PARTICIPANTS

Corporate Participants

H. Fraser Phillips – Senior Vice President-Investor Relations & Strategic Analysis, Teck Resources Limited
Jonathan Price – President, Chief Executive Officer & Director, Teck Resources Limited
Crystal Prystai – Senior Vice President & Chief Financial Officer, Teck Resources Limited

Other Participants

Carlos F. de Alba – Analyst, Morgan Stanley & Co. LLC
Liam Fitzpatrick – Analyst, Deutsche Bank AG (UK)
Orest Wowkodaw – Analyst, Scotiabank
Nick Giles – Analyst, B. Riley Securities, Inc.
Bill Peterson – Analyst, JPMorgan Securities LLC
Lawson Winder – Analyst, BofA Securities
Alex Terentiew – Analyst, Stifel Nicolaus Canada, Inc.
Christopher LaFemina – Analyst, Jefferies LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Teck Resources Conference Call. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions] This conference call is being recorded on Tuesday, November 14, 2023.

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

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

Thanks, Guilene. Good morning, everyone, and thank you for joining us on short notice today for Teck's conference call to discuss the sale of our steelmaking coal business. We announced the full sale of our steelmaking coal business last night and then sales to Glencore and Nippon Steel. Presentation on the transaction is available in the Investors section of our website at teck.com.

On today's call, Jonathan Price, our CEO will walk through the presentation to discuss the objectives, structure, and benefits of the transaction and outline how it will position Teck Resources to realize the full potential of our base metal business. We'll then conclude the session with a question-and-answer session.

Please note today's call contains forward-looking statements. Various risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward-looking statements. Please refer to slide 2 for the assumptions underlying our forward-looking statements. In addition, we'll reference various non-GAAP measures throughout this call. Explanations and reconciliations regarding these measures can be found in our latest MD&A and quarterly press release on our website.

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

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

Thanks, Fraser, and good morning, everyone. Thank you for joining us today to share this important milestone for Teck. For some time now, we've been discussing the significant benefits to be realized by separating Teck steelmaking coal and base metals businesses.

Today, after considering a range of alternatives through a comprehensive and competitive process, we've announced an agreement for a full sale of Teck steelmaking coal business, with Glencore acquiring a majority interest of Elk Valley Resources, or EVR, at an implied enterprise value of $9 billion; and Nippon Steel Corporation acquiring minority interest.

This transaction is a catalyst to refocus Teck as a Canadian-based critical minerals champion and unlock potential value upside by ensuring Teck is well capitalized to realize value from our extensive portfolio of copper growth options, deliver strong returns to our shareholders while maintaining a robust balance sheet.

Glencore has committed to strong undertakings to ensure continued socially and environmentally responsible operations and generate enhanced benefits for Canada, the province and the employees, communities and indigenous peoples of the Elk Valley.

Before we delve into the specifics of the sale, I'd like to take a moment to provide additional context on the process that led us to this decision. In April, our shareholders told us they favored the separation of our steelmaking coal business from our base metals business and that it should be simple and complete.

In June, we confirmed that we had received a number of inbound indications of interest regarding various forms of potential transactions involving the steelmaking coal business and committed to undertaking a comprehensive and thorough process to determine the best way to effect that separation.

Special committee and the full board have spent considerable time reviewing the extensive shareholder feedback we've received and evaluating the various proposals with a focus on achieving several key objectives, which include: achieving a full separation of our base metals and steelmaking coal businesses; ensuring Teck is well capitalized to pursue our copper growth potential; realizing fair value from our steelmaking coal business for our shareholders; and maintaining social and environmental commitments to our stakeholders.

As a result of that process, we concluded that this transaction with Glencore in cooperation with NSC, provides Teck shareholders with the cleanest separation for the highest value and the greatest proceeds, while also supporting continued responsible operation of the steelmaking coal assets for the long term, thus, checking the box against each of our objectives. We have confidence that this is the best path forward for Teck and our shareholders.

So, turning to the transaction on slide 4, Glencore will acquire a 77% controlling interest in EVR at an implied enterprise value of $9 billion on a 100% basis and become the operator of the Elk Valley steelmaking coal mines. Nippon Steel Corporation will acquire a 20% interest in EVR at an implied enterprise value of $8.5 billion, including the exchange of their 2.5% interest in the Elkview operations. At the same time, POSCO intends to exchange its 2.5% interest in the Elkview operations and its 20% interest in the Greenhills joint venture for a 3% interest in EVR.

The participation of NSC and POSCO in the transaction provides additional benefits to EVR and to Teck by cementing long-term business partnerships between these parties and EVR and accelerating a portion of the cash proceeds that Teck will receive. Overall, the implied total transaction value equates to $8.9 billion.

Teck will continue to operate the steelmaking coal business and retain all interim cash flows from EVR until the close of the transaction with Glencore. Following the closing of that transaction, Teck will have no further financial interest in EVR. Closing of the transaction is subject to customary conditions and the receipt of relevant regulatory and competition approvals. These transactions are not inter-conditional.

As part of the process leading to this agreement, we negotiated strong commitments from Glencore to create enhanced benefits and ensure responsible stewardship of operations. We are confident in securing the necessary approvals required to close this transaction and we will work closely with Glencore to ensure a smooth transition of ownership. The transaction with NSC is expected to close in the first quarter of 2024 and the transaction with Glencore is expected to occur in the third quarter of 2024.

Slide 5 outlines the transaction value and proceeds to Teck. The implied total transaction value is $8.9 billion, including the consolidation of minority interests. We expect to receive cash proceeds from the transaction totaling $8.6 billion, comprising $6.9 billion from the sale to Glencore and $1.7 billion from the transaction with the minority partners. And as I noted earlier, Teck will retain interim cash flows generated by EVR until the close of the transaction with Glencore, expected in Q3 2024, estimated at $1 billion. In total, Teck is expected to receive an aggregate of $9.6 billion in cash through and at closing.

Now, as illustrated on slide 6, the implied total transaction value for the sale of EVR is 3.8 times on a 2024 consensus coal EBITDA or 5.5 times on 2025 estimates. This implies a compelling valuation relative to publicly-listed metallurgical coal companies, the median of which currently trade at 3.2 times and 3.6 times on 2024 and 2025 EBITDA estimates.

The use of transaction proceeds is outlined on slide 7. First, we expect to reduce gross debt with a target to maintain investment grade credit metrics. Second, we expect to return significant cash to shareholders, with the board to determine the amount and form of the cash return following the close of the transaction.

Additionally, we will retain cash on the balance sheet to fund ongoing copper growth opportunities, ensuring we focus on execution to de-risk project delivery whilst driving strong returns. Finally, we expect to incur taxes related to the transaction approximating $750 million payable in the first quarter of 2025, after the completion of the transaction.

As shown on slide 8, Teck remains committed to our capital allocation framework. The significant upfront cash proceeds from this transaction will strengthen our balance sheet and ensure we are well capitalized to realize value from our base metals business while delivering strong returns to our shareholders.

Looking ahead, QB is expected to generate significant additional EBITDA and free cash flow at full production, which will further build on our financial resilience. As demand for copper continues to rise and constraints on new supply persist, so will the value of high quality, low-cost copper assets.

Slide 9 articulates why we believe Teck warrants premium valuation. With the announcement today, and as QB ramps up to full production, Teck is well-positioned as a leading pure-play base metals company. We are already a top 10 copper producer in the Americas, with a premium portfolio of producing assets in stable jurisdictions. And we have the most attractive suite of copper growth options in the industry. Our industry-leading production growth has the potential to unlock significant value upside for our shareholders.

Teck's extensive portfolio of copper projects is underpinned by a solid foundation and long-life producing assets that generate strong cash flow, including Antamina in Peru, Highland Valley Copper in British Columbia and Red Dog in Alaska.

Turning to slide 10, Quebrada Blanca, or QB, is a transformational asset for Teck, and a cornerstone of our copper portfolio for decades to come. The team and I had the pleasure to host a number of our investors and analysts on a visit to QB last week to witness firsthand this world-class Tier 1 asset with fully integrated infrastructure. As I mentioned, when we reported our Q3 results, despite the CapEx increase, we're pleased with the ramp-up and strong asset performance to date at QB. Concentrator is performing well, and we are producing quality copper concentrates, with multiple consecutive days at or above designed throughput levels.

We have maintained a deliberate focus on both throughput and recovery to ensure we maximize the benefit we extract from the ore. And we continue to expect to achieve full rates by year end.

In total, Teck is expected to deliver consolidated copper production growth of more than 130% through 2025, compared to our copper peers at 7% and diversified peers at 24%. Importantly, QB's low-cost position will propel Teck into the first quartile on the copper cost curve and enable us to deliver meaningful cash flow and earnings growth. Beyond QB2, we have the potential to deliver 1 million tonnes of annual production by the end of the decade and drive significant value creation for our shareholders.

As you can see on slide 11, Teck has several significant near-term development options, including San Nicolás, Zafranal, QB Asset Expansion and the mine life extension at Highland Valley, all of which are simpler and lower in complexity and scope in comparison to QB2. There is significant work underway to advance the development of each of these projects.

While it's early days, we're encouraged by the early performance data at QB, as noted earlier. The mills are performing well and in particular, the lower than planned power draw from the SAG mills presents potential opportunities for optimization and debottlenecking.

We will ensure we have a clear understanding of the full capability of QB's currently installed infrastructure before determining the most capital efficient and highest-return configuration for a future expansion.

We continue to progress the optimal path to value for each of our assets, with a focus on de-risking project delivery. This involves building out our teams, advancing engineering, design, execution of contracting strategies, while evaluating our development sequence options.

Slide 12 provides a full view of our unrivalled suite of copper growth opportunities diversified by geography, scale and time to development. We continue to make prudent investments to advance our next phase of growth, with a focus on generating strong financial returns by de-risking project delivery both financially and operationally through a partnership approach such as in the case of San Nicolás.

It is important to note, however, that we do not expect to sanction new development projects for a minimum of 12 months. We will first conduct a detailed review of the QB2 project, utilizing third-party expertise to ensure all lessons learned are fully incorporated before we move forward with any new development project.

Turning to slide 13, as part of this transaction, we remain committed to ensuring the continued responsible operation of the steelmaking coal assets. As I noted earlier, as part of the transaction agreement, Glencore has committed to a comprehensive suite of strong undertakings to ensure continued socially and environmentally responsible operations and generate enhanced benefits for Canada, the province and the communities in the Elk Valley. This includes, among other commitments, establishing a Canadian head office in Vancouver, maintaining strong employment levels, increasing local investments, and implementing nature positive and net zero goals.

Glencore's commitments will ensure responsible operation of the steelmaking assets in the Elk Valley for the long term, while providing enhanced benefits to all EVR stakeholders. EVR is a fantastic business, and Glencore and NSC's ownership will ensure a resilient, strong EVR going forward.

In closing, today's announcement marks a major step forward for Teck. This transaction achieves a simple and full separation of our base metals and steelmaking coal businesses, and we are confident this is the best path forward for our company and our shareholders. The significant upfront cash proceeds ensure Teck is well capitalized to realize value from our extensive portfolio of copper growth projects, deliver strong returns to our shareholders while maintaining a robust balance sheet.

And as we work towards close of the transaction with Glencore in the third quarter of 2024, we expect to benefit from significant incremental cash flow from EVR. As I said in the AGM, my job is all about creating value for shareholders and this transaction is a big step forward. We are very pleased to reach this outcome for a full separation, successfully setting up Teck for the long-term value creation. We look forward to unlocking significant value upside for our shareholders as we embark on our next chapter as a Canadian-based pure-play critical metals champion.

With that, I'll turn it back to the operator and open up the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question is from Carlos de Alba with Morgan Stanley. Please go ahead.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Yeah. Thank you. Good morning, Jonathan and team. First question I have is regarding the tax payment of $750 million. Could you please provide a bit more color and – as to what exactly these tax payments include? Is this capital gains or any other sort of taxes? That would be very useful. I have a follow-up after that, Jonathan.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Carlos. Those tax payments are essentially capital gains on the sale.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: All right. And at this point, is the full tax liability that you foresee from this transaction?

<A – Jonathan Price – Teck Resources Limited>: Yes, it is. Yes.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: All right. Thank you. And just a follow-up is on the $1 billion in cash flows that you expect to collect during the – this time and the time of the closing. What are the assumptions in terms of coal prices that you are embedding that in the $1 billion calculation?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Crystal, would you like to comment on the basis for that, please? It is an estimate, of course, Carlos, between now and then. But Crystal?

<A – Crystal Prystai – Teck Resources Limited>: Yeah. Carlos. Hi. Thanks for the question. Just in terms of the coal pricing effect, both of those are based on consensus pricing, so we can circle back with you after on the specifics but they are in fact...

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: Right. Thank you.

<A – Crystal Prystai – Teck Resources Limited>: ...estimates or consensus. So, you should just – oh sorry, Helen is saying to me now, $250 a tonne for coal pricing.

<Q – Carlos de Alba – Morgan Stanley & Co. LLC>: All right. Thank you very much. I appreciate it.

<A – Crystal Prystai – Teck Resources Limited>: You're welcome.

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

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Good morning, Jonathan and team. Congrats on the deal. First question and I'll have one follow-up, but the first question is just to clarify which liabilities are going to be transferred with EVR? And my understanding is there's around $1 billion of rehab provisions. But are there any other material balance sheet movements we should think about whether that's provisions or deferred tax liabilities? Thank you.

<A – Jonathan Price – Teck Resources Limited>: Yes. So, at the headline level, Liam, you have it right. Let me just ask Crystal if there's any further color on that.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. I think that is correct. The only thing I would say is you're referencing a US dollar number, that reclamation liability is Canadian dollars, just over CAD 1 billion. I think the best reference I would give you is to look at the carve-out financial statements that we published in our information circular in March. For the first round of separation, there are details that split out the liabilities there. And I think that's a good proxy for you to use.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Okay. And just on this point of tax, I think you've covered it on the previous question, but the tax on your coal cash flows next year, and I assume that will be payable by Teck or a liability for Teck payable in early 2025. Is that the right way to think about it?

<A – Jonathan Price – Teck Resources Limited>: Yes. So...

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

<A – Jonathan Price – Teck Resources Limited>: ...the tax. Yes. Oh, sorry, Crystal, go.

<A – Crystal Prystai – Teck Resources Limited>: I was – yeah, that's right. We will pay tax on the cash flows that we earn in 2024. And the $750 million is in relation to the transaction taxes.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: And as a final quick one, just on the capital structure, is there any sort of steer you can give us at this point in terms of what the optimal net debt or balance sheet structure that you're aiming to run once this deal completes? Just to give us a sense of kind of how to think about the shareholder returns and post deal completion?

<A – Jonathan Price – Teck Resources Limited>: I'll leave that with you, Crystal, as well, just to discuss the approach to balance sheet and preferred leverage going forward.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. I think generally we want to be comfortably within investment grade credit metrics through the cycle. So, that's sort of a range of 1.5 to 2.5 times, 2.5 being sort of at the higher end. Right now, our net debt to adjusted EBITDA is around 1 time. So, I think we would like to be just comfortably in that range.

<Q – Liam Fitzpatrick – Deutsche Bank AG (UK)>: Okay. So, you wouldn't want to run a net cash position, is it fair to say that?

<A – Crystal Prystai – Teck Resources Limited>: Yeah, that's fair.

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

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

Operator: The next question is from Orest Wowkodaw with Scotiabank. Please go ahead.

<Q – Orest Wowkodaw – Scotiabank>: Hi. Good morning and congrats on the transaction. Couple of questions from my perspective. Just on this issue of the balance sheet, I mean, your debt is well termed out and is pretty low cost, plus you've got the project level debt at QB. What debt do you actually foresee paying down? Or is this more of an issue of just putting cash on the balance sheet to effectively just materially reduce your net debt?

<A – Jonathan Price – Teck Resources Limited>: Yeah. I think the answer is a bit of both, Orest. But Crystal, if you'd like to talk a little bit more about how we're thinking about debt reduction in general terms.

<A – Crystal Prystai – Teck Resources Limited>: Sure. Hi, Orest. Look, I think for us, the reductions are – we haven't finalized them yet. We're going to be looking at near-term maturities and the debt that has higher interest rate, making sure we got sort of the most economic deployment of the debt reductions across our debt stack. But as Jonathan noted, it'll be some combination of a higher cash balance and a reduction in debt. And the cost, obviously, of the debt reductions and interest savings is going to depend on what we take out.

So, the other piece I would just note is certain of our public notes require [indiscernible] (00:23:11) premium, so we just want to make sure we're doing the most economic transactions, but we'll communicate further once we've determined what that looks like.

<Q – Orest Wowkodaw – Scotiabank>: Okay. And can you confirm, is there a standstill agreement with Glencore at the corporate level? And curious how long is it and when does it go into effect?

<A – Jonathan Price – Teck Resources Limited>: Orest, yes, there is. It comes into effect at completion of the transaction with Glencore and it's in place for 24 months.

<Q – Orest Wowkodaw – Scotiabank>: 24 months. Okay. Thank you. And finally, is there a break fee embedded in this transaction?

<A – Jonathan Price – Teck Resources Limited>: Yes, there is. It's $400 million.

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

<A – Jonathan Price – Teck Resources Limited>: Yeah. Which is connected to ICA, Orest.

Operator: The next question is from Lucas Pipes with B. Riley Securities. Please go ahead.

<Q – Nick Giles – B. Riley Securities, Inc.>: Yeah. Hi. Thank you, operator. And good morning, everyone. This is Nick Giles asking a question on behalf of Lucas. Congratulations here. In the press release, you noted that the board will determine the amount in the form of a significant capital return. Should we think about this as one within the current framework or something that could be outside of that framework? Thanks very much.

<A – Jonathan Price – Teck Resources Limited>: Look, I mean, I think the – that the framework very much applies here in this. We look at the capital structure as we've just been discussing in terms of the right level of debt and cash on balance sheet. We will have a view as to future cash that is required to fund some of the near-term copper projects that we've spoken about. And those are things such as San Nicolás, Zafranal, and the life extension of the Highland Valley Copper Mine here in British Columbia. And then, of course, the operation of the capital allocation framework is that a minimum of 30% of available cash flow is then returned to shareholders. But there is, of course, discretion of the board then to return amounts in excess of that.

As mentioned, that will be a determination that we take at or around completion of the transaction. By that point, of course, we will know exactly the quantum of cash flows that we've received from the coal business in that interim period between today and completion. And of course, we'll have regard to the outlook for the business and the markets that we're trading in at that point in time. So, all of those things, as ever, will factor into our decision-making process.

<Q – Nick Giles – B. Riley Securities, Inc.>: Thanks, Jonathan, that's helpful. Maybe just a quick follow-up. What level of cash you do anticipate to keep on the balance sheet? And then what SG&A savings would you anticipate at close of the transaction?

<A – Jonathan Price – Teck Resources Limited>: I'll pass the latter question onto Crystal, but for the former, as I mentioned, we'll be thinking about those projects that we have ready for investments in the near term. As I mentioned, we won't sanction any new development projects for at least 12 months to make sure we implement all of the learnings from QB2 into the future project decisions. But we do have a suite of attractive and high-returning projects in various stages of completion of feasibility studies or permitting, which we think could be ready in the first quarter of 2025 for sanction. So, the thinking here is that we ensure that we have cash available to ensure that those projects are fully funded. Crystal, over to you on the question in relation to G&A, please.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. Just in the context of the portion of our G&A, that would go to the coal business. I think you can use, again, all reference back to the carve-out financial statements that we did as part of project [indiscernible] (00:27:15), I think that is a – or sorry, in the context of our first separation is a reasonable proxy. I think it's about 40% of the G&A would go over to the coal business.

<Q – Nick Giles – B. Riley Securities, Inc.>: That's helpful and I appreciate the color and best of luck.

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

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

<Q – Bill Peterson – JPMorgan Securities LLC>: Yeah. Good morning and thanks for taking my questions. Can you give us a feel for what jurisdictions need to approve? What country they're seeing, maybe EU, UK, US? But what about China or India? And have you gotten any feedback already on this, any early feedback?

<A – Jonathan Price – Teck Resources Limited>: Yeah. There's actually 11 jurisdictions in which these approvals, our antitrust approvals are required, pretty early days at the moment, Bill, from a transaction perspective. So, no specific feedback at this point.

<Q – Bill Peterson – JPMorgan Securities LLC>: Okay. Thanks for that. Second one, you mentioned CapEx of CAD 2 billion for the three years. Should we assume that's sort of linear for your portion that you would need to fund the EVR through next year until the transaction is completed?

<A – Jonathan Price – Teck Resources Limited>: Yeah. I mean, we will, of course, continue funding all CapEx until completion of the transaction here. We haven't guided to that at this point for 2024. And, of course, beyond completion, Glencore will pick up all CapEx going forward of course. But nothing specific and nothing unusual, we will continue, of course with the investments we're making today, including the AMC project and including the investments that we're making in water treatment and water management infrastructure.

<Q – Bill Peterson – JPMorgan Securities LLC>: Okay. Thanks, Jonathan, thanks [indiscernible] (00:29:14).

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

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

<Q – Lawson Winder – BofA Securities>: Thank you very much, operator. Hello, Jonathan and Crystal, thanks for the update today. I wanted to ask a similar question to the prior one, which is with respect to investment Canada. I imagine your conversations with them have been very extensive over the past eight to nine months. What is your sense in terms of their views and concerns? And what is your comfort level with that approval?

<A – Jonathan Price – Teck Resources Limited>: Yeah. Look, I mean, we're obviously confident in receiving that approval, Lawson. We wouldn't have proceeded with the transaction if that wasn't the case. Glencore have put forward here a very comprehensive package of undertakings with enhanced benefits for EVR. And as I mentioned, some of those are related to employment, they're related to future investments in the business, including in areas such as R&D and community investment. And they also relate to the social and environmental commitments and practices in relation to that business.

Ultimately, we think that that package of commitments is good for EVR, but also good for the province of British Columbia and good for Canada. And of course, that is the relevant test when it comes to the ICA approval.

<Q – Lawson Winder – BofA Securities>: Yeah. That's a great color. Also, I wanted to ask about just the copper growth chart. I mean, we talk about it frequently on these calls, but just in light of the potentially enormous capital inflow that will be coming from this transaction. The chart on slide 11 has indicated like HVC 2040, San Nick (sic) [San Nicolás] (00:30:58), Zafranal, sort of all starting and being sanctioned at the same time. Is there a world in which all will be sanctioned and construction at the same time? And just what are the moving parts around how ordering might be determined if, in fact, they won't be, which I don't think is the case? Thanks.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Thanks, Lawson. Obviously sort of different styles of projects here. Highland Valley being a brownfield at our existing operation and that one's 100% Teck. We consider that to be very low risk, given essentially that's a mine pushback and a relocation of some existing infrastructure. San Nicolás, of course, will be a project that's ultimately delivered by the San Nicolás joint venture, which, as you know, is 50/50 Teck and Agnico Eagle. Again, that is a very simple, very low risk, low complexity, high-returning project. And then Zafranal, of course, is 80% Teck and 20% Mitsubishi. So, Teck would take the lead on that project.

So, if you look at the three of those, we've got sort of one greenfield and Teck would take the lead on being Zafranal, one delivered by a joint venture and one low risk brownfield that's 100% Teck. From a QB asset expansion potential, as we spoke last week, our first priority on QB, of course, is getting that ramped up to full production, finishing all of the outstanding areas of construction, but demonstrating that that operation will run at the rates and the unit costs that we previously articulated.

We will then really sweat that asset. It's a great plant. It's a great facility that we built. But we need to understand the full potential of that before we consider the right scope of a potential further expansion. So, it's for that reason that you see the QB asset expansion at a little bit further out here in the timeframe. I think it's safe to say that we certainly wouldn't be sanctioning the QB asset expansion and Zafranal at the same time. They are projects, given their scope, that do need to be staggered and staged as you see it here.

So, this – these are target sanction windows. Of course, we will only sanction projects if they offer high returns for our investors. And that will be the function of the feasibility study and the permitting work that is now ongoing. But I think what you see on the slide here is a reasonable representation of how we might progress these projects in the future.

<Q – Lawson Winder – BofA Securities>: If I could add one more question, I would greatly appreciate it. Just wanted to get your thoughts on Teck's strategic positioning post-closing this. I mean, to what extent might Teck have an appetite for acquisitions in the strategic metal space looking out a year? Thanks.

<A – Jonathan Price – Teck Resources Limited>: Yeah. Look, the primary focus, of course, is the development of this project pipeline, because we think it is unique and if done well, and if we make the right decisions around the right projects for the right sequence, we think that this can offer a very strong returns to shareholders. Of course, on a go forward basis, like, all companies, I guess, will continue to review the potential for strategic assets acquisitions. But the primary focus and the primary cornerstone of our strategy is very much on the – on realizing the value of this suite of projects that we've been developing and de-risking over many years.

Operator: The next question is from Alex Terentiew with Stifel. Please go ahead.

<Q – Alex Terentiew – Stifel Nicolaus Canada, Inc.>: Hi, Good morning, everybody. And congrats on getting this done. Just couple of questions for me, just circling back on some past thoughts here. On the use of proceeds, I know the answer to this depends on multitude of factors, but do you have an estimate of how much debt Teck could look to retire? And I'm asking because that [ph] my estimates it's for (00:35:10) copper prices to maintain investment grade credit rating and keep your net debt to EBITDA in the range you noted there, Crystal, it doesn't look like you would need to repay much, if any.

And then a second question, if I may, is on the regulatory front, I know this is early days, but to get this across the board, I'm just curious if you've engaged in any regulators thus far to help structure the commitment that you're asking from Glencore and that they proposed here, it was great to see that you guys have put those details out there. But I'm just wondering what sort of engagement with regulators there has been thus far?

<A – Jonathan Price – Teck Resources Limited>: Crystal, do you want to just talk to Alex's first question on the debt, please.

<A – Crystal Prystai – Teck Resources Limited>: Yeah. Sure. Hi, Alex. Look, I think we can't really be specific at this point. I think we want to, obviously, take the time and our board has to approve where – the direction we're going in terms of the use of proceeds. And as Jonathan said, we want to take into account the market conditions at the time of closing. So, we'll revert back once we have completed our analysis over the next few months.

<Q – Alex Terentiew – Stifel Nicolaus Canada, Inc.>: All right. Fair enough. Thanks.

<A – Jonathan Price – Teck Resources Limited>: Yeah. And on the engagement point, Alex, we've had what I would describe as normal course engagements with regulators and, of course, key players both at the provincial and federal level here. These commitments have been put together on the basis of extensive engagement with Glencore. We believe they're very well thought out, they're very robust and they're comprehensive in their scope, essentially picking up all of the commitments that the Teck has today, and then enhancing those in a number of areas.

<Q – Alex Terentiew – Stifel Nicolaus Canada, Inc.>: Okay. That's – yeah, that's a good way to put it. Thank you.

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

Operator: Our next question is from Chris LaFemina with Jefferies. Please go ahead.

<Q – Chris LaFemina – Jefferies LLC>: Hey, thanks for taking my question. Congratulations on the announcement from this morning. I just have a question back to the economics of this transaction. So, in the slide deck and the press release and multiple times in this call, you referred to the enterprise value of $9 billion. So, that really is just the equity value, right? Because that doesn't include the deferred tax liabilities or the shareholder loan or the environmental liabilities on EVR, right? So, it's actually that $9 billion plus the assumed liabilities, is that correct?

<A – Jonathan Price – Teck Resources Limited>: Yeah. You're right. The numbers that we're using are simply a gross up of Glencore's equity valuation of this to represent that $9 billion.

<Q – Chris LaFemina – Jefferies LLC>: So, I'm trying to understand what the overall value of the purchases. So, it's $9 billion plus. If we look at the carve-out balance sheet, [ph] which is the (00:38:11) deferred tax liabilities, the environmental liabilities and a shareholder loan, it's, I don't know, CAD 5.5 billion of liabilities on top of the $9 billion implied equity value for the purchase, right? So – and the question I would ask, first of all, is that right? Is $9 billion plus the CAD 5.5 billion liabilities in the balance sheet? I think the working capital is probably close to zero, so that would be the overall EV, $9 billion plus CAD 5.5 billion?

The second question that's based on the carve-out balance sheet from the end of 2022, how might that look by the time this deal closes in the third quarter of next year? You're going to pay down a significant portion of those deferred tax liabilities? What portion of the shareholder loan gets paid down? So, what does the net liability to the buyer look like by the time the transaction closes?

<A – Jonathan Price – Teck Resources Limited>: So, the first thing I would say is that the shareholder loan is entirely eliminated upon completion of this transaction. So, that won't be anything residual post completion. In addition to that, there are liabilities that Crystal previously spoke to associated with this. There has been or there is a deferred tax payment in relation to coal that has to be made in the first quarter of 2024 that we've signaled previously. Of course, that will be paid by Teck Resources because that is pre-completion of this transaction. So, I think, Chris, there's a number of things that you've referenced there being the shareholder loan and being some of the tax liabilities that will actually be not remaining in place upon completion of this deal.

<Q – Chris LaFemina – Jefferies LLC>: Okay. Thank you.

[indiscernible] (00:39:53)

<A – Jonathan Price – Teck Resources Limited>: We can take that offline.

<Q – Chris LaFemina – Jefferies LLC>: So, it might be...

<A – Jonathan Price – Teck Resources Limited>: Yeah. Sorry, go on.

<Q – Chris LaFemina – Jefferies LLC>: So, the liability might be less than – the liability could be less than what's shown on the carve-out balance sheet. But there are incremental liabilities that are not included with the $9 billion purchase price?

<A – Jonathan Price – Teck Resources Limited>: Yes, that's exactly right, Chris. Yes.

<Q – Chris LaFemina – Jefferies LLC>: Okay. Thank you.

Operator: That's all the time allocated for questions this morning. I'd like to hand the call back over to Mr. Price for closing remarks.

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

Thank you. Look, I would like to thank you all for joining us on the call today. And I do want to take a moment to thank the entire Teck team throughout this process, the team has remained focused on continuing production of essential metals and minerals for our customers and partners with leading sustainability performance and keeping an unwavering focus on health and safety.

We could not be more excited to reach today's conclusion to this process, and we look forward to sharing our progress as we refocus Teck as a Canadian-based global critical minerals champion. Thank you.

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