reach an estimated 98.39 million barrels per day. Demand growth was mostly apparent in non-OECD developing countries (1.08 million barrels per day), with the Asia-Pacific region accounting for slightly above 50% of global growth.

We have developed a comprehensive blended bitumen sales and logistics strategy, based on diverse market access. Our share of Fort Hills bitumen production is expected to be approximately 38,000 barrels per day on

an annualized basis, assuming a 21.3% project interest. To meet pipeline requirements, we will purchase approximately 11,500 barrels per day of diluent blend-stock, and sell approximately 49,500 barrels per day of blended bitumen.

The Fort Hills bitumen produced using the paraffinic froth treatment process requires less blending diluent to meet pipeline specifications. Further, it will be among the lowest life cycle carbon intensity of any Canadian oil sands production, with a lower carbon intensity than about half of the oil currently refined in the U.S.

The Fort Hills partners will differentiate our Fort Hills product in the market using the name Fort Hills Reduced Carbon Life Cycle Dilbit Blend (FRB).

The Fort Hills partners have jointly entered into long-term take-or-pay agreements with regional pipelines, terminals and blend facilities. These agreements relate to:

- Hot bitumen transportation from Fort Hills to the East Tank Farm on the Northern Courier Pipeline, operated by TransCanada
- Diluent transportation from Edmonton to the East Tank Farm on the Norlite Pipeline, operated by Enbridge
- Use of diluent and bitumen blending facility at the East Tank Farm, operated by the Thebacha partnership, a joint venture between Suncor and regional First Nations (Fort McKay First Nation and Mikisew Cree First Nation)
- Blended bitumen transportation from the East Tank Farm to the market hub at Hardisty, Alberta on the Wood Buffalo Pipeline, operated by Enbridge

We have separately contracted a 425,000-barrel working-capacity storage tank for our share of blended bitumen at Hardisty, Alberta, and 100,000 barrels of diluent storage capacity at Fort Saskatchewan, Alberta. Our tankage at Hardisty is connected to major export pipelines, including the Enbridge common-carrier pipeline, the existing Keystone pipeline and the Express crude oil pipeline. Our tankage is also connected to a large unit train loading facility.

We have entered into a long-term agreement on the existing Keystone pipeline to ship 10,000 barrels per day of blended bitumen to the U.S. Gulf Coast. We have also contracted 12,000 barrels per day on Kinder Morgan's Trans Mountain Pipeline expansion project for delivery to Burnaby, B.C. The balance of our production will be sold at Hardisty, shipped to customers via the Enbridge common carrier pipeline or transported by rail if required.

Outlook

Market expectations for 2018 are that the crude oil supply/demand balance is tightening, with continued strong demand growth of 1.5 million barrels per day, and reduced inventories. Downside risk is evident as North American crude oil supply growth is expected to accelerate, particularly from U.S. shale producers, as prices increase. OPEC and Russian production curtailments are expected to continue throughout 2018 to balance non-OPEC supply growth of approximately 1.7 million barrels per day. Canadian heavy oil production continues to increase, and with a chronic shortfall of pipeline capacity, price differentials are expected to widen versus industry benchmarks.

Exploration

Throughout 2017, we conducted exploration around the world through our seven regional offices. Expenditures of $58 million in 2017 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 2017, we continued to advance porphyry copper projects in Canada, Chile, Peru, the United States, Mexico and Turkey. Significant exploration work focused in and around our existing operations and advanced projects in 2017. In 2018, 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 100% state-owned lands near our existing Red Dog mine, where we completed 14.2 kilometres of drilling in 2017. We have identified an exploration target for Aktigiruq in the range of 80 million tonnes to 150 million tonnes of mineralization at a grade of between 16% combined zinc plus lead and 18% combined zinc plus lead (12% zinc + 4% lead and 14% zinc + 4% lead, respectively), based on drill data disclosed via news release in September 2017. If realized, this would make the Aktigiruq zinc deposit one of the world's top undeveloped zinc deposits. Current drill hole spacing is not sufficient for a mineral resource estimate. The potential quantity and grade of the Aktigiruq exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

In the first quarter of 2017, we acquired the remaining interest in the Reward Project (Teena Deposit) located in Australia. Teena hosts an Inferred Resource of 58 million tonnes at 11.1% zinc and 1.5% lead (at a 6% zinc+lead cut-off), estimated in compliance with the Joint Ore Reserves Committee (JORC) Code, and we continue to advance drilling and studies on this deposit. Exploration programs will continue in these regions in 2018.

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)	2017	2016	2015
Revenues and profit			
Revenues	**$ 12,048**	$ 9,300	$ 8,259
Gross profit before depreciation and amortization (1)	**$ 6,096**	$ 3,781	$ 2,645
Gross profit	**$ 4,629**	$ 2,396	$ 1,279
EBITDA(1)	**$ 5,626**	$ 3,350	$ (1,633)
Profit (loss) attributable to shareholders	**$ 2,509**	$ 1,040	$ (2,474)
Cash flow			
Cash flow from operations	**$ 5,066**	$ 3,056	$ 1,962
Property, plant and equipment expenditures	**$ 1,621**	$ 1,416	$ 1,581
Capitalized production stripping costs	**$ 678**	$ 477	$ 663
Investments	**$ 309**	$ 114	$ 82
Balance sheet			
Cash balances	**$ 952**	$ 1,407	$ 1,887
Total assets	**$ 37,058**	$ 35,629	$ 34,688
Debt, including current portion	**$ 6,369**	$ 8,343	$ 9,634
Per share amounts			
Profit (loss) attributable to shareholders	**$ 4.34**	$ 1.80	$ (4.29)
Dividends declared per share	**$ 0.60**	$ 0.10	$ 0.20

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, through an index-linked pricing mechanism 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 United States (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 2017, our profit attributable to shareholders was $2.5 billion, or $4.34 per share. This compares with $1.0 billion or $1.80 per share in 2016 and a loss of $2.5 billion or $4.29 per share in 2015, which included $2.7 billion of after-tax asset impairment charges. The changes are mainly due to varying commodity prices, sales volumes, exchange rate movements and the 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. Our adjusted profit, which takes these items into account, was $2.6 billion in 2017, $1.1 billion in 2016 and $188 million in 2015, or $4.45, $1.91 and $0.33 per share, respectively. These are described below and summarized in the table that follows.

In 2017, due to the improvement in steelmaking coal prices and future operating cost estimates, we recorded a $207 million non-cash pre-tax reversal of an impairment charge that we took against our steelmaking coal operations in 2015. This was partially offset by a non-cash pre-tax asset impairment of $44 million recorded against our Quebrada Blanca assets that will not be recovered through use. We also recorded an $82 million charge related to increased provincial tax rates in British Columbia (B.C.), and the recently enacted reduction in tax rates in the United States resulted in a $101 million non-cash credit to our 2017 tax expense. We also incurred a $216 million pre-tax loss on the repurchase of certain of our outstanding notes in the first half of the year.

In 2016, we recorded an impairment of our investment in the Fort Hills oil sands project due to 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, which was sold in 2017. 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 oil sands project, Carmen de Andacollo Operations, Pend Oreille Operations and a number of our steelmaking coal operations, 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.

The table below shows the effect of these items on our profit.

($ in millions, except per share data)	**2017**	2016	2015
Profit (loss) attributable to shareholders as reported	**$ 2,509**	$ 1,040	$ (2,474)
Add (deduct) the after-tax effect of:			
Asset sales and provisions	**(29)**	(53)	(107)
Foreign exchange (gains) losses	**(4)**	(45)	80
Debt repurchase (gains) losses	**159**	(44)	–
Debt prepayment options gain	**(38)**	(84)	–
Collective agreement charges	**29**	42	10
Environmental provisions	**60**	–	–
Impairment charges (reversals)	**(100)**	217	2,691
Tax items and other items	**(41)**	30	(12)
Break fee in respect of Waneta Dam sale	**24**	–	–
Adjusted profit(1)	**$ 2,569**	$ 1,103	$ 188
Adjusted earnings per share(1)	**$ 4.45**	$ 1.91	$ 0.33

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 2017 was a record $5.1 billion, compared with $3.1 billion in 2016 and $2.0 billion in 2015. The changes in cash flow from operations are mainly due to varying commodity prices and sales volumes, offset to some extent by changes in foreign exchange rates.

At December 31, 2017, our cash balance was $952 million. Total debt was $6.4 billion and our net-debt to net-debt-plus-equity ratio was 22% at December 31, 2017, compared with 28% at December 31, 2016 and 32% at the end of 2015.

Gross Profit

Our gross profit is made up of our revenue less the operating expenses at our producing operations, including depreciation and amortization. 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.

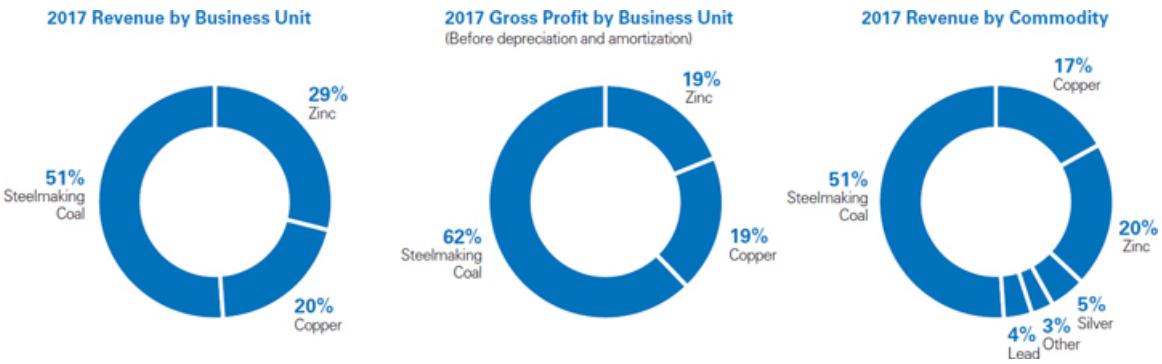
Our principal commodities are steelmaking coal, copper and zinc, which accounted for 51%, 17% and 20% of revenue respectively in 2017. Silver and lead are significant by-products of our zinc operations, accounting for 5% and 4%, respectively, of our 2017 revenue. We also produce a number of other by-products, including molybdenum, various specialty metals, and chemicals and fertilizers, which in total accounted for 3% of our revenue in 2017.

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 $12.0 billion in 2017, compared with $9.3 billion in 2016 and $8.3 billion in 2015. The increase in 2017 revenue was mainly due to higher steelmaking coal, copper and zinc prices, partially offset by lower sales volumes of steelmaking coal and a slightly weaker average U.S. dollar exchange rate. Average prices for steelmaking coal, copper and zinc were 53%, 27% and 38% higher in 2017 than 2016. The increase in 2016 over 2015 was mainly due to higher steelmaking coal and zinc prices, higher sales volumes of steelmaking coal and zinc, and 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 $7.4 billion in 2017, compared with $6.9 billion in 2016 and $7.0 billion in 2015. Our cost of sales was higher in 2017 than 2016 due to a number of factors, including difficult weather conditions early in the year, higher employee turnover rates and geotechnical issues at our coal operations, all of which affected material movement. Our Highland Valley Copper Operations was mining lower-grade ore as planned, which results in higher unit operation costs. At Red Dog, we had some challenges early in the year that affected production and costs. A new metallurgically complex, highly oxidized, higher-grade ore from the Qanaiyaq pit was introduced to the mill early in the year, impacting recoveries. As we gained processing experience with this ore and deepened the pit to access less-weathered ore, recoveries improved and allowed us to increase the amount of Qanaiyaq ore, which resulted in a significant improvement in metal production in the second half of the year. 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.

Other Expenses

($ in millions)	2017	2016	2015
General and administration	**$ 116**	$ 99	$ 108
Exploration	**58**	51	76
Research and development	**55**	30	47
Asset impairments (reversals)	**(163)**	294	3,631
Other operating expense (income)	**230**	197	335
Finance income	**(17)**	(16)	(5)
Finance expense	**229**	354	316
Non-operating expense (income)	**151**	(239)	89
Share of losses (income) of associates	**(6)**	(2)	2
	$ 653	$ 768	$ 4,599

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, steelmaking coal 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.

In 2017, due to the improvement in steelmaking coal prices and future operating cost estimates, we recorded a $207 million reversal of an impairment charge that we took against our steelmaking coal operations in 2015. This was partially offset by an impairment of $44 million recorded on our Quebrada Blanca assets that will not be recovered through use.

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, primarily related to Fort Hills, 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 oil sands project, Carmen de Andacollo Operations, Pend Oreille Operations and a number of our steelmaking coal operations. 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 magnitude of asset impairments and reversals are outlined on pages 43 to 49 in this Management's Discussion and Analysis.

The impairment charges and (reversals) were as follows:

($ in millions)	2017	2016	2015
Steelmaking coal operations	**$ (207)**	$ –	$ 2,032
Copper — Carmen de Andacollo	**–**	–	506
Zinc — Pend Oreille	**–**	–	31
Energy — Fort Hills	**–**	222	1,062
Other	**44**	72	–
	$ (163)	$ 294	$ 3,631

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 following 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 2017 included $190 million of positive pricing adjustments, $186 million for environmental costs, $125 million for share-based compensation, an $81 million charge for take-or-pay contracts and a $28 million break fee related to the sale of the Waneta Dam that was paid to Fortis. Significant items in 2016 included a $171 million expense for share-based compensation, $153 million of positive pricing adjustments, a $48 million charge for take-or-pay contracts and $144 million for 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.

Sales of our products, including by-products, 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 there are economic benefits associated with the sale. All of these criteria are generally met by the time the significant risks and rewards of ownership pass to the customer, which generally occurs upon loading of the customer's vessel. 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 sale. Revenue is recognized on a provisional basis at the date of sale based on current market prices. Steelmaking coal is sold under spot or average pricing contracts. For all steelmaking coal sales under average pricing contracts, revenue is recognized on a provisional basis at the date of sale based on estimated prices.

Adjustments are made to customer receivables in subsequent periods based on movements in quoted market prices or published price assessments (for steelmaking coal) up to the date of final pricing. 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, 2017 and 2016, respectively.

	Outstanding at December 31, 2017		Outstanding at December 31, 2016	
(payable pounds in millions)	**Pounds**	**US$/lb.**	Pounds	US$/lb.
Copper	**138**	**3.26**	114	2.50
Zinc	**197**	**1.50**	231	1.17

Our finance expense includes the interest expense on our debt, financing fees and amortization, 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 decreased in 2017, mainly due to the reduction in our outstanding notes and higher amounts of interest capitalized against our development projects. These items were partially offset by additional fees from an increase in our outstanding letters of credit, and the effect of accretion on our decommissioning and restoration provisions. Further detail is provided in Note 8 to our 2017 annual consolidated financial statements.

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 2017, other non-operating expenses included $51 million of gains on debt prepayment options, $5 million of foreign exchange gains, $9

million of gains on sale of investments and a $216 million charge on debt repurchased during the year. 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.

Income and resource taxes were $1.4 billion, or 36% of pre-tax profits. This effective tax rate is higher than the Canadian statutory income tax rate of 26% as a result of resource taxes, higher rates in foreign jurisdictions and a deferred tax charge of $82 million due to the enacted increase to the B.C. provincial income tax rate from 11% to 12%. Offsetting the deferred tax charge from the B.C. rate increase is a deferred tax recovery of $101 million from the enactment of the U.S. tax reform, net of other items. 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, and Compañia Minera Zafranal S.A.C.

Financial Position and Liquidity

Our financial position and liquidity has improved from our strong position at the beginning of the year. At December 31, 2017, we had $952 million of cash and a US$3.0 billion unused line of credit, providing us with $4.7 billion of liquidity.

Our outstanding debt was $6.4 billion at December 31, 2017, compared with $8.3 billion at the end of 2016 and $9.6 billion at the end of 2015. The decrease is due primarily to the US$1.3 billion of notes that we repurchased and retired in the first half of 2017. A further US$50 million matured and was repaid in 2017. In total, since September 2015, our term notes have been reduced by US$2.4 billion, reducing the principal outstanding to US$4.8 billion.

Our debt positions and credit ratios are summarized in the following table:

	December 31, 2017	December 31, 2016	December 31, 2015
Term notes face value	**$ 4,831**	$ 6,141	$ 6,900
Unamortized fees and discounts	**(40)**	(50)	(61)
Other	**286**	122	122
Total debt (US$ in millions)	**$ 5,077**	$ 6,213	$ 6,961
Canadian $ equivalent(1)	**$ 6,369**	$ 8,343	$ 9,634
Less cash balances	**(952)**	(1,407)	(1,887)
Net debt	**$ 5,417**	$ 6,936	$ 7,747
Debt to debt-plus-equity ratio(2)(3)	**25%**	32%	37%
Net-debt to net-debt-plus-equity ratio(2)	**22%**	28%	32%
Average interest rate	**5.7%**	5.7%	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, 2017, the weighted average maturity of our consolidated indebtedness is approximately 15 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$3.4 billion is currently available. Further information about our liquidity and associated risks is outlined in Notes 18 and 28 to our 2017 annual consolidated financial statements.

Cash flow from operations was a record $5.1 billion in 2017. Our cash position decreased from $1.4 billion at the end of 2016 to $952 million at December 31, 2017. Significant outflows included $2.3 billion of capital expenditures, $1.9 billion primarily to purchase and cancel US$1.3 billion of notes, $344 million on returns to shareholders through dividends, $175 million on share buybacks and $405 million of interest on our outstanding debt.

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 October 2022 and has a letter of credit sub-limit of US$1.5 billion. There are currently no drawings on this facility in 2017 and it remains fully available as at February 13, 2018.

We also have a US$1.2 billion facility that matures in October 2020. As at December 31, 2017, there are US$809 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 maintain uncommitted bilateral credit facilities with various banks and with Export Development Canada for the issuance of letters of credit, stand-alone letters of credit and surety bonds, all primarily to support our future reclamation obligations. At December 31, 2017, we had $1.27 billion of letters of credit issued on the $1.46 billion of bilateral credit facilities that we have, outstanding stand-alone letters of credit of $336 million and outstanding surety bonds of $350 million to support our future reclamation obligations.

The cost of funds under certain of our credit facilities depends on our credit ratings. Our current credit ratings from Moody’s, S&P and Fitch are Ba2, BB+ and BB+, respectively. The Moody’s and S&P ratings have stable outlooks and Fitch’s outlook is positive.

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.

Operating Cash Flow

Cash flow from operations was a record $5.1 billion in 2017, compared with $3.1 billion in 2016 and $2.0 billion in 2015. The increase in 2017 compared to 2016 was mainly due to the higher average commodity

prices. The increase in 2016 compared to 2015 was mainly due to generally higher commodity prices and sales volumes, offset to some extent by changes in currency exchange rates.

Investing Activities

Capital expenditures were $2.3 billion in 2017, as summarized in the table on page 41.

The largest components of sustaining capital included $117 million at Trail Operations, $58 million for our share of spending at Antamina, $35 million at Red Dog Operations and $112 million at our steelmaking coal operations.

Major enhancement expenditures included $55 million at our steelmaking coal operations to start developing the Baldy Ridge pit at Elkview Operations and Swift pit at Fording River Operations.

New mine development included $149 million for the Quebrada Blanca Phase 2 project, $858 million for our share of spending on the Fort Hills oil sands project and $37 million on our Project Satellite.

Investments in 2017 and 2016 were $309 million and $114 million, respectively. For 2017, this included $121 million for a 0.89% increase in our share of Fort Hills; $43 million on our NuevaUnión copper project; $63 million to acquire Goldcorp's minority 21% interest in the San Nicolás copper project; and $13 million to acquire 70% of AQM Copper Inc., giving us an 80% interest in the Zafranal copper-gold project located in southern Peru. Included in 2016 was our $33 million purchase of the remaining 2.5% minority interest in Highland Valley Copper Operations.

Cash proceeds from the sale of assets and investments were $109 million in 2017, $170 million in 2016 and $1.2 billion in 2015. Significant items in 2017 were proceeds of $59 million from the sale of our 49% interest in the Wintering Hills Wind Power Facility and $30 million from the sale of marketable securities and various royalty interests. In addition, we announced the sale of our two-thirds interest in the Waneta Dam and related transmission assets for $1.2 billion, which we do not expect to close before the third quarter of 2018, subject to the receipt of regulatory approvals and other customary conditions.

Financing Activities

In 2017, we purchased US$1.3 billion aggregate principal amount of our outstanding notes pursuant to cash tender offers, make-whole redemptions and open market purchases. The principal amount of notes purchased was US$278 million of 3.00% notes due 2019, US$280 million of 4.50% notes due January 2021, US$650 million of 8.00% notes due June 2021, US$28 million of 4.75% notes due 2022 and US$24 million of 3.75% notes due 2023. The total cost of the purchases, which was funded from cash on hand, including the premiums, was US$1.36 billion. We recorded a pre-tax accounting charge of $216 million ($159 million after-tax) in non-operating income (expense) in connection with these purchases.

In October 2017, we extended the maturity dates of our two committed revolving credit facilities and made certain non-material amendments to the facilities. The maturity date of the US$3.0 billion facility (undrawn at December 31, 2017) was extended from July 2020 to October 2022 and the maturity date of the US$1.2 billion facility (US$809 million drawn for letters of credit at December 31, 2017) was extended from June 2019 to October 2020. Our obligations under these agreements are guaranteed on a senior unsecured basis by certain Teck subsidiaries.

In April 2017, our Board announced a new dividend policy reflecting our commitment to return cash to shareholders in balance with the needs and opportunities to invest in, and the inherent cyclicality of, our underlying businesses. The policy is anchored by an annual base dividend of $0.20 per share, to be paid $0.05 on the last business day of each quarter beginning in the third quarter of 2017. Each year the Board will review the free cash flow generated by the business, the outlook for business conditions and priorities regarding capital allocation, and determine whether a supplemental dividend should be paid. Any supplemental dividends declared are expected to be paid on the last business day of the calendar year. If declared, supplemental dividends may be highly variable from year to year, given the volatility of commodity prices and the potential need to conserve cash for certain project capital expenditures or other corporate priorities. As always, the payment of dividends is at the discretion of the Board who will review the dividend policy regularly. During 2017, we paid $344 million of eligible dividends, of which approximately $230 million, or $0.40 per share, was for the supplemental dividend.

In October 2017, we received approval for a normal course issuer bid allowing us to purchase up to 20 million Class B shares during the period starting October 10, 2017 and ending October 9, 2018. In 2017, we repurchased approximately 5.9 million Class B subordinate voting shares for cancellation pursuant to the normal course issuer bid at a cost of $175 million in 2017 of the $230 million that our Board directed management to purchase. We did not repurchase any shares in 2016.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	**2017**				2016			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**$ 3,207**	**$ 3,129**	**$ 2,818**	**$ 2,894**	$ 3,557	$ 2,305	$ 1,740	$ 1,698
Gross profit	**1,284**	**1,092**	**1,066**	**1,187**	1,577	452	212	155
EBITDA(1)	**1,580**	**1,389**	**1,323**	**1,334**	1,561	804	468	517
Profit attributable to shareholders	**760**	**600**	**577**	**572**	697	234	15	94
Basic earnings per share	**$ 1.32**	**$ 1.04**	**$ 1.00**	**$ 0.99**	$ 1.21	$ 0.41	$ 0.03	$ 0.16
Diluted earnings per share	**$ 1.30**	**$ 1.02**	**$ 0.98**	**$ 0.97**	$ 1.19	$ 0.40	$ 0.03	$ 0.16
Cash flow from operations	**$ 1,464**	**$ 901**	**$ 1,408**	**$ 1,293**	$ 1,490	$ 854	$ 339	$ 373

Note:
(1) EBITDA is a non-GAAP financial measure. See “Use of Non-GAAP Financial Measures” section for further information.

Gross profit in the fourth quarter from our steelmaking coal business unit was $638 million compared with $1.2 billion a year ago. Gross profit before depreciation and amortization in the fourth quarter declined by $522 million from a year ago, primarily due to a US$37 per tonne decrease in the average steelmaking coal price and partly due to lower sales volumes.

Fourth quarter production was 6.9 million tonnes, 4% below our record production in the same period a year ago. This strong performance was primarily attributable to higher available raw coal in the fourth quarter of 2016, which enabled us to respond to tight supply and robust demand after the downturn in the prior quarters. Mine productivity challenges at two of our smaller operations continued to affect our ability to access some coal reserves and contributed to the slightly lower production when compared to the same quarter a year ago.

Fourth quarter sales of 6.4 million tonnes were 8% lower than a year ago and were negatively affected by two CP mainline derailments in November, coupled with underperformance at Westshore Terminals in the fourth quarter. Fourth quarter sales volumes in 2016 represented record volumes for that period.

Gross profit from our copper business unit for the quarter was $296 million compared with $52 million a year ago. Gross profit before depreciation and amortization increased by $199 million in the fourth quarter compared with a year ago. This was primarily due to higher copper production combined with higher realized copper and zinc prices, and additional zinc sales from Antamina as a result of continued strong zinc production during the quarter.

Copper production in the fourth quarter increased by 8% from a year ago primarily due to higher ore grades at Highland Valley Copper. As anticipated, production was affected by lower grades in the first half of 2017, which improved as the year progressed, with a strong finish in the final quarter. Our cash unit costs in the fourth quarter before by-products increased by 3% to US$1.77 per pound compared to US$1.72 per pound during the same period a year ago. Significantly higher production of zinc and molybdenum combined with substantially higher zinc prices resulted in cash unit costs after by-products decreasing to US$1.27 per pound compared to US$1.45 per pound during the same period last year.

Gross profit from our zinc business unit was $350 million in the fourth quarter compared with $348 million a year ago. Gross profit before depreciation and amortization increased by $17 million as higher zinc and lead prices were partially offset by lower zinc concentrate sales volumes and higher royalty expenses.

Refined zinc production at our Trail Operations was similar to the same period a year ago. At Red Dog, zinc production was 13% higher than in the same period a year ago as a year-end inventory correction was recorded during the fourth quarter of 2016 that reduced reported zinc production.

Our profit attributable to shareholders was $760 million, or $1.32 per share, in the fourth quarter compared with $697 million, or $1.21 per share, a year ago.

Cash flow from operations was $1.5 billion in the fourth quarter, the same as a year ago.

Outlook

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, 2017, $5.2 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.

Commodity markets are volatile. Prices can change rapidly and customers can alter shipment plans. This can have a substantial effect on our business and financial results. Demand for our products remains strong and prices for our products have risen substantially during 2017 compared with a year ago, which has contributed additional revenues and cash flows. Production disruptions in the coal producing region of Australia caused by weather and other events in the past few years has also had an effect on available supplies and market prices. Variable growth rates in expanding the economies of China, India and other emerging markets have affected both demand and prices for some of our products. In addition, government policy changes, particularly in China, may have a significant positive or negative effect on the various products we produce. Price volatility will continue, but over the long term, the industrialization of emerging economies, as well as infrastructure replacement in developed economies, will continue to be a major factor in the demand for the commodities we produce.

While price volatility remains a significant factor in our industry, we have taken significant steps to insulate our company from its effects. We have improved operations, reduced unit costs and are now enjoying significant gross profit cash margins. We have strengthened our balance sheet and credit ratings by reducing debt, and we completed our capital-intensive Fort Hills project in early 2018. Further, the current supply and demand balance for our products is favourable. Combined, these factors provide a significant positive outlook for the company.

In December 2017, the U.S. enacted significant changes in its income tax laws, including a broad rate reduction, which we expect to result in a significant reduction in the effective tax rate applicable to our U.S. operations. At current levels of profitability, we generally expect that our effective U.S. tax rate will be reduced from the approximate 32% rate we have experienced recently to a range between 25% and 26%, and that this will reduce current taxes in the U.S. by approximately US$40 million per year.

The capitalization of interest ceases once major development projects reach commercial production. We expect our finance expense to increase substantially when Fort Hills reaches commercial production in 2018 as planned, partially offset by an increase in capitalized interest attributable to Quebrada Blanca Phase 2.

Commodity Prices and 2018 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 and 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.

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 2018 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.25, is as follows:

	2018 Mid-Range Production Estimates(1)	Change	Estimated Effect of Change On Profit(2)	Estimated Effect on EBITDA(2)
US$ exchange		CAD$0.01	$ 53 million	$ 82 million
Steelmaking coal (000's tonnes)	26,500	US$1/tonne	$ 19 million	$ 30 million
Copper (tonnes)	277,500	US$0.01/lb.	$ 5 million	$ 7 million
Zinc (tonnes)(3)	965,000	US$0.01/lb.	$ 10 million	$ 13 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 307,500 tonnes of refined zinc and 657,500 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 2018 is expected to be in the range of 26 to 27 million tonnes compared with 26.6 million tonnes produced in 2017. 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 2018 is expected to be in the range of 270,000 to 285,000 tonnes compared with 287,300 tonnes produced in 2017. Copper production at Highland Valley Copper is expected to rise modestly as a result of slightly higher ore grades. Our share of production from Antamina is expected to remain similar to 2017 levels. Carmen de Andacollo's production is anticipated to decline as lower copper grades are expected in 2018 and in future years.

Our zinc in concentrate production in 2018 is expected to be in the range of 645,000 to 670,000 tonnes compared with 658,700 tonnes produced in 2017. Red Dog's production is expected to be approximately 535,000 tonnes, slightly lower than 2017 production levels. Our share of Antamina's zinc production is expected to be similar to 2017 levels. Refined zinc production in 2018 from our Trail Operations is expected to be in the range of 305,000 to 310,000 tonnes compared with 310,100 tonnes produced in 2017.

Guidance

Production Guidance

The table below shows our share of production of our principal products for 2017, our guidance for production in 2018 and our guidance for production for the following three years.

Units in 000's tonnes (excluding steelmaking coal, molybdenum and bitumen)	2017	2018 Guidance	Three-Year Guidance 2019–2021
Principal Products			
Steelmaking coal (million tonnes)	**26.6**	26–27	26.5–27.5
Copper(1) (2) (3)			
Highland Valley Copper	**93**	95–100	120–140
Antamina	**95**	90–95	90–100
Carmen de Andacollo	**76**	63–68	60
Quebrada Blanca	**23**	20–24	–
	287	270–285	270–300
Zinc(1) (2) (4)			
Red Dog	**542**	525–545	475-525
Antamina	**84**	85–90	90–100
Pend Oreille	**33**	35	–
	659	645–670	575–625
Refined zinc			
Trail Operations	**310**	305–310	310–315
Bitumen (million barrels)(2) (5)			
Fort Hills	**n/a**	7.5–9.0	14
Other Products			
Lead(1)			
Red Dog	**111**	95–100	85–100
Refined lead			
Trail Operations	**87**	70	95–105
Molybdenum (million pounds)(1) (2)			
Highland Valley Copper	**9.2**	5.0	4.0-5.0
Antamina	**2.0**	1.8	2.5–3.0
	11.2	6.8	6.5–8.0
Refined silver (million ounces)			
Trail Operations	**21.4**	16–18	–

Notes:
(1) Metal contained in concentrate.
(2) We include 100% of production from our Quebrada Blanca and Carmen de Andacollo mines in our production 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 from Antamina, representing our proportionate equity interest in Antamina. We include 21.3% of production from Fort Hills, representing our estimated proportionate equity interest in Fort Hills.
(3) Copper production includes cathode production at Quebrada Blanca.
(4) Total zinc includes co-product zinc production from our copper business unit.
(5) Guidance for Teck's share of production in 2018 is at our estimated working interest of 21.3%. Guidance is based on Suncor's outlook for 2018 Fort Hills production, which was provided at their previous working interest of 53.06%, and is 20,000 to 40,000 barrels per day in Q1, 30,000 to 50,000 barrels per day in Q2, 60,000 to 70,000 barrels per day in Q3, and 80,000 to 90,000 barrels per day in Q4. Judgment is required in determining the date that property, plant and equipment is available for use at Fort Hills. Until such time, revenues and associated costs will be capitalized. Management expects this date to be in the first half of 2018. Production estimates for Fort Hills and estimates of Fort Hills cash operating costs could be negatively affected by delays in or unexpected events involving the ramp-up of production from the project. Three-year production guidance is our share before any reductions resulting from major maintenance downtime.

Sales Guidance

The table below shows our sales for the last quarter and our sales guidance for the next quarter for selected primary products.

	Q4 2017	Q1 2018 Guidance
Steelmaking coal (million tonnes)	**6.4**	6.3–6.5
Zinc (000's tonnes)(1)		
Red Dog	**181**	110

Note:
(1) Metal contained in concentrate.

Unit Cost Guidance

The table below reports our unit costs for selected principal products for 2017 and our guidance for unit costs for selected principal products in 2018.

(Per unit costs — CAD$/tonne)	2017	2018 Guidance
Steelmaking coal(1)		
Site cost of sales	**$ 52**	$ 56–60
Transportation costs	**37**	35–37
Unit cost of sales — CAD$/tonne	**$ 89**	$ 91–97
(Per unit cash costs — US$/pound)		
Copper(2)		
Total cash unit costs	**$ 1.75**	$ 1.80–1.90
Net cash unit costs after by-product margins	**$ 1.33**	$ 1.35–1.45
Zinc(3)		
Total cash unit costs	**$ 0.52**	$ 0.50–0.55
Net cash unit costs after by-product margins	**$ 0.28**	$ 0.30–0.35
(Cash operating cost in CAD$/barrel)		
Bitumen(4)		
Cash operating cost	**n/a**	$ 35–40(4)

Notes:
(1) Steelmaking coal unit costs are reported in Canadian dollars per tonne. Steelmaking coal unit cost of sales include site costs, transport costs, and other, and does not include deferred stripping or capital expenditures. See "Use of Non-GAAP Financial Measures" section for further information.
(2) Copper unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Copper total cash costs after by-product margins include adjusted cash cost of sales, smelter processing charges and cash margin for by-products including co-products. Assumes a zinc price of US$1.55 per pound, a molybdenum price of US$12 per pound, a silver price of US$16.50 per ounce, a gold price of US$1,325 per ounce and a Canadian/U.S. dollar exchange rate of $1.25. See "Use of Non-GAAP Financial Measures" section for further information.
(3) Zinc unit costs are reported in U.S. dollars per payable pound of metal contained in concentrate. Zinc total cash costs after by-product margins are mine costs including adjusted cash cost of sales, smelter processing charges and cash margin for by-products. Assumes a lead price of US$1.15 per pound, a silver price of US$16.50 per ounce and a Canadian/U.S. dollar exchange rate of $1.25. By-products include both by-products and co-products. See "Use of Non-GAAP Financial Measures" section for further information.
(4) Bitumen unit costs are reported in Canadian dollars per barrel. Cash operating cost represents costs for the Fort Hills mining and processing operations and does not include the cost of diluent, transportation, storage and blending. Guidance for Teck's cash operating cost in 2018 is based on Suncor's outlook for 2018 Fort Hills cash operating costs per barrel of CAD$70–CAD$80 in the first quarter, CAD$40–CAD$50 in the second quarter, CAD$30–CAD$40 in the third quarter, and CAD$20–CAD$30 in the fourth quarter. Judgment is required in determining the date that property, plant and equipment is available for use at Fort Hills. Until such time, revenues and associated costs will be capitalized. Management expects this date to be in the first half of 2018. Production estimates for Fort Hills and estimates of Fort Hills cash operating costs could be negatively affected by delays in or unexpected events involving the ramp-up of production from the project. Bitumen cash operating costs is a non-GAAP financial measure.

Capital Expenditure Guidance

The table below reports our capital expenditures for 2017 and our guidance for capital expenditures in 2018.

(Teck's share in $ millions)	2017	2018 Guidance
Sustaining		
Steelmaking coal[1]	**$ 112**	$ 275
Copper	**126**	180
Zinc	**168**	230
Energy[2]	**34**	40
Corporate	**4**	5
	$ 444	$ 730
Major Enhancement		
Steelmaking coal	**$ 55**	$ 160
Copper	**8**	70
Zinc	**15**	95
Energy[2]	**–**	90
	$ 78	$ 415
New Mine Development		
Copper[3]	**$ 186**	$ 185
Zinc	**36**	35
Energy[2]	**877**	195
	$ 1,099	$ 415
Subtotal		
Steelmaking coal	**$ 167**	$ 435
Copper	**320**	435
Zinc	**219**	360
Energy[2]	**911**	325
Corporate	**4**	5
	$ 1,621	$ 1,560
Capitalized Stripping		
Steelmaking coal	**$ 506**	$ 390
Copper	**147**	145
Zinc	**25**	25
	$ 678	$ 560
Total		
Steelmaking coal	**$ 673**	$ 825
Copper	**467**	580
Zinc	**244**	385
Energy[2]	**911**	325
Corporate	**4**	5
	$ 2,299	$ 2,120

Notes:

(1) For steelmaking coal, sustaining capital includes Teck's share of water treatment charges of $3 million in 2017. Sustaining capital guidance includes Teck's share of water treatment charges related to the Elk Valley Water Quality Plan, which are approximately $86 million in 2018. Steelmaking coal guidance for 2018 excludes $85 million of planned 2018 spending for port upgrades at Neptune Terminals, as Neptune Terminals is equity accounted on our balance sheet.

(2) For energy, Fort Hills capital expenditures guidance is at our estimated working interest of 21.3%, and does not include any capitalized revenue and associated costs. Judgment is required in determining the date that property, plant and equipment is available for use at Fort Hills. Until such time, revenues and associated costs will be capitalized. Management expects this date to be in the first half of 2018. Major enhancement guidance for 2018 includes tailings management and new mine equipment at Fort Hills. New mine development guidance for 2018 includes expected spending at Fort Hills, assuming some further increase in our project interest and Frontier.

(3) For copper, new mine development guidance for 2018 includes Quebrada Blanca Phase 2, Zafranal and San Nicolás.

A further discussion of our capital and other commitments is in Note 26 to our 2017 annual consolidated financial statements. We expect to fund our commitments from cash on hand and our credit facilities.

Other Information

Carbon Pricing Policies and Associated Costs

Following the adoption of the Paris Agreement in 2015, 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 in B.C. and the Specified Gas Emitters Regulation in Alberta. In 2017, the Province of B.C. announced a planned increase to the carbon tax beginning in 2018, increasing by $5 per tonne of CO_2-equivalent (CO_2e) per year until reaching $50 per tonne of CO_2e. At the same time, the B.C. government made a commitment to addressing impacts on emissions-intensive, trade-exposed industries to ensure that B.C. operations maintain their competitiveness and to minimize carbon leakage. In 2017, the Province of Alberta also consulted on the Carbon Competitiveness Incentive Regulation, the industry-specific carbon pricing policy set to replace the previous Specified Gas Emitters Regulation, which concluded in 2017.

In 2017, the Government of Canada continued its consultation on the nationalPan-Canadian Framework that includes a national floor price on carbon. Canadian provinces have until 2018 to implement a carbon price, 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.
In 2017, our most material carbon pricing policy impacts were related to B.C.'s carbon tax. For 2017, our seven B.C.-based operations incurred $52 million in provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas.

Financial Instruments and Derivatives

We hold a number of financial instruments, derivatives and contracts containing embedded derivatives, which are recorded on our consolidated balance sheet at fair value with gains and losses in each period included in other comprehensive income (loss) in the year and profit for the period on our consolidated statements of income and consolidated statements of other comprehensive income, 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 28 to our 2017 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. Our Quebrada Blanca CGU and steelmaking coal CGU have goodwill allocated to them. The recoverable amount of each CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use.

Below is an overview of our asset and goodwill impairment testing for the years ended December 31, 2017 and 2016.

Asset Impairments and Impairment Reversals

Impairment (Impairment Reversal)

($ in millions)	**2017**	2016
Steelmaking coal CGU	**$ (207)**	$ –
Fort Hills oil sands project	**–**	222
Other	**44**	72
Total	**$ (163)**	$ 294

Steelmaking Coal CGU
As at December 31, 2017, we recorded a pre-tax impairment reversal of $207 million (after-tax $131 million) related to one of the mines in our steelmaking coal CGU. The estimated post-tax recoverable amount of this mine was significantly higher than the carrying value. This impairment reversal arose as a result of changes in short-term and long-term market participant price expectations for steelmaking coal and expected future operating cost estimates included in our annual goodwill impairment testing.

Fort Hills Oil Sands Project
For the year ended December 31, 2017, we noted an impairment indicator at Fort Hills and the recoverable amount of the CGU was estimated.

As at December 31, 2017, we did not record an impairment charge for our share of the Fort Hills oil sands project, as our estimated post-tax recoverable amount of $3.7 billion approximately equalled our carrying value.

As at December 31, 2016, we recorded a pre-tax impairment charge of $222 million (after-tax $164 million) within our property, plant and equipment balance related to our interest in Fort Hills. This was a result of our estimated post-tax recoverable amount of $2.5 billion being lower than our carrying value.

We performed impairment testing for Fort Hills in 2017 and 2016 as a result of an increase in development costs associated with the Fort Hills oil sands project.

Other
During the year ended December 31, 2017, we recorded other asset impairments of $44 million relating to Quebrada Blanca assets that will not be recovered through use and will not be used for Quebrada Blanca Phase 2.

During the year ended December 31, 2016, we recorded other asset impairments of $72 million, of which $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 was sold in 2017.

Sensitivity Analysis
The recoverable amount of Fort Hills exceeded its carrying value and we did not record an impairment charge.

The recoverable amount of Fort Hills is most sensitive to changes in assumed Western Canadian Select (WCS) oil prices, the Canadian/U.S. dollar exchange rates 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 amendments to 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.

Ignoring these interrelationships, in isolation a US$1 decrease in the long-term WCS oil price would reduce the recoverable amount for Fort Hills by $140 million. A $0.01 strengthening of the Canadian dollar against the U.S. dollar would reduce the recoverable amount by $50 million. A 25 basis point increase in the discount rate would reduce the recoverable amount by approximately $150 million.

Annual Goodwill Impairment Testing

In 2017, we performed our annual goodwill impairment testing at October 31 and did not identify any goodwill impairment losses.

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.

Sensitivity Analysis
Our annual goodwill impairment test carried out at October 31, 2017 resulted in the recoverable amount of our steelmaking coal CGU exceeding its carrying value by approximately $6.2 billion. The recoverable amount of our steelmaking coal CGU is most sensitive to the long-term Canadian dollar steelmaking coal price assumption. In isolation, a 14% decrease in the long-term Canadian dollar steelmaking coal price would result in the recoverable amount of the steelmaking coal CGU being equal to the carrying value.

The recoverable amount of Quebrada Blanca exceeded the carrying amount by approximately $1.2 billion at the date of our annual goodwill impairment testing. The recoverable amount of Quebrada Blanca is most sensitive to the long-term copper price assumption and the development timeline of Quebrada Blanca Phase 2 project. In isolation, a 6% decrease in the long-term copper price assumption or a 3.5-year delay in the development of the Quebrada Blanca Phase 2 project would result in the recoverable amount of Quebrada Blanca being equal to its carrying value.

Key Assumptions

The following are the key assumptions used in our asset impairment, asset impairment reversal and goodwill impairment analysis during the years ended December 31, 2017 and 2016:

	2017	2016
Steelmaking coal prices	Current price used in initial year, de-escalated to a long-term price in 2022 of US$140 per tonne	Current price used in initial year, de-escalated to a long-term price in 2021 of US$130 per tonne
Copper prices	Current price used in initial year, de-escalated to a long-term price in 2022 of US$3.00 per pound	Current price used in initial year, escalated to a long-term price in 2021 of US$3.00 per pound
Western Canadian Select (WCS) oil prices	Current price used in initial year, escalated to a long-term price in 2022 of US$57 per barrel	Current price used in initial year, escalated to a long-term price in 2021 of US$57 per barrel
Discount rate	5.2%–5.9%	5.5%–6.0%
Long-term foreign exchange rate	1 U.S. to 1.25 Canadian dollars	1 U.S. to 1.25 Canadian dollars
Inflation rate	2%	2%

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.

Discount Rates
Discount rates are based on a mining weighted average cost of capital for all mining operations and an oil sands weighted average cost of capital for the Fort Hills oil sands project. For the year ended December 31, 2017, we used a discount rate of 5.9% real, 8.0% nominal post-tax (2016 – 5.8% real, 7.9% nominal post-tax) for mining operations and goodwill. For the year ended December 31, 2017, we used a discount rate of 5.2% real, 7.3% nominal post-tax (2016–5.5% real, 7.6% nominal post-tax) for oil sands operations.

Foreign Exchange Rates
Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. Long-term foreign exchange assumptions are from year 2022 onwards for analysis performed in the year ended December 31, 2017, and are from year 2021 onwards for analysis performed in the year ended December 31, 2016.

Inflation Rates
Inflation rates are based on average historical inflation for the location of each operation and long-term government targets.

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.

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.

Recoverable Amount Basis
We estimate the recoverable amount of our CGUs on a fair value less costs of disposal (FVLCD) basis using a discounted cash flow methodology and taking into account assumptions likely to be made by market participants unless it is expected that the value-in-use methodology would result in a higher recoverable amount. For the asset impairment and impairment reversal analysis performed in December 31, 2017 and 2016, we have applied the FVLCD basis.

Property, Plant and Equipment – Determination of Available For Use Date

Judgment is required in determining the date that property, plant and equipment is available for use. An asset is available for use when it is in the location and condition necessary to operate in the manner intended by management, and at that time, we commence depreciation of the asset and cease capitalization of borrowing costs. We consider a number of factors in making the determination of when an asset is available for use including, but not limited to, design capacity of the asset, production levels, capital spending remaining and commissioning status. The Fort Hills oil sands project produced first oil in January 2018. We expect the project to be available for use, as defined above, in the first half of 2018.

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.

For our gold and silver streaming arrangements entered into in 2015, 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 Carmen de Andacollo and Antamina, respectively. 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. 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 presented in National Instrument 43-101, Standards of Disclosure for Mineral Projects, or National Instrument51-101, Standards of Disclosure for Oil and Gas Activities, as applicable. These include assumptions with respect to 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, 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 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 (DRP) is based on future cost estimates, using information available at the balance sheet date. The DRP represents the present value of estimated costs for required future decommissioning and other site restoration activities. The DRP 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.

During the year ended December 31, 2017, we updated our cost estimates for water quality management in the Elk Valley, including post-closure water quality management costs, as outlined on pages 6 to 7. These updates have increased our DRP for water quality management at Teck Coal to $394 million, which is an increase of approximately $244 million compared to December 31, 2016. This increase in the DRP does not affect earnings, as the adjustment is recorded through our DRP asset, within property, plant and equipment. The DRP includes water quality management costs based on mining activities up to December 31, 2017 and does not incorporate future mining activities, as required by IFRS. The water quality management costs included in our DRP extend for periods up to 100 years and are discounted using a nominal discount rate of 6.82% as at December 31, 2017. The cash flow estimates are inflated at a rate of 2.00%.

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 to each performance obligation, and recognize revenue as each 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 has an effective date of January 1, 2018. We are required to adopt the provisions of IFRS 15 on either a full or modified retrospective basis, and we will apply the full retrospective approach in restating our prior period financial information. This restated information will be disclosed in our financial statements for the first quarter ended March 31, 2018.

As at December 31, 2017, we have substantially completed our review and analysis of IFRS 15 and the effect on our financial statements. Based on our analysis, we do not expect the timing and amount of our

revenue from product sales to be significantly different under IFRS 15. The only exception to this would be for steelmaking coal sales when we have a shipment that is partially loaded on a vessel at a reporting date. The performance obligation in these contracts is for the full parcel and accordingly, we cannot recognize revenue until the full parcel is loaded. This is a timing difference only and does not change the amount of revenue recognized for the full parcel. In our transition adjustments, this timing difference will result in the reversal of $61 million of revenue recognized in the year ended December 31, 2017. This revenue will be recognized in the first quarter ended March 31, 2018 under IFRS 15. We will also adjust our inventory and cost of sales associated with these sales, as required.

As part of our assessment of IFRS 15, we analyzed the treatment of freight services provided to customers subsequent to the transfer of control of the product sold. Under IFRS 15, in our view, these services represent performance obligations that should be recognized separately. For the performance obligation related to freight services, we have concluded that we are the principal to the shipping of product in our refined metal sales and concentrate sales contracts, and will continue to reflect the revenue in these arrangements on a gross basis. For certain of our steelmaking coal sales contracts, we have concluded that we are the agent to the ocean freight shipping of product due to the terms of the arrangement, and our revenue will be reported on a net basis for these arrangements. This change would reduce the revenue recognized for the year ended December 31, 2017, by approximately $76 million as a result of the presentation of steelmaking coal sales revenue net of ocean freight costs. There will be no effect on our gross profit, as these freight costs will be netted against revenue and not presented within cost of sales.

We have assessed the effects of IFRS 15 on our gold and silver streaming arrangements. At the date these transactions were completed, we accounted for the arrangements as the sale of a portion of our mineral interests at Antamina and Carmen de Andacollo, respectively. We did not recognize disposal gains on the transactions as a result of the requirements of the IFRS standards in effect at the dates of closing. We have concluded that under IFRS 15, the gain on these streaming transactions would have been recognized in full as control over the right to the silver or gold mineral interest transferred to the purchaser. Accordingly, we will recognize the deferred consideration of $755 million recorded on our balance sheet through equity on transition to IFRS 15 as at January 1, 2017, and will present our restated financial information in our first quarter financial statements as at March 31, 2018.

Financial Instruments
IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes 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, 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.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We have concluded that this standard will not have a material effect on our financial statements.

We have made the irrevocable classification choice to record fair value changes on our current portfolio of investments in other comprehensive income. This election will result in a reclassification of a $41 million loss from our retained earnings to accumulated other comprehensive income (loss), all within equity, on January 1, 2018.

We have also completed a review of our expected credit losses on our trade receivables. We do not expect to record an adjustment relating to the implementation of the expected credit loss model for our trade receivables as the expected credit losses are not considered material, based on our review at the time of transition. We have implemented a process for managing and estimating provisions relating to trade receivables going forward under IFRS 9.

We have elected not to adopt the hedging requirements of IFRS 9 as at January 1, 2018.

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. We are currently assessing and quantifying the effect of this standard on our financial statements. On the transition date of January 1, 2019, we expect to recognize additional leases on our consolidated balance sheet, which will increase our debt and property, plant and equipment balances. As a result of recognizing additional finance leases, we expect a reduction in our cost of sales, as operating lease expense will be presented as depreciation expense and finance expense.

Outstanding Share Data

As at February 13, 2018, there were 565.7 million Class B subordinate voting shares and 7.8 million Class A common shares outstanding. In addition, there were 22 million 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, is set out in Note 23 to our 2017 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	$ 374	$ 720	$ 1,745	$ 8,444	**$ 11,283**
Operating leases[1]	93	107	72	327	**599**
Capital leases	51	80	54	554	**739**
Minimum purchase obligations[2]					
Concentrate, equipment, supply and other purchases	835	165	47	52	**1,099**
Shipping and distribution	451	616	550	1,164	**2,781**
Energy contracts	149	324	508	4,891	**5,872**
NAB PILT and VIF payments[7]	33	74	70	64	**241**
Pension funding[3]	28	–	–	–	**28**
Other non-pension post-retirement benefits[4]	14	33	36	372	**455**
Decommissioning and restoration provision[5]	83	102	91	1,568	**1,844**
Other long-term liabilities[6]	50	94	24	26	**194**
Project commitments for Fort Hills	196	–	–	–	**196**
Total	$ 2,357	$ 2,315	$ 3,197	$ 17,462	**$ 25,331**

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 15 years and US$6 million for the following seven 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, 2017, the company had a net pension asset of $242 million, based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2018 in respect of defined benefit pension plans is $28 million. The timing and amount of additional funding after 2018 is dependent upon future returns on plan assets, discount rates and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $455 million in respect of other non-pension post-retirement benefits as at December 31, 2017. 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 5.32% and 6.82% and an inflation factor of 2.00%.

(6) Other long-term liabilities include amounts for post-closure, environmental costs and other items.

(7) In April 2017, Teck Alaska entered into a 10-year agreement with the Northwest Arctic Borough (NAB) for payments in lieu of taxes (PILT). Payments under the agreement are based on a percentage of land, buildings and equipment at cost, less accumulated depreciation. This agreement expires on December 31, 2025. In April 2017, Teck Alaska entered into a 10-year agreement with the NAB for payments to a village improvement fund (VIF). Payments under the agreement are based on a percentage of earnings before income taxes, with 2018–2025 having minimum payments of $4 million and maximum payments of $8 million. The agreement expires on December 31, 2025.

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, 2017. 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, 2017.

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, 2017, 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 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 and zinc operations are 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 and zinc, we also deduct the costs of by-products and co-products. For zinc operations, we also deduct royalty costs. Total cash unit costs include the smelter and refining allowances added back in when determining adjusted revenue. This presentation allows a comparison of unit costs, including smelter allowances, to the underlying price of copper and zinc 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 Earnings Per Share to Adjusted Earnings Per Share

(Per share amounts)	2017	2016
Earnings per share	**$ 4.34**	$ 1.80
Add (deduct):		
Debt repurchase (gains) losses	**0.28**	(0.07)
Debt prepayment option gain	**(0.06)**	(0.15)
Asset sales and provisions	**(0.05)**	(0.09)
Foreign exchange (gains) losses	**(0.01)**	(0.08)
Collective agreement charges	**0.05**	0.07
Break fee in respect of Waneta Dam sale	**0.04**	–
Environmental provisions	**0.10**	–
Asset impairments (reversals)	**(0.17)**	0.38
Tax and other items	**(0.07)**	0.05
Adjusted earnings per share	**$ 4.45**	$ 1.91

Reconciliation of Net Debt to EBITDA Ratio

	2017	2016
Profit attributable to shareholders	**$ 2,509**	$ 1,040
Finance expense net of finance income	**212**	338
Provision for income taxes	**1,438**	587
Depreciation and amortization	**1,467**	1,385
EBITDA	**$ 5,626**	$ 3,350
Total debt at period end	**$ 6,369**	$ 8,343
Less: cash and cash equivalents at period end	**(952)**	(1,407)
Net debt	**$ 5,417**	$ 6,936
Debt to EBITDA ratio	**1.1**	2.5
Net Debt to EBITDA ratio	**1.0**	2.1

Reconciliation of EBITDA and Adjusted EBITDA

($ in millions)	2017	2016
Profit attributable to shareholders	**$ 2,509**	$ 1,040
Finance expense net of finance income	**212**	338
Provision for income taxes	**1,438**	587
Depreciation and amortization	**1,467**	1,385
EBITDA	**$ 5,626**	$ 3,350
Add (deduct):		
Debt repurchase (gains) losses	**216**	(49)
Debt prepayment option (gains) losses	**(51)**	(113)
Asset sales and provisions	**(35)**	(67)
Foreign exchange (gains) losses	**(5)**	(46)
Collective agreement charges	**41**	64
Break fee in respect of Waneta Dam sale	**28**	–
Environmental provisions	**81**	–
Asset impairments (reversals)	**(163)**	294
Tax and other items	**(41)**	35
Adjusted EBITDA	**$ 5,697**	$ 3,468

Reconciliation of Gross Profit Before Depreciation and Amortization

($ in millions)	2017	2016	2015
Gross profit	**$ 4,629**	$ 2,396	$ 1,279
Depreciation and amortization	**1,467**	1,385	1,366
Gross profit before depreciation and amortization	**$ 6,096**	$ 3,781	$ 2,645
Reported as:			
Steelmaking coal	**$ 3,769**	$ 2,007	$ 906
Copper			
Highland Valley Copper	**213**	268	449
Antamina	**670**	409	412
Quebrada Blanca	**50**	24	(19)
Carmen de Andacollo	**222**	86	86
Duck Pond	**–**	–	(3)
Other	**(1)**	1	6
	$ 1,154	$ 788	$ 931
Zinc			
Trail Operations	**209**	241	205
Red Dog	**971**	749	600
Pend Oreille	**19**	–	(9)
Other	**(26)**	(6)	9
	$ 1,173	$ 984	$ 805
Energy	**$ –**	$ 2	$ 3
Gross profit before depreciation and amortization	**$ 6,096**	$ 3,781	$ 2,645

Steelmaking Coal Unit Cost Reconciliation

(CAD$ in millions, except where noted)	**Year ended December 31, 2017**	Year ended December 31, 2016
Cost of sales as reported	**$ 3,108**	$ 2,765
Less:		
Transportation	**(978)**	(919)
Depreciation and amortization	**(725)**	(628)
Inventory write-down	**–**	(5)
Collective agreement charge	**–**	(49)
Adjusted cash cost of sales	**$ 1,405**	$ 1,164
Tonnes sold (millions)	**26.8**	27.0
Per unit costs — CAD$/tonne		
Adjusted cash cost of sales	**$ 52**	$ 43
Transportation	**37**	34
Collective agreement charge	**–**	2
Cash unit costs — CAD$/tonne	**$ 89**	$ 79
US$ amounts		
Average exchange rate (CAD$ per US$1.00)	**$ 1.30**	$ 1.33
Per unit costs — US$/tonne(1)		
Adjusted cash cost of sales	**$ 40**	$ 32
Transportation	**28**	26
Collective agreement charge	**–**	2
Cash unit costs — US$/tonne	**$ 68**	$ 60

Note:
(1) Average period exchange rates are used to convert to US$/tonne equivalent.

Copper Unit Cost Reconciliation

(CAD$ in millions, except where noted)	**Year ended December 31, 2017**	Year ended December 31, 2016
Revenue as reported	**$ 2,400**	$ 2,007
By-product revenue (A)(1)	**(378)**	(187)
Smelter processing charges	**180**	208
Adjusted revenue	**$ 2,202**	$ 2,028
Cost of sales as reported	**$ 1,782**	$ 1,817
Less:		
Depreciation and amortization	**(536)**	(598)
Inventory reversal (write-down)	**(12)**	23
Labour settlement charges	**(15)**	(15)
By-product cost of sales (B)(1)	**(54)**	(28)
Adjusted cash cost of sales	**$ 1,189**	$ 1,199
Payable pounds sold (millions) (C)	**604.4**	695.6
Adjusted per unit cash costs — CAD$/pound		
Adjusted cash cost of sales	**$ 1.97**	$ 1.72
Smelter processing charges	**0.30**	0.30
Total cash unit costs — CAD$/pound (D)	**$ 2.27**	$ 2.02
Cash margin for by-products — CAD$/pound ((A–B)/C)(1)	**(0.54)**	(0.23)
Net cash unit cost CAD$/pound(2)	**$ 1.73**	$ 1.79
US$ amounts		
Average exchange rate (CAD$ per US$1.00)	**$ 1.30**	$ 1.33
Adjusted per unit costs – US$/pound(3)		
Adjusted cash cost of sales	**$ 1.52**	$ 1.30
Smelter processing charges	**0.23**	0.22
Total cash unit costs — US$/pound	**$ 1.75**	$ 1.52
Cash margin for by-products — US$/pound(1)	**(0.42)**	(0.17)
Net cash unit costs — US$/pound	**$ 1.33**	$ 1.35

Notes:
(1) By-products includes both by-products and co-products. By-product costs of sales also includes cost recoveries associated with our streaming transactions.
(2) Net cash unit cost of principal product after deducting co-product and by-product margins per unit of principal product and excluding depreciation and amortization.
(3) Average period exchange rates are used to convert to US$/lb. equivalent.

Zinc Unit Cost Reconciliation (mining operations — (1))

(CAD$ in millions, except where noted)	Year ended December 31, 2017	Year ended December 31, 2016
Revenue as reported	**$ 3,496**	$ 3,147
Less: Trail Operations revenues as reported	**(2,266)**	(2,049)
Other revenues as reported	**(8)**	(7)
Add back: Inter-segment as reported	**635**	430
	$ 1,857	$ 1,521
By-product revenues (A)(2)	**(400)**	(341)
Smelter processing charges	**339**	363
Adjusted revenue	**$ 1,796**	$ 1,543
Cost of sales as reported	**$ 2,529**	$ 2,317
Less: Trail Operations cost of sales as reported	**(2,135)**	(1,871)
Other costs as reported	**(34)**	(13)
Add back: Inter-segment as reported	**635**	430
	995	863
Less:		
Depreciation and amortization	**(128)**	(91)
Royalty costs	**(412)**	(282)
By-product cost of sales (B)(2)	**(77)**	(91)
Adjusted cash cost of sales	**$ 378**	$ 399
Payable pounds sold (millions) (C)	**1,060.9**	1,189.2
Adjusted per unit costs — CAD$/pound		
Adjusted cash cost of sales	**$ 0.35**	$ 0.34
Smelter processing charges	**0.32**	0.30
Total cash unit costs — CAD$/pound	**$ 0.67**	$ 0.64
Cash margin for by-products - CAD$/pound ((A–B)/C)(2)	**(0.30)**	(0.21)
Net cash unit cost CAD$/pound(3)	**$ (0.37)**	$ 0.43
US$ amounts		
Average exchange rate (CAD$ per US$1.00)	**$ 1.30**	$ 1.33
Adjusted per unit costs — US$/pound(4)		
Adjusted cash cost of sales	**$ 0.27**	$ 0.25
Smelter processing charges	**0.25**	0.23
Total cash unit costs — US$/pound	**$ 0.52**	$ 0.48
Cash margin for by-products - US$/pound(2)	**(0.24)**	(0.16)
Net cash unit cost US$/pound	**$ 0.28**	$ 0.32

Notes:
(1) Red Dog and Pend Oreille.
(2) By-products includes both by-products and co-products.
(3) Net cash unit cost of principal product after deducting co-product and by-product margins per unit of principal product and excluding depreciation and amortization and royalty costs.
(4) Average period exchange rates are used to convert to US$/lb. equivalent.

Quarterly Reconciliation

($ in millions)	2017				2016			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Profit attributable to shareholders	**$ 760**	**$ 600**	**$ 577**	**$ 572**	$ 697	$ 234	$ 15	$ 94
Finance expense, net of finance income	**39**	**39**	**58**	**76**	82	86	82	88
Provision for income taxes	**408**	**355**	**330**	**345**	395	119	47	26
Depreciation and amortization	**373**	**395**	**358**	**341**	387	365	324	309
EBITDA	**$ 1,580**	**$ 1,389**	**$ 1,323**	**$ 1,334**	$ 1,561	$ 804	$ 468	$ 517

Cautionary Statement on Forward-Looking Statements

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as “forward-looking statements”). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements, 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, products and individual operations (including our long-term production guidance), cost and spending guidance for our business units and individual operations, production and sales forecasts for our products and 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 and capital spending, mine lives and the expected life of our various operations, 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 effect of currency exchange rates and commodity price changes, our strategies and objectives, our expectations for the general market for our commodities, future trends for the company, expectation that the Baldy Ridge Extension mining will extend the current life of Elkview and increase its production of high-quality coal and timing of first coal release, expectation that the Swift area mining at Fording will sustain the operations’ current production levels in the future, timing and cost of Line Creek AWTF modifications, Elk Valley Water Quality Plan spending guidance, including projected 2018 capital spending and other capital spending guidance, expected operating costs associated with the Plan, timing of AWTF construction and projected number of AWTFs required, expectations regarding the additional treatment steps associated with the water quality plan and related benefits, operating cost increase guidance associated with the Plan, potential for saturated fills to reduce capital and operating costs associated with active water treatment, our expectation that will be able to increase total production at our Elk Valley operations to compensate for the closure of Coal Mountain and will increase the mine lives of our other operations, amount of lost production at Elkview and cost to repair the dryer, anticipated mine life for our operations, expectation that Neptune can expand operations to over 18.5 million tonnes per year and improve the global competitiveness and responsiveness of our steelmaking coal production portfolio long-term, expectation that steelmaking coal production from 2019 to 2021 is expected to be higher than 2018, anticipated benefits and timing of our ball mill project at Highland Valley, the statement that there is potential to extend cathode production at Andacollo past 2018, expectations regarding the Quebrada Blanca Phase 2 project, including expectations regarding capacity, mine life, reserve and resources, regulatory approvals, projected expenditures and timing of any development decision in respect thereof, expected spending and activities on our Project Satellite properties, the anticipated benefits of the Red Dog mill upgrade project and the associated timing and cost, the timing of closing of the sale of Waneta Dam and expectation that the sale of Waneta Dam will close, the potential to expand the Pend Oreille mine life, benefits of the new acid plant at our Trail Operations and the timing thereof, the expected timing and amount of production at the Fort Hills oil sands mining and processing operation capital costs and our expected share of capital cost to complete the Fort Hills project, expectation that Fort Hills will achieve 90% capacity by the end of 2018, Fort Hills anticipated production rate and

capacity, our expectations regarding the adequacy of our Fort Hills related logistic arrangements, expectations regarding our ultimate interest in Fort Hills, timing expectations regarding the Frontier review and permitting process as well as anticipated cost to achieve first commercial production, reserve and resources estimates, the statement that Aktigiruq is one of the world's top undeveloped zinc deposits, the availability of our credit facilities, sources of liquidity and capital resources, statements regarding the impact and sensitivity of our annual profit attributable to shareholders and EBITDA to changes in exchange rates and commodity prices, our expectation that we will fund our commitments from cash on hand and our credit facilities, expectations regarding our dividend policy, including that an annual base dividend will be declared and paid, impact of carbon pricing policies and associated costs, expected impact of United States (U.S.) tax reform, projections and sensitivities under the heading "Commodity Prices and 2018 Production", all guidance appearing in this document appearing in this documentation including but not limited to the production, sales, unit cost and capital expenditure guidance under the heading "Guidance", including our estimate of reduction in current taxes, forecast and demand and market outlook for commodities and our products. 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, including rail and port services, 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 the Elk Valley Water Quality Plan include assumption that additional treatment will be effective at scale, and that the technology and facilities operate as expected., as well as additional assumptions discussed under the heading "Steelmaking Coal — Elk Valley Water Management" and in the footnotes to our Guidance section. Assumptions regarding Quebrada Blanca Phase 2 are based on current project assumptions and the final feasibility study. Assumptions regarding Fort Hills are based on the approved project development plan and the assumption that the project will be developed and operated in accordance with that plan, assumptions regarding the performance of the plant and other facilities at Fort Hills and the operation of the project. Statements regarding our share of expected capital costs are also based on our current interest in the project. Statements regarding Aktigiruq assume that future geological works will support, and be consistent with, the Aktigiruq exploration results. Assumptions regarding the impact of U.S. tax reform include assumptions regarding profitability of our U.S. operations and there being no negative regulatory developments in the implementation of the U.S. tax reforms. Assumptions regarding the impact of foreign exchange and commodity prices are based on 2018 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.25. 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 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 (including but not limited to port, rail and other logistics providers), 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. Further factors associated with our Elk Valley Water Quality Plan are discussed under the heading “Management’s Discussion and Analysis — Steelmaking Coal — Elk Valley Water Management”. Declaration and payment of dividends is in the discretion of the Board, and our dividend policy will be reviewed regularly and may change. Closing of the Waneta Dam transaction depends on approvals from third-parties that we do not control and if all required approvals are not received in a timely manner, the timing and ability to close will be jeopardized. Further Aktigiruq exploration might not support or be consistent with the Aktigiruq exploration target results.

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. Statements regarding anticipated steelmaking coal sales volumes and average steelmaking coal prices depend on timely arrival of vessels and performance of our steelmaking coal-loading facilities, as well as the level of spot pricing sales.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks, assumptions 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, 2017, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile.

Scientific and technical information regarding our material mining projects in this annual report 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. The Sproule estimates of contingent resources have not been adjusted for risk based on the chance of development (85% chance of development risk). 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.