Essentials

2015 Annual Report

Teck

Our Business

Teck is a diversified resource company committed to responsible mining and mineral development with business units focused on steelmaking coal, copper, zinc and energy. Headquartered in Vancouver, British Columbia, Canada, we own or have an interest in 12 mines, one large metallurgical complex, a wind power facility, and several major development projects in Canada, the United States, Chile and Peru. We have expertise across a wide range of activities related to exploration, development, mining and minerals processing, including smelting and refining, safety, environmental protection, materials stewardship, recycling and research.

Our corporate strategy is focused on exploring for, developing, acquiring and operating world-class, long-life assets in stable jurisdictions that operate through multiple price cycles. We maximize productivity and efficiency at our existing operations, maintain a strong balance sheet, and are nimble in recognizing and acting on opportunities. The pursuit of sustainability guides our approach to business, and we recognize that our success depends on our ability to establish safe workplaces for our people and collaborative relationships with communities.

Mineral reserve and resource estimates for our properties are disclosed in 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 on the EDGAR section of the United States Securities and Exchange Commission (SEC) website at www.sec.gov.

Forward-Looking Statements
This annual report contains forward-looking statements. Please refer to the "Caution on Forward-Looking Information" on page 47.

All dollar amounts expressed throughout this report are in Canadian dollars unless otherwise noted.

In This Report

On the cover: Aaron Sangha, Geotechnical Engineer-In-Training, tests the hardness of rock in the Highmont area of our Highland Valley Copper Operations.

Steelmaking Coal

We are the world's second-largest seaborne exporter of steelmaking coal, with six operations in Western Canada and significant high-quality steelmaking coal reserves.

Copper

We are a top 10 copper producer in the Americas, with four operating mines in Canada, Chile and Peru, and copper development projects in North and South America.

Zinc

We are the world's third-largest producer of mined zinc, and operate one of the world's largest fully integrated zinc and lead smelting and refining facilities.

Energy

We are building an energy business through the development of Canadian oil sands projects with the potential to generate long-term value.

Operations and Major Projects:

Steelmaking Coal

1. Cardinal River
2. Steelmaking coal sites in B.C.
   - Fording River
   - Greenhills
   - Line Creek
   - Elkview
   - Coal Mountain

Copper

1. Highland Valley Copper
2. Antamina
3. Quebrada Blanca (incl. Quebrada Blanca Phase 2 project)
4. Carmen de Andacollo
5. Project Corridor

Zinc

1. Red Dog
2. Trail Operations
3. Pend Oreille

Energy

1. Frontier
2. Fort Hills
3. Wintering Hills Wind Power Facility

Corporate Head Office

* Vancouver

Operation   Project

2015 Highlights

Health and Safety

- Reduced our High-Potential Incident frequency rate by approximately 25% compared to 2014 and had no fatalities

Financial

- Over $6.7 billion of liquidity at the end of 2015; cash balance of $1.9 billion and a US$3.0 billion unused line of credit
- Revenues of $8.3 billion and gross profit before depreciation of $2.6 billion
- Cash flow from operations of $2.0 billion
- Completed two precious metal streaming transactions generating approximately $1.0 billion of cash

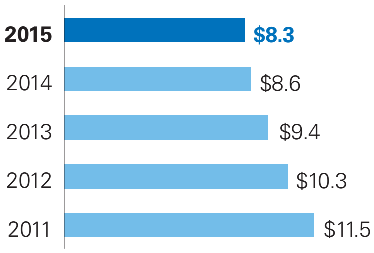
Operating and Development

- Reduced cash costs per unit of production at all of our operations compared to 2014
- Cost reduction program continued to reduce operating costs across all aspects of our organization
- Achieved record annual mill throughput at Antamina of approximately 154,000 tonnes per day
- Achieved record annual production of refined zinc and silver at Trail Operations
- Construction of the Fort Hills oil sands project is more than 50% complete and progressing substantially on schedule and on budget

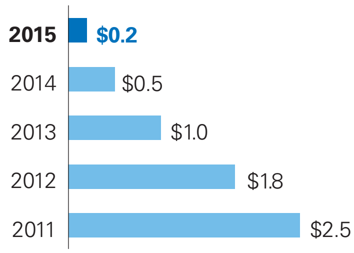
Sustainability

- Achieved each of our 2010 to 2015 sustainability goals for our six focus areas — Community, Water, Energy, Biodiversity, Materials Stewardship, and Our People — and updated our long-term 2030 sustainability goals
- Named to Dow Jones Sustainability World Index (DJSI) for the sixth consecutive year, the Global 100 Most Sustainable Corporations list by Corporate Knights for the fourth consecutive year, and the FTSE4Good Global Index for the first time

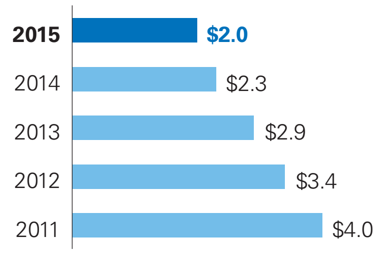
Revenue
($ in billions)



Adjusted Profit Attributable to Shareholders
($ in billions)



Cash Flow from Operations
($ in billions)



Letter from the Chairman

Dr. Norman B. Keevil
Chairman of the Board

To the Shareholders

This past year, 2015, was when the chickens came home to roost, after the most volatile pricing cycle for mined commodities in living memory. Hopefully, they have almost finished roosting.

The ups and downs of the last 10 years definitely were part of a "super-cycle", enjoyable for metal and oil producers while on the rise. It was too easy for many, in the business and outside it, to attribute the first, upwards leg, to a new paradigm based on ever-increasing consumption in China, to be followed by India, and so on, and to forget the second half of the phrase. Cycles have downward legs as well.

George Soros has described the nadir of this particular one as "more like a wrecking ball than a pendulum". However severe, it should surprise nobody that the laws of supply and demand have not been repealed. This is not a novel revelation. As far back as 2009 we cautioned in this space: "It is still a cycle. The industry will respond. As Lu Feng, a well-known Chinese professor, said recently, 'in a competitive environment, overcapacity is inevitable'. Eventually, entrepreneurs will always find a way to fill a vacuum, and the cycle will reverse". Eventually too, it will turn back up.

There was the usual supply response by the industry, but for the most part not nearly to the extent that the dramatic fall in commodity prices would suggest. Copper production, for example, increased by almost 20% between 2010 and 2015, but demand continued to grow as well. The surplus of supply over demand amounted to less than 1% in each of the last three years, yet this small surplus, combined with general market sentiment, has resulted in a 50% drop in the price of copper since 2011.

In oil, supply has exceeded demand for the last two years, attributable largely to new shale oil production in the United States. As with copper, the world surplus has actually been a fairly small percentage of total demand, but it seems likely to persist for a while, unless there is a renewal of historic discipline on the production side.

The market price for our premium metallurgical coal and for iron ore declined by 65% from their averages in 2011. However, while both are key components of steel, and prices are impacted by the rise or fall of steel production in China and elsewhere, the supply circumstances are different. With iron ore, two of the major producers in the world are seemingly intent on ramping up production to force prices down and drive smaller, higher-cost miners out of business. Unlike iron, there has been no such intentional overproduction dynamic with coal producers, although a series of announced cutbacks and closures has been slow to materialize. There are barriers to exit in mining, as well as to entry.

These difficulties will get sorted out, as they always do, and companies that are able to position themselves to grow shareholder value through the next several cycles will also do well, as they always do.

This is a business where we have to think long term at the same time as we deal with the short-term issues. Cost control at times like this is Job One, as it should be at most times, but it is encouraging that more and more influential people are speaking out in support of longer term strategies as well. This includes Larry Fink of BlackRock Inc., Mark Wiseman of the Canada Pension Plan Investment Board, and Dominic Barton of McKinsey. Mr. Fink said in his recent annual letter that investors know companies face "a challenging mix of external dynamics", and that with a better understanding of long-term strategy, shareholders "can put annual financial results in the proper context". And, "without clearly-articulated plans, companies risk losing the faith of long-term investors".

We have noted often in this space that our underlying objective is to grow shareholder value as consistently as possible over the cycles and in spite of them, and to do so professionally and responsibly. It is not to get bigger for its own sake. As we say: "Size can be the result of success, but it is seldom the reason for it".

Teck was for many years the fastest-growing, established mining company in Canada in terms of shareholder value, and one of the best in the world, simply as a result of building a continuing sequence of successful new mines. Over a 20-year period we built nine new mines and added three others through business transactions. While some were obviously more important to us than others, the process naturally tends to create new wealth. It is also, of course, necessary in order for any company to replace existing reserves as they are mined. A mining company without ore reserves is an oxymoron.

We have to keep that established, successful game plan in mind, and in fact we have three candidates in the portfolio right now. The Fort Hills oil sands project is half-way through construction and should be a core asset for a generation. Our two copper development projects in Chile have similar potential to become important new mines. The hypogene copper deposit beneath the original Quebrada Blanca mine is presently at the permitting stage, and the recent rationalization of our Relincho deposit with Goldcorp's El Morro, now together known as Project Corridor, is a few years behind.

When we were building a new mine every couple of years, we always tried to have the next few on the drawing boards. With the requirements to get environmental and social permits taking much more time these days, it is more important than ever that we begin now to obtain and start the necessary work on prospects that will make up the next series of new mine development projects, following or along with those three.

If it takes some 10 years to get a new mine engineered, approved and built these days, and that is likely optimistic, the best mining company will have a pipeline of projects, sequenced to accommodate this, in addition to its well-run, established mines. One new mine will be about to start up, another permitted and ready for a construction decision, another a bit further out, and then two or three others beginning that long process. And it will maintain the financial wherewithal to implement this.

My upcoming book is entitled *Never Rest on your Ores*, and that says it all.

In closing, in the normal process of Board renewal there were four new directors elected in the last two years, Tracey McVicar, Laura Dottori-Attanasio, Tim Snider and Ken Pickering, and all are making strong contributions to your company. This year Takashi Kuriyama and Felix Chee will not be standing for re-election for personal reasons, and your Nominating Committee has proposed Eiichi Fukuda and Quan Chong be elected to replace them. On behalf of all of the Board, I would like to express our appreciation for the sound advice and international experience Takashi and Felix have contributed during their tenure, and to wish them well.

On behalf of the Board of Directors,

Dr. Norman B. Keevil
Chairman
Vancouver, B.C., Canada
February 23, 2016

Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

2015 saw a continuation of the challenges that have faced the mining sector for the past several years — oversupply and persistent low commodity prices, coupled with the ongoing slowdown of growth in China and emerging markets. Faced with this prolonged period of depressed prices, we have remained diligently focused on the essentials — productivity and financial strength, while striving for the highest standards in safety and sustainability.

Global market conditions continued to weigh on the price of our key commodities. In steelmaking coal, our average realized price fell by 19% to US$93 per tonne. Copper and zinc prices were at their lowest levels since 2009. In copper, average prices fell by 20% to US$2.49 per pound. In zinc, despite declining inventories, average prices fell by 11% to US$0.87 per pound. But the commodity price is only one data point. Far more important than the commodity price as an indicator of industry conditions is the margin available and, in this regard, we are experiencing some of the worst business conditions in our lifetime. In 2015, the EBITDA margin of the global mining industry was by far the lowest it has been in the 30 years that EBITDA margin has been tracked. Most of our major competitors in the steelmaking coal business in North America are now bankrupt, while over a third of Australian and 85% of Chinese competitors are cash negative. A zinc producer in the United States has recently filed for bankruptcy and major shutdowns have been announced by a number of our peers in both the zinc and copper industries.

Against this backdrop, our operations continue to perform very well. We achieved or exceeded all of our guidance for production and costs in 2015. Our operating successes during the year included record annual production of zinc and silver at our Trail Operations, and the successful completion of the crusher relocation project at Highland Valley Copper. Cost reduction remained a major focus in 2015 as we cut operating costs across our entire business and reduced cash costs per unit of production at all of our operations. We intend to build on that success in 2016 by implementing measures to further reduce total spending, conserve capital and maintain financial flexibility with the objective that all mines generate positive cash flow in the year ahead.

Our gross profit before depreciation and amortization for 2015 was $2.6 billion (2014 $2.9 billion). However, we recorded impairment charges totalling $2.7 billion on an after-tax basis, reflecting lower market expectations for commodity prices. Given the substantial decline in commodity prices, we took action to maintain balance sheet strength. We completed precious metal streaming transactions related to our Antamina and Carmen de Andacollo operations, which together provided approximately $1.0 billion of cash. We extended our main US$3.0 billion credit facility to 2020. We also put in place a two-year, US$1.2 billion facility in anticipation of the need for letters of credit related to our pipeline commitments in Alberta and our power purchase commitments in Chile, and we continue to consider alternatives to further improve liquidity. We repaid a US$300 million note in October and there are no notes due until early 2017. As a result, we ended the year with over $6 billion of liquidity, including a cash balance of $1.9 billion and a US$3.0 billion credit facility.

Construction of the Fort Hills oil sands project remains on schedule and is now over 50% complete. While oil prices have experienced a significant decline since mid-2014, it is important to remember that Fort Hills has an expected mine life of approximately 50 years and will operate through multiple price cycles. Until Fort Hills comes into production in late 2017, as a significant consumer of fuel in its mining operations, Teck benefits significantly from low oil prices and associated weakness of the Canadian dollar.

We reached an agreement with Goldcorp Inc. in 2015 to combine their El Morro project and our Relincho project into a single joint venture named Project Corridor. This is a common sense approach that allows us to consolidate infrastructure to reduce costs, reduce the environmental footprint and provide greater returns in comparison to either standalone project. Project Corridor will now only require a single desalination plant, a single port, a single transmission line, a single concentrator and a common tailings facility.

Across every aspect of our business we remain focused on our core value of safety. In 2015, we achieved a 25% reduction in our High Potential Incident frequency compared to the previous year and had no fatalities. Despite this success in reducing our most serious incidents, our total reportable injury and lost-time injury frequencies edged upwards, reinforcing that we must continue working towards achieving our goal of everyone going home safe and healthy every day.

Our progress in sustainability in 2015 was recognized by a number of prominent international ranking institutes. We were named to the Dow Jones Sustainability World Index (DJSI) for the sixth consecutive year, the Global 100 Most Sustainable Corporations list by Corporate Knights for the fourth consecutive year, and the FTSE4Good Global Index for the first time.

Recognizing our responsibility to help address climate change, we continue to focus on reducing greenhouse gas emissions by improving our energy efficiency and implementing low-carbon technologies. To date, across our operations we have achieved approximately 200,000 tonnes in emissions reductions annually. An example of this work in 2015 was the launch of a pilot to test the use of liquefied natural gas as a fuel source in haul trucks at our steelmaking coal operations to reduce costs and emissions.

Looking ahead, we expect to again meet or exceed our production and cost targets for each of our steelmaking coal, copper and zinc operations in 2016. We will also continue to work to reduce total spending and increase our additional margins through operating excellence.

We will continue to work to strengthen our balance sheet and ensure access to multiple potential sources of capital. We will also work to realize additional free cash flow through reduced capital spending and to supplement liquidity through non-core asset sales. We aim to end 2016 without recourse to additional borrowing to fund our planned capital spending.

We will strengthen our portfolio by advancing permitting and engineering for our Quebrada Blanca Phase 2 project, while achieving material capital cost reductions, and we will advance Project Corridor with an emphasis on community relations. We will also continue to contribute to the successful execution of the Fort Hills oil sands project.

In early 2016, we announced the retirement of a number of senior executives and the consequent reorganization of senior management to streamline reporting relationships and further align the organizational structure with the current business environment. I want to thank these individuals for their outstanding commitment to the company and the industry over the course of their careers: Ian Kilgour, Executive Vice President and Chief Operating Officer; Rob Scott, Senior Vice President, Zinc; Ray Reipas, Senior Vice President, Energy; and Tim Watson, Senior Vice President, Project Development. I would also like to acknowledge Bob Kelly, Vice President, Health and Safety, who retired in 2015 and was succeeded by Lawrence Watkins.

Teck's people are as resilient as ever and we are taking advantage of the opportunities that adversity provides to improve our performance. Our disciplined focus on the essentials of our business — productivity, financial strength, safety and sustainability — will ensure we emerge stronger from these challenging times.

Donald R. Lindsay
President and Chief Executive Officer
Vancouver, B.C., Canada
February 23, 2016

Responsibility

Health and Safety

Nothing is more important to us than the health and safety of our people. We recognize our responsibility to identify and mitigate health and safety risks, and we believe it is possible for our people to work without serious injuries. By providing our people with the best safety procedures, tools and practices, and leadership skills, we know we can achieve our vision of everyone going home safe and healthy every day.

In 2015, we continued to build on our safety performance in areas of greatest risk. We reduced our High-Potential Incident (HPI) frequency rate by approximately 25% compared to 2014 and had no fatalities.

Total reportable injury frequency was 20% higher than in 2014, largely due to an increase in medical aid injuries, while our lost-time injury frequency increased by 5%.

In 2015, we continued to focus on identifying the root causes and contributing factors for HPIs through our High-Potential Risk Control strategy, which has now been implemented at all of our operations. This program focuses on improving the way we identify and evaluate the controls that will most effectively prevent serious injury or loss of life.

We engaged a cross-section of Teck employees to help determine the direction of the next phase of Courageous Safety Leadership. This phase will be implemented in 2016 to enhance the development of a positive culture of safety.

In 2016, we will work to enhance our occupational health and hygiene risk assessments, monitoring, and exposure controls to protect the long-term health of employees.

Our People

Our nearly 10,000 employees and contractors worldwide have expertise across a wide range of activities related to mining and mineral processing including exploration, development, smelting, refining, safety, environmental protection, product stewardship, recycling and research. In every decision and every action, we are guided by our focus on safety, sustainability and productivity.

Throughout 2015, we faced continued challenging market conditions for the commodities we produce. In response to these conditions, we intensified our focus on cost reduction and efficiency. As part of this work, in 2015 we announced a reduction of 1,000 positions across Teck's global offices and operations, including a reduction in senior management positions, by the end of 2016. This will bring our total labour force reductions since 2014 to approximately 2,000 positions.

These measures make it essential that we continue to focus on providing support, development and mentoring opportunities for our employees. This will ensure they have the resources they need to excel, and to maintain Teck's competitiveness as we work through this challenging period and emerge stronger.

Sustainability

We are committed to providing the metal and mineral products essential to building a modern, sustainable society while minimizing our environmental footprint and meeting societal expectations for responsible resource development. Our approach to responsible development was outlined in 2011 in our sustainability strategy. This strategy set a vision and goals that will guide us to 2030 in six areas of focus representing the most significant sustainability challenges and opportunities facing our company.

In 2015, we conducted a review of the strategy and revised our focus areas to reflect changes in the industry, in society and at our operations. We added Air as a new focus area and increased our attention on the challenge of climate change with a focus on improving energy efficiency, implementing low-carbon technologies and advocating for carbon pricing. Materials Stewardship was removed as a focus area in recognition that product stewardship and supply chain management are integrated into overall business practices.

Progress in our sustainability strategy is measured in short-term goals (actions we expect to achieve within a five-year time frame) and longer-term goals (to be completed by 2030). In 2015, we completed our first set of short-term goals and set new short-term goals to guide us to 2020 in our updated focus areas — Water, Energy and Climate Change, Biodiversity, Air, Our People and Community.

Our 2015 Sustainability Report will cover a variety of material topics including Health and Safety, Economic Performance and Contributions, Tailings Management, Indigenous Peoples, Climate Change and Emergency Preparedness. More information on our sustainability strategy and performance can be found in Teck's annual sustainability report at www.teck.com.

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 assistance.

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, molybdenum, silver, and various specialty and other metals, chemicals and fertilizers. In addition, we own a 20% interest in the Fort Hills oil sands project, and interests in other oil sands assets in the Athabasca region of Alberta. We also actively explore for copper, zinc and gold.

This Management's Discussion and Analysis of our results of operations is prepared as at February 16, 2016 and should be read in conjunction with our audited consolidated financial statements as at and for the year ended December 31, 2015. Unless the context otherwise dictates, a reference to Teck, Teck Resources, the Company, us, we, or our refers to Teck Resources Limited and its subsidiaries including Teck Metals Ltd. and Teck Coal Partnership. All dollar amounts are in Canadian dollars, unless otherwise stated, and are based on our consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS). In addition, we use certain financial measures, which are identified throughout the Management's Discussion and Analysis in this report, that are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or by Generally Accepted Accounting Principles (GAAP) in the U.S. See "Use of Non-GAAP Financial Measures" on page 43 for an explanation of these financial measures and reconciliation to the most directly comparable financial measures under IFRS.

This Management's Discussion and Analysis contains certain forward-looking information and forward-looking statements. You should review the cautionary statement on forward-looking information under the heading "Caution on Forward-Looking Information" on page 47, which forms part of this Management's Discussion and Analysis.

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 2016.

Five-Year Production Record and Our Expected Share of Production in 2016

	Units (000's)	2011	2012	2013	2014	**2015**	2016[2] estimate
Principal Products							
Steelmaking coal	tonnes	22,785	24,652	25,622	26,691	**25,274**	25,500
Copper[1]	tonnes	321	373	364	333	**358**	312
Zinc							
Contained in concentrate	tonnes	646	598	623	660	**658**	645
Refined	tonnes	291	284	290	277	**307**	295
Other Products							
Lead							
Contained in concentrate	tonnes	84	95	97	123	**124**	123
Refined	tonnes	86	88	86	82	**84**	87
Molybdenum contained in concentrate	pounds	10,983	12,692	8,322	5,869	**4,403**	7,700

Notes:

(1) We include 100% of the production and sales from our Highland Valley Copper, Quebrada Blanca and Carmen de Andacollo mines in our production and sales volumes, even though we own 97.5%, 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.

(2) Production estimate for 2016 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$				
	2015	% chg	2014	% chg	2013	**2015**	% chg	2014	% chg	2013
Steelmaking coal (realized — $/tonne)	**93**	-19%	115	-23%	149	**117**	-7%	126	-18%	153
Copper (LME cash — $/pound)	**2.49**	-20%	3.11	-6%	3.32	**3.19**	-7%	3.43	–	3.42
Zinc (LME cash — $/pound)	**0.87**	-11%	0.98	+13%	0.87	**1.11**	+3%	1.08	+20%	0.90
Exchange rate (Bank of Canada)										
US$1 = CAD$	**1.28**	+16%	1.10	+7%	1.03					
CAD$1 = US$	**0.78**	-14%	0.91	-6%	0.97					

Our revenues and gross profit, before depreciation and amortization, by business unit are summarized in the following table.

	Revenues			Gross Profit Before Depreciation and Amortization[(1)]		
($ in millions)	**2015**	2014	2013	**2015**	2014	2013
Steelmaking coal	**$ 3,049**	$ 3,335	$ 4,113	**$ 906**	$ 920	$ 1,729
Copper	**2,422**	2,586	2,853	**931**	1,177	1,391
Zinc	**2,784**	2,675	2,410	**805**	779	534
Energy	**4**	3	6	**3**	3	5
Total	**$ 8,259**	$ 8,599	$ 9,382	**$ 2,645**	$ 2,879	$ 3,659

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 2015, our steelmaking coal operations produced 25.3 million tonnes of steelmaking coal, with sales of 26.0 million tonnes. The majority of our sales are to the Asia-Pacific region, with lesser amounts going primarily to Europe and the Americas. We expect to produce 25 to 26 million tonnes of steelmaking coal in 2016. However, we will continue to monitor market conditions and align production rates with anticipated demand. Our current production capacity is approximately 28 million tonnes.

In November 2015, we suspended our Coal Mountain Phase 2 Project (CMO Phase 2), which is not economic under the current market outlook. The suspension of CMO Phase 2 means that mining will conclude at our existing Coal Mountain Operations in the fourth quarter of 2017. We will identify options to potentially replace the 2.25 million tonnes of annual steelmaking coal production that were planned from the CMO Phase 2 project by optimizing production from our other operations.

In 2015, our steelmaking coal business unit accounted for 37% of revenue and 34% of gross profit before depreciation and amortization.

($ in millions)	**2015**	2014	2013
Revenues	**$ 3,049**	$ 3,335	$ 4,113
Gross profit before depreciation and amortization	**$ 906**	$ 920	$ 1,729
Production (million tonnes)	**25.3**	26.7	25.6
Sales (million tonnes)	**26.0**	26.2	26.9

Operations

Gross profit before depreciation and amortization declined in 2015, primarily due to lower steelmaking coal prices. Our average realized selling price in 2015 decreased to US$93 per tonne, compared with US$115 per tonne in 2014 and US$149 per tonne in 2013.

Sales volumes of 26.0 million tonnes in 2015 were similar to 2014, mainly due to strong demand from contract customers, sales to new customers, good spot sales and the capability of our logistics chain.

Our 2015 production of 25.3 million tonnes was down 1.4 million tonnes from 2014, primarily due to our decision to implement staggered three-week shutdowns of our steelmaking coal operations in the third quarter to align production and inventories with market conditions.

The cost of product sold in 2015, before transportation and depreciation charges, was $45 per tonne, compared with $51 per tonne in 2014. This significant cost reduction was achieved by focusing on improvements in equipment and labour productivity, reduced use of contractors, reduced consumable usage, limiting the use of higher-cost equipment, and lower fuel prices. However, these were partially offset by the strengthening U.S. dollar on some inputs and higher electricity costs.

Capital spending in 2015 included $67 million for sustaining capital, $29 million for major enhancements to increase productive capacity and $396 million on stripping activities.

Excluding transportation costs, we expect our annual cost of product sold in 2016 to be in the range of $45 to $49 per tonne (US$32 to US$35), based on our current production plans. This range is slightly higher than 2015 as a result of reduced stripping costs being capitalized. Capitalized stripping for 2016 is expected to be $288 million, which is $108 million, or approximately $4 per tonne less than 2015. Normal variability between higher and lower strip ratio areas exists in our mine plan sequence, which will from time to time lead to either higher or lower cost of product sold, regardless of movements in the actual cash production costs at the operations, which are planned to be lower in 2016 than they were in 2015. Transportation costs in 2016 are expected to be approximately $35 to $37 per tonne (US$25 to US$26).

Elk Valley Water Management

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

Implementation of the Plan includes the construction of active water treatment facilities to reduce selenium and nitrates in the receiving environment. We expect the long-term costs of water management, including capital and operating costs, to average in the range of $4 per tonne of steelmaking coal (assuming annual production of 27.5 million tonnes). Final costs of implementing the Plan will depend in part on the technologies applied and on the results of ongoing environmental monitoring.

In 2015, we spent approximately $43 million towards implementation of the Plan and in 2016, we expect to spend approximately $31 million. Of the $31 million, $11 million is included in our estimate of coal-sustaining capital relating to the construction of our second active water treatment plant at our Fording River Operations, as contemplated by the Plan. Our West Line Creek water treatment facility completed commissioning in February 2016 and is now reducing selenium concentrations in water at design levels.

We expect that, in order to maintain water quality, water treatment will need to continue for an indefinite period after mining operations end. The Plan contemplates ongoing monitoring of the regional environment to ensure that the water quality targets set out in the Plan are in fact protective of the environment and human health, and 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 or 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 in April 2021. Our previous agreement with CP Rail covering eastbound shipments to North American customers expired at the end of February 2015. Since that time, our eastbound shipments with CP Rail have been covered by a railway tariff. We also reached an agreement with BNSF Railway to move a portion of our Chicago-area shipments beginning in the fourth quarter of 2015. Our Cardinal River Operations in Alberta is served by Canadian National Railway, which transports our product to ports on the west coast.

Ports

We maintain access to terminal loading capacity in excess of our planned 2016 shipments. Neptune Bulk Terminals, in which we have a 46% ownership interest, is proceeding with regulatory review for an air permit in support of a proposed expansion of its annual steelmaking coal throughput capacity from 12.5 million tonnes to 18.5 million tonnes, building on the previous increase from 9 million tonnes in 2013. A decision by Port Metro Vancouver regarding the permit is expected in early 2016.

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 2015, we continued to focus our marketing in areas with the greatest demand growth, further reducing sales to China, and diverting volume to areas such as Europe, Korea, Taiwan, North America and India.

Markets

The steelmaking coal market continued to be oversupplied with all grades of seaborne steelmaking coal in 2015, with prices at their lowest levels since 2004. Estimates indicate the extent of the oversupply diminished by the end of 2015 compared to a year earlier, as production curtailments accelerated in response to unsustainably low pricing levels. Reduced Chinese imports partially offset production curtailments, maintaining pressure on pricing. The benchmark price for our highest-quality products decreased from US$116.50 per tonne earlier in the year to US$81 per tonne for the first quarter of 2016.

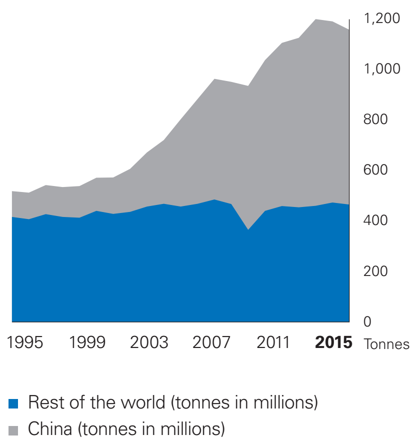
Spot price assessments continued to trend down through 2015, reaching the low US$70s in late November before recovering slightly in the start of 2016. The move to shorter-term pricing continued in 2015, with steelmakers continuing to price an increasing portion of steelmaking coal purchases on a spot basis.

Market expectations are that global steel production will increase in 2016, offsetting part of the reduction seen in 2015. Nevertheless, further curtailment in steelmaking coal supply is required to bring the market into balance.

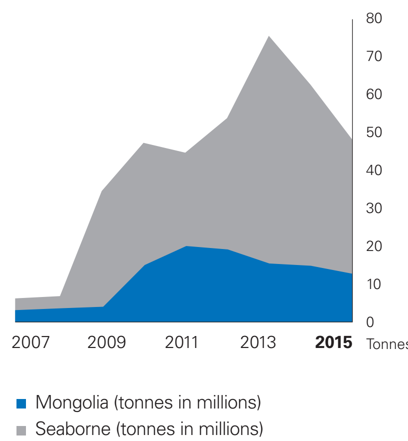
The following graphs show key metrics affecting steelmaking coal sales: spot price assessments and quarterly benchmark pricing, hot metal production (each tonne of hot metal, or pig iron, produced requires approximately 650–700 kilograms of steelmaking coal), and China's steelmaking coal imports by source.

Daily Steelmaking Coal Assessments
Source: Argus

Hot Metal (Pig Iron) Production
Source: World Steel Association



China Steelmaking Coal Imports
Source: GTIS, China's Customs



Copper

In 2015, we produced 358,000 tonnes of copper from our Highland Valley Copper Operations in B.C., our 22.5% interest in Antamina in Peru, our Quebrada Blanca and Carmen de Andacollo operations in Chile, and our Duck Pond Operations in Newfoundland and Labrador, which was permanently closed in June 2015 due to the exhaustion of reserves. Our operations performed well in 2015, with copper production up 7% from 2014. This was primarily due to higher grades and recoveries at Highland Valley Copper and record mill throughput at Antamina, and was achieved despite reduced production as a result of unexpected ground movement at Quebrada Blanca in June and the closure of our Duck Pond Operations.

In 2016, we estimate copper production will be in the range of 305,000 to 320,000 tonnes, primarily due to lower grades at Highland Valley Copper and Quebrada Blanca, partially offset by higher grades at Antamina.

In 2015, our copper operations accounted for 29% of our revenue and 35% of our gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization		
($ in millions)	**2015**	2014	2013	**2015**	2014	2013
Highland Valley Copper	**$ 999**	$ 943	$ 882	**$ 449**	$ 419	$ 408
Antamina	**634**	659	822	**412**	450	596
Quebrada Blanca	**288**	375	422	**(19)**	118	121
Carmen de Andacollo	**442**	504	606	**86**	164	244
Duck Pond	**53**	96	113	**(3)**	16	19
Other	**6**	9	8	**6**	10	3
Total	**$ 2,422**	$ 2,586	$ 2,853	**$ 931**	$ 1,177	$ 1,391

	Production			Sales		
(000's tonnes)	**2015**	2014	2013	**2015**	2014	2013
Highland Valley Copper	**152**	121	113	**150**	124	112
Antamina	**88**	78	100	**87**	78	98
Quebrada Blanca	**39**	48	56	**40**	49	55
Carmen de Andacollo	**73**	72	81	**72**	74	83
Duck Pond	**6**	14	14	**8**	13	14
Total	**358**	333	364	**357**	338	362

Operations

Highland Valley Copper

We have a 97.5% interest in Highland Valley Copper, located in south-central B.C. Gross profit before depreciation and amortization was $449 million in 2015, compared to $419 million in 2014 and $408 million in 2013, with substantially higher production and sales volumes, partially offset by lower copper prices. Highland Valley Copper's 2015 production was 151,400 tonnes of copper in concentrate, compared to 121,500 tonnes in 2014. The increase was primarily due to higher copper grades and higher recoveries. Molybdenum production in 2015 was 34% lower than 2014 levels at 3.4 million pounds, compared to 5.2 million pounds in 2014, primarily due to lower grades, partially offset by higher recovery.

Ore is currently mined from the Valley, Lornex and Highmont pits. A crusher relocation in the Valley pit was completed in 2015 at a total cost of $56 million, below the budget of $69 million, providing access to over 30 million tonnes of reserves as part of our current life of mine plan. The Valley pit was the main feed source to the mill in 2015 and also provided our highest grade material, which will continue through the first half of 2016. The next phase of the Lornex pit will provide a more significant proportion of material to the mill in 2016, but at lower grades than current material from the Valley pit. The Lornex pit will be an important feed source through the remainder of mine life. In 2015, additional drilling and engineering studies were conducted to define resources in the Bethlehem area, and to examine other options to optimize and extend production past the current mine life. Further work is planned in 2016.

On average, production is expected to be 135,000 tonnes per year until the end of the current mine life in 2026. As anticipated in the mine plan, production at Highland Valley Copper will vary significantly over the next few years due to significant fluctuations in ore grades and hardness. Highland Valley Copper Operations' production in 2016 is projected to decline to between 113,000 and 118,000 tonnes of copper as the current high-grade phase of the Valley pit is completed. Copper production is expected to be higher in the first half of 2016 before declining significantly for the remainder of the year. Copper production is anticipated to be lower than normal as we mine a lower-grade phase of the mine before gradually recovering in 2018 and 2019. Average annual copper production from 2017 to 2019 is expected to be 105,000 tonnes per year, with a low of 90,000 tonnes expected in 2017. Copper production is anticipated to return to above life of mine average levels starting in 2020. Molybdenum production in 2016 is expected to be approximately 5.8 to 6.2 million pounds contained in concentrate. Annual molybdenum production from 2017 to 2019 is estimated to average 8.5 million pounds.

Antamina

We have a 22.5% 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 2015, our share of gross profit before depreciation and amortization was $412 million, compared with $450 million in 2014 and $596 million in 2013. Gross profit in 2015 remained similar to a year ago, as higher production and sales levels were offset by lower copper and zinc prices.

Antamina's copper production (100% basis) in 2015 was 390,600 tonnes, compared to 344,900 tonnes in 2014, with the increase primarily due to record annual mill throughput. Zinc production increased by 11% to 235,000 tonnes in 2015, primarily due to higher throughput and a higher share of copper-zinc ore processed. Molybdenum production totalled 4.4 million pounds, which was 42% higher than in 2014, due to higher grades.

During 2015, Antamina achieved a record mill throughput rate of approximately 154,000 tonnes per day, which was much higher than the 130,000 tonnes per day design capacity of the original expansion project. Future throughput rates will depend on ore hardness and the mix of ore feeds to the plant, but are expected to continue above original design capacity rates as a result of successful and continued debottlenecking efforts.

In the fourth quarter of 2015, Teck and a subsidiary entered into a long-term streaming agreement with FN Holdings ULC (FNH), a subsidiary of Franco-Nevada Corporation, linked to silver production at the Antamina mine. FNH made a payment of US$610 million on closing and will pay 5% of the spot price at the time of delivery for each ounce of silver delivered under the agreement. Teck will deliver silver to FNH equivalent to 22.5% of payable silver sold by Compañia Minera Antamina S.A., using a silver payability factor of 90%. After 86 million ounces of silver have been delivered under the agreement, the stream will be reduced by one-third. We recorded the payment as deferred consideration and will amortize the amount based on delivery of the silver.

Subsequent to year-end, a new three-year labour agreement was successfully concluded and will expire in the third quarter of 2018.

Our 22.5% share of Antamina's 2016 production is expected to be in the range of 90,000 to 95,000 tonnes of copper, 48,000 to 52,000 tonnes of zinc and approximately 1.7 million pounds of molybdenum in concentrate. Our share of copper production is expected to remain stable between 90,000 and 100,000 tonnes from 2017 to 2019. Zinc production is expected to increase significantly as the mine enters a phase with high zinc grades and a higher proportion of copper-zinc ore processed, with our share of zinc production during 2017 to 2019 expected to average more than 80,000 tonnes per year. Annual molybdenum production is expected to range between 2.0 million and 2.5 million pounds between 2017 and 2019.

Quebrada Blanca

Quebrada Blanca is located in northern Chile, 240 kilometres southeast of the city of Iquique. We own a 76.5% interest in Quebrada Blanca; the other shareholders are Inversiones Mineras S.A. (13.5%) and state-owned agency Empresa Nacional de Minería (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 incurred a gross loss before depreciation and amortization of $19 million in 2015, compared with a gross profit before depreciation and amortization of $118 million in 2014 and $121 million in 2013. The decrease was primarily due to lower production, mainly resulting from ground control issues described below, and increased costs as a result of inventory write-downs to reflect lower copper prices.

Following unexpected ground movement in June 2015, we suspended mining as a precautionary measure in the area adjacent to the SX-EW plant and temporarily shut down the processing facilities. Normal mining operations resumed in August. 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. The north portion of the SX-EW plant is being decommissioned.

In 2015, Quebrada Blanca produced 39,100 tonnes of copper cathode, compared to 48,000 tonnes in 2014, with the reduction primarily as a result of the precautionary suspension following the ground movement.

We continue to advance the updating of environmental permits for the existing facilities for the supergene operation. The assessment and Indigenous consultation by the relevant regulatory agencies are still in progress.

All three labour agreements covering employees at Quebrada Blanca were successfully negotiated in 2015 and will expire in the fourth quarter of 2017.

We expect production of approximately 30,000 to 35,000 tonnes of copper cathode in 2016. Grades are forecast to continue to decline as the supergene deposit is gradually depleted. The operation made significant progress on further cost reduction initiatives in late 2015, with continued focus in early 2016 on minimizing operating costs at current production rates. Mine life options past 2016 are being reviewed in light of current market conditions, and future production plans will depend on copper prices and further cost reduction efforts.

Carmen de Andacollo

We have a 90% interest in the Carmen de Andacollo mine in Chile, which is located 350 kilometres north of Santiago. The remaining 10% is owned by ENAMI. Gross profit before depreciation and amortization was $86 million in 2015, compared with $164 million in 2014 and $244 million in 2013. Gross profit was lower in 2015 due to lower copper prices.

Carmen de Andacollo produced 68,300 tonnes of copper contained in concentrate in 2015, similar to 67,500 tonnes produced in 2014. Copper cathode production was 4,700 tonnes in 2015, compared with 4,300 tonnes in 2014. Gold production, on a 100% basis, of 47,600 ounces was consistent with production in 2014.

In the third quarter of 2015, our subsidiary Compañia Minera Teck Carmen de Andacollo sold an interest in gold reserves and resources from the Carmen de Andacollo mine to RGLD Gold AG (RGLDAG), a wholly owned subsidiary of Royal Gold, Inc. Under the terms of the agreement, RGLDAG made an advance payment of US$525 million to Carmen de Andacollo, which will sell and deliver, on a monthly basis, an amount of gold equal to 100% of the payable gold produced from the mine until 900,000 ounces have been delivered, and 50% thereafter. RGLDAG will also pay a cash price of 15% of the monthly average gold price at the time of each delivery. In a separate transaction, Carmen de Andacollo paid Royal Gold Chile Limitada, a wholly owned subsidiary of Royal Gold, Inc., US$345 million to terminate an earlier royalty agreement entered into in 2010 regarding the mine.

Both Carmen de Andacollo labour agreements were successfully negotiated in 2015, each with a term of four years.

Consistent with the mine plan, copper grades are expected to continue to gradually decline in 2016 and in future years, which we expect to offset by planned throughput improvements. Carmen de Andacollo's production in 2016 is expected to be similar to 2015, in the range of 65,000 to 70,000 tonnes of copper in concentrate and 3,000 tonnes of copper cathode. Copper concentrate production is expected to remain similar for the subsequent three-year period. Although previously expected to cease at the end of 2015, we are working to extend cathode production at similar rates through 2020.

Duck Pond

As expected, reserves at our 100%-owned Duck Pond copper-zinc mine in central Newfoundland and Labrador were exhausted in the first half of 2015 and the mine was permanently closed on June 30.

Duck Pond incurred a gross loss before depreciation and amortization of $3 million in 2015, compared to a gross profit before depreciation and amortization of $16 million in 2014 and $19 million in 2013. Gross profit declined as a result of the closure mid-year and lower metal prices.

Copper production was 6,100 tonnes in 2015, compared to 14,200 tonnes in 2014. Zinc production was 7,000 tonnes, compared with 16,200 tonnes of zinc production in 2014.

Quebrada Blanca Phase 2

Work on the Quebrada Blanca Phase 2 project in 2015 focused on capital optimization and permitting. As part of this work, we decided to move the proposed tailings facility closer to the mine site. The proposed facility is expected to provide sufficient capacity for tailings from ore mined during the first 25 years of the mine life. This decision and other plant and infrastructure optimizations in the current design are expected to materially reduce initial capital costs for the project. We expect to complete a new cost estimate in 2016 as engineering on these design changes progresses. Additional baseline work is required as a result of these changes, and we now anticipate submitting the Social and Environmental Impact Assessment (SEIA) for the project to the authorities in mid- to late 2016.

Project Corridor (formerly Relincho)

In November, we closed a transaction combining Goldcorp's El Morro project with our Relincho project, located approximately 40 kilometres apart in the Huasco Province in the Atacama region of Chile, into a single copper-gold-molybdenum project. Teck and Goldcorp contributed their respective project interests to create a 50/50 joint venture. In combination with community consultation, a prefeasibility study is expected to commence in mid-2016 and be completed in approximately 12 to 18 months.

Other Copper Projects

The prefeasibility study continued to progress at our 50%-owned Zafranal copper-gold project, located in southern Peru, and is expected to be complete in the first half of 2016. Our focus in 2015 was on minimizing expenditures on all other copper projects, which we expect to continue through 2016.

In 2015, our CESL hydrometallurgical facility, located in Richmond, B.C., continued to advance the commercialization of our proprietary copper, nickel and copper-arsenic process technologies for internal and external opportunities. Further, CESL expanded its support of Teck's hydrometallurgical and water-based process needs at a number of our core operations.

Markets

Copper prices on the London Metal Exchange (LME) averaged US$2.49 per pound in 2015, down US$0.62 per pound or 20% from the 2014 average.

Global demand for copper metal grew by 1.6% in 2015 to reach an estimated 21.9 million tonnes. Growth outside of China was an estimated 0.4%, while copper cathode demand in China in 2015 grew at an estimated 3.0%. The slowdown in demand growth for copper in China has been greater than expected in 2015. Despite a weak first quarter for copper cathode imports into China, imports increased significantly in the second half, allowing 2015 imports to end up 1.0% over 2014. Refined copper global production was up 2.1%, with Chinese refined production up an estimated 3.4%. Scrap availability continued to be restricted in 2015, as lower prices and lower industrial production kept material off the market. We expect that scrap demand will again outstrip scrap availability and therefore impact both raw material supply and refined cathode demand in 2016.

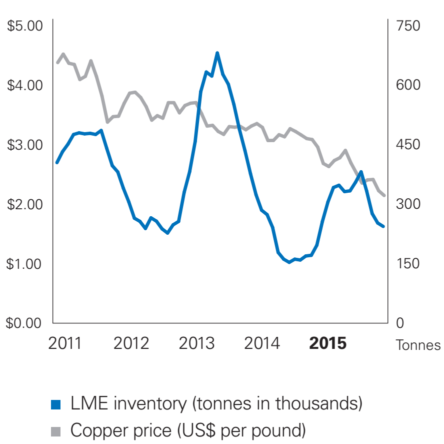
Copper stocks in the LME, Shanghai and COMEX warehouses increased 56% or 171,000 tonnes during the year. Total exchange stocks ended the year at 478,000 tonnes. Total reported global stocks (which include producer, consumer, merchant and terminal stocks) stood at an estimated 24 days of global demand versus the 25-year average of 28 days.

In 2015, global copper mine production increased 3.4% to reach 19.3 million tonnes. Operational issues at copper mines continue to impact current and future mine production plans, with estimates of over 1.1 million tonnes of planned production lost during 2015. As a result of these supply disruptions and price-related mine suspensions, large copper surpluses originally forecast for 2015 and 2016 have moved closer to balance, despite weaker demand growth. Market fundamentals remain positive over the medium to long term, with supply constrained by lower grades, ongoing operational difficulties, and project delays or deferrals due to the current low prices.

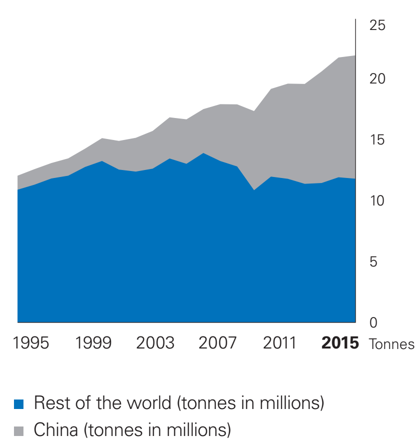
Wood Mackenzie, a commodity research consultancy, is forecasting a 0.9% increase in base case global mine production in 2016 to 19.5 million tonnes. This is greatly reduced from its initial projections at the beginning of 2015, when estimates suggested that mine production would grow 5.0% in 2016, with copper concentrate production growing by 6.3%. Wood Mackenzie is also forecasting a net increase in planned smelter production of 2.8% to 18.3 million tonnes in 2016. This has also been revised down from its previous projections of 5.6% growth to 19.3 million tonnes. Based on a history of mine production shortfalls combined with the difficulties in bringing new mine production to market on time, current low prices and aggressive cost-cutting measures, we continue to expect unplanned mine production disruptions to increase through 2016.

With global copper metal demand projected by Wood Mackenzie to increase by 2.8% in 2016, projected supply is still expected to slightly exceed demand, placing the refined market in a small surplus. If mine production continues to disappoint from current projections, the refined market could be close to balanced or be in deficit in 2016. Although copper demand fundamentals remain relatively positive for 2016, continued price declines are reflecting an aggressively negative global economic view across all commodities. With global metal stocks below historical averages, any disruption to or cut in production could reduce physical inventories further.

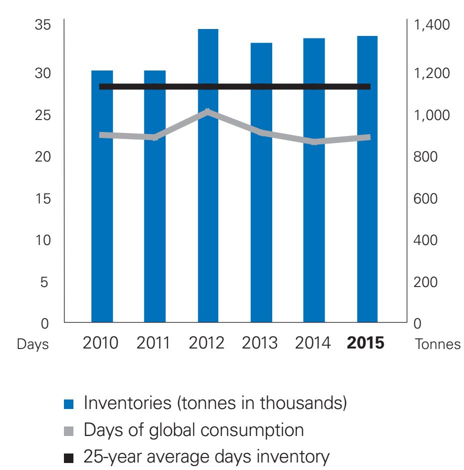
Copper Price and LME Inventory
Source: LME



Global Demand for Copper
Source: ICSG, Wood Mackenzie



Global Copper Inventories
Source: ICSG, LME, COMEX, SHFE



Zinc

We are one of the world's largest producers of mined zinc, primarily from our Red Dog Operations in Alaska, the Antamina mine in northern Peru, and our Pend Oreille mine in Washington state. Our metallurgical complex in Trail, B.C. is also one of the world's largest integrated zinc and lead smelting and refining operations. In total, we produced 658,000 tonnes of zinc in concentrate, while our Trail Operations produced an annual record of 307,000 tonnes of refined zinc in 2015. In 2016, we estimate production of zinc in concentrate to be in the range of 630,000 to 665,000 tonnes and production of refined zinc to be in the range of 290,000 to 300,000 tonnes.

In 2015, our zinc business unit accounted for 34% of revenue and 31% of gross profit before depreciation and amortization.

	Revenues			Gross Profit (Loss) Before Depreciation and Amortization		
($ in millions)	**2015**	2014	2013	**2015**	2014	2013
Red Dog	**$ 1,220**	$ 1,240	$ 874	**$ 600**	$ 638	$ 418
Trail Operations	**1,847**	1,699	1,751	**205**	142	112
Pend Oreille	**47**	–	–	**(9)**	–	–
Other	**7**	11	13	**9**	(1)	4
Inter-segment sales	**(337)**	(275)	(228)	**–**	–	–
Total	**$ 2,784**	$ 2,675	$ 2,410	**$ 805**	$ 779	$ 534

	Production			Sales		
(000's tonnes)	**2015**	2014	2013	**2015**	2014	2013
Refined zinc						
Trail Operations	**307**	277	290	**308**	277	294
Contained in concentrate						
Red Dog	**567**	596	551	**613**	594	504
Pend Oreille	**31**	–	–	**31**	–	–
Copper business unit(1)	**60**	64	72	**62**	63	74
Total	**658**	660	623	**706**	657	578

Note:
(1) Includes zinc production from Antamina and Duck Pond.

Operations

Red Dog

Red Dog, located in northwest Alaska, is one of the world's largest zinc mines. Red Dog's gross profit before depreciation and amortization in 2015 was $600 million, compared with $638 million in 2014 and $418 million in 2013. Gross profit declined from a year ago, primarily due to lower zinc and lead prices, partially offset by higher sales volumes and lower operating costs.

In 2015, zinc production at Red Dog was 567,000 tonnes compared to 596,000 tonnes in 2014, due to lower mill throughput, largely attributable to an extended annual mill maintenance shutdown and downtime for repairs in the grinding and dewatering circuits. In 2015, mill throughput was 4.0 million tonnes, declining by 6% compared with 2014. Lead production in 2015 was 117,600 tonnes, compared to 122,500 tonnes in 2014, due to higher grades, partially offset by lower recoveries and lower mill throughput.

Red Dog's location exposes the operation to severe weather and winter ice conditions, which can significantly affect production, sales volumes and operating costs. In addition, the mine's bulk supply deliveries and all concentrate shipments occur during a short ocean shipping season that normally runs from early July to late October. This short shipping season means that Red Dog's sales volumes are usually higher in the last six months of the year, resulting in significant variability in its quarterly profit, depending on metal prices.

In accordance with the operating agreement governing the Red Dog mine between Teck and NANA Regional Corporation, Inc. (NANA), we pay a 30% royalty on net proceeds of production to NANA. This royalty increases by 5% every fifth year to a maximum of 50%, with the next adjustment occurring in October 2017. The NANA royalty charge in 2015 was US$137 million, compared with US$195 million in 2014. NANA has advised us that it ultimately shares approximately 64% of the royalty, net of allowable costs, with other Regional Alaska Native corporations pursuant to section 7(i) of the *Alaska Native Claims Settlement Act*.

Red Dog's production of contained metal in 2016 is expected to be in the range of 545,000 to 570,000 tonnes of zinc and 115,000 to 120,000 tonnes of lead. From 2017 to 2019, Red Dog's production of contained metal is expected to be in the range of 500,000 to 550,000 tonnes of zinc and 100,000 to 110,000 tonnes of lead.

Teck Alaska has filed a complaint in the Superior Court for the State of Alaska seeking to enjoin the enforcement of a new severance tax enacted by the Northwest Arctic Borough, a local municipality, on the grounds that the municipality lacks the authority to tax interstate commerce, that the tax violates Teck Alaska's equal protection and due process rights, and that the imposition of the tax breaches a prior negotiated agreement between Teck Alaska and the municipality. The new tax falls solely on Teck Alaska and, if legal, would increase annual payments to the municipality from approximately US$11.5 million under the prior agreement to an estimated US$30 – 40 million, depending on zinc prices. While we are advised that there is a sound legal basis for the complaint, there can be no assurance that Teck Alaska will prevail in the litigation, or that the tax will not be enforceable.

Pend Oreille

Pend Oreille, located in Washington state, achieved 90% of design mill throughput of 2,000 tonnes per day in December 2015. Based on current reserves, the mine has an expected mine life of about four and a half years at a production rate of 43,000 tonnes of zinc in concentrate per year.

We expect 2016 production to be approximately 40,000 tonnes of zinc in concentrate.

Trail Operations

Our Trail Operations in B.C. is one of the world's largest fully integrated zinc and lead smelting and refining complexes. It also produces a variety of precious and specialty metals, chemicals and fertilizer products. Teck has a two-thirds interest in the Waneta hydroelectric dam as well as 100% ownership of the related transmission system. The Waneta Dam provides low-cost, clean, renewable power to the metallurgical operations.

Trail Operations contributed $205 million to gross profits before depreciation and amortization in 2015, compared with $142 million in 2014 and $112 million in 2013.

Refined zinc production in 2015 was an annual record of 307,000 tonnes, compared with 277,400 tonnes the previous year. The increased production resulted from more consistent process stability, due to operating a full year with the new acid plant, which started in the second quarter of 2014. Better utilization of electrical current applied in the zinc cell house also contributed.

Refined lead production increased to 83,500 tonnes from 82,100 tonnes in 2014, while silver production increased to an annual record 23.5 million ounces in 2015 from 21 million ounces in 2014. The increased silver production reflects the higher silver contained in our concentrate purchases.

Our recycling process treated 40,800 tonnes of material during the year, and we plan to treat about 43,000 tonnes in 2016. 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 2016, we expect to produce in the range of 290,000 to 300,000 tonnes of refined zinc, 85,000 to 90,000 tonnes of refined lead and 22 to 25 million ounces of silver.

Markets

Zinc prices on the LME averaged US$0.87 per pound for the year, down US$0.11 per pound from the 2014 average.

Global mine production grew by 3.2% in 2015 to 13.4 million tonnes of contained zinc, while global smelter production rose by 4.9% to 13.9 million tonnes. As a result of this, we believe that the global concentrate market recorded a modest deficit in 2015, equivalent to less than 1.0% of global mine production.

In China, reported zinc mine production fell by 13% to below 4.5 million tonnes, while Chinese smelter production increased 9% in 2015 to just over 5.7 million tonnes. Due to the increase in global zinc mine production in the first half of 2015, China was able to import 59% more concentrates in 2015, with imports rising to 1.4 million tonnes of contained zinc in 2015.

In 2015, global refined zinc metal demand was 14.1 million tonnes, which was an increase of 1.5% over 2014 levels. Refined zinc metal demand in China is estimated to have grown 3.7% in 2015 to 6.7 million tonnes.

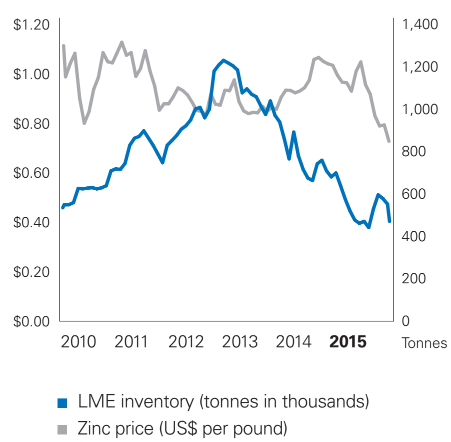
LME stocks fell by 227,000 tonnes in 2015, a 33% decline from 2014 levels, and finished the year at 464,400 tonnes. We estimate that total reported global stocks (which include producer, consumer, merchant and terminal stocks) fell by approximately 78,000 tonnes in 2015 and at year-end were 1.2 million tonnes, representing an estimated 33 days of global demand, compared to the 25-year average of 42 days.

Wood Mackenzie believes that 2016's global zinc mine production will fall 2.1% over 2015 to 13.1 million tonnes. Despite some mine production increases, closures of large long-life mines and production curtailments announced by major suppliers are expected to reduce annual global mine production by more than 1.2 million tonnes of contained zinc in 2016. Smelter production in 2016 will be limited to a 2.6% increase over 2015 levels to just 14.3 million tonnes.

Wood Mackenzie is also forecasting an increase in global zinc refined metal demand in 2016 of 3.6% to 14.6 million tonnes, exceeding current estimates for global supply, keeping the refined market in deficit and further reducing global stockpiles of zinc metal.

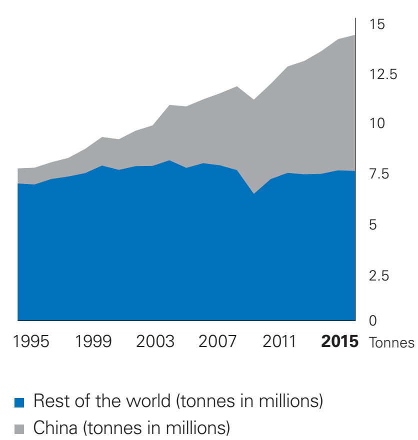
Zinc Price and LME Inventory

Source: LME



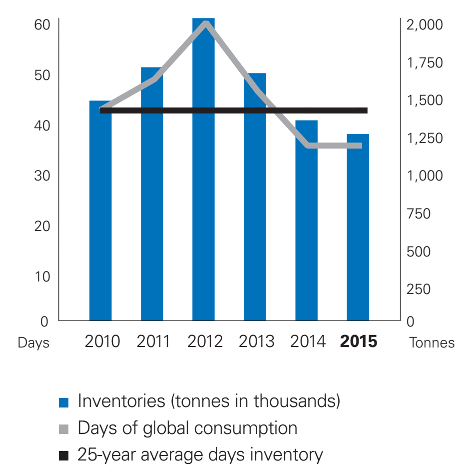
Global Demand for Zinc

Source: ILZSG, Wood Mackenzie



Global Zinc Inventories

Source: ILZSG, LME, SHFE



Energy

Located in the Athabasca oil sands region of northeastern Alberta, our energy assets include a 20% interest in the Fort Hills oil sands project, a 100% interest in the Frontier oil sands project and a 50% interest in various other oil sands leases in the exploration phase, including the Lease 421 Area. Our proved and probable reserves totalled 627 million barrels and our best estimate of unrisked contingent bitumen resources totalled 3.2 billion barrels at the end of 2015. These valuable long-term assets are located in a politically stable jurisdiction and are expected to be mined using conventional technologies that build on our core skills in large-scale truck and shovel operations.

We recognize that there are concerns over the potential environmental effects of developing oil sands projects. We are researching methods to improve extraction and processing to enhance the sustainability of our projects. We are proud to be one of the founding members of Canada's Oil Sands Innovation Alliance (COSIA) and are encouraged by the progress of the industry towards improving environmental performance, reducing water consumption, improving tailings management, and increasing land reclamation and revegetation.

The disclosure that follows includes references to reserves and contingent bitumen resource estimates. Further information about these resource estimates, the related risks and uncertainties, and contingencies that prevent the classification of resources as reserves is set out on page 47 under the heading "Contingent Resource Disclosure". For further information about these reserve estimates, see our most recent Annual Information Form, which is available on our website at www.teck.com, on the Canadian Securities Administrators website at www.sedar.com (SEDAR), and under cover of Form 40-F on the EDGAR section of the Securities Exchange Commission (SEC) website at www.sec.gov.

Fort Hills Oil Sands Project

The Fort Hills oil sands project is located approximately 90 kilometres north of Fort McMurray in northern Alberta. We hold a 20% interest in the Fort Hills Energy Limited Partnership (Fort Hills Partnership), which owns the Fort Hills oil sands project, with 29.2% held by Total E&P Canada Ltd. (Total) and the remaining 50.8% held by Suncor Energy Inc. (Suncor). An affiliate of Suncor is the operator of the project.

Construction of the Fort Hills project is progressing substantially in accordance with the project schedule. Our share of capital expenditures for 2015 was $966 million, including the remainder of our earn-in commitments. Our funding percentage was reduced to 20% of the remaining project costs, beginning in April 2015. Engineering activity is progressing well, and is now over 95% complete, and construction is progressing per plan and is now over 50% complete. The capital cost and schedule outlook have not changed since we announced the project sanction on October 30, 2013.

Based on Suncor's project cost estimates, our portion of the fully escalated capital investment in Fort Hills from the date of project sanction is estimated at approximately $2.94 billion over four years (2014–2017). Based on the project cost estimates, Teck's 20% share of remaining capital costs was approximately $1.3 billion at the end of 2015.

At December 31, 2015, our best estimate of our 20% share of the proved and probable reserves at Fort Hills is 627 million barrels.

The project is scheduled to produce first oil as early as the fourth quarter of 2017 and is expected to achieve 90% of its planned production capacity of 180,000 barrels per day (bpd) of bitumen within 12 months of commissioning. The Fort Hills partners have contracted with Enbridge to provide diluent pipeline capacity to Fort Hills and diluted bitumen pipeline capacity to Hardisty, Alberta, where we will take custody of our *pro rata* share of Fort Hills production. We are continuing to review options to sell diluted bitumen into the North American and overseas markets, which may include the use of pipelines from Hardisty or rail to access tidewater ports and U.S. Gulf Coast refineries.

While capital costs for oil sands mining projects are significant, Fort Hills' operating costs, including sustaining capital, are expected to average under $30 per barrel of bitumen over the life of the project. The bitumen produced sells at a discount to crude oil prices, which fluctuate based on bitumen supply, heavy oil refining capacity and other factors.

Frontier Project

We hold a 100% interest in the Frontier project, which is located about 10 kilometres northwest of the Fort Hills oil sands project in northern Alberta. The regulatory application review of Frontier is continuing with provincial and federal regulators. We responded to the regulators' information requests and provided a project update in June 2015. The project update outlines improvements to the economic and social benefits, and the overall environmental performance of the project. The earliest anticipated first oil date for our Frontier project is now 2026, which reflects additional time required for updates to the project in light of a lease exchange transaction in 2013 and revisions to the project scope. The regulatory review process is expected to continue through 2016, making early 2017 the earliest date at which a decision is expected. Our expenditures on Frontier are limited to supporting this process.

As of December 31, 2015, 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 bpd 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. Imperial Oil and ExxonMobil jointly own the remaining 50%. To date, a total of 89 core holes have been completed in the Lease 421 Area.

Wintering Hills Wind Power Facility

Wintering Hills Wind Power Facility is located near Drumheller, Alberta. In January 2015, we increased our interest in Wintering Hills to 49%, with TransAlta Corporation, the current project operator, holding the remaining 51%. Our 49% share of power generation from Wintering Hills in 2015 was 136 GWh, enough power to provide 85,000 tonnes of CO_2-equivalent credits. Our share of expected power generation in 2016 is 135 GWh, although actual generation will depend on weather conditions and other factors.

Gross profit before depreciation and amortization from Wintering Hills was $3 million in 2015, which was the same as 2014.

Exploration

Throughout 2015, we conducted exploration around the world through our nine regional offices. Expenditures of $76 million in 2015 were focused on copper, zinc and gold opportunities.

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 2015, we drilled several porphyry copper projects in Canada, Chile, Turkey and Peru. Significant exploration work was again focused in and around our existing operations and advanced projects in 2015. At our Highland Valley Copper Operations in Canada, we completed 22 kilometres of drilling primarily focused on copper resources adjacent to the existing pits. In 2016, we plan to drill copper projects in Canada, Chile and Turkey, and we continue to explore around our existing operations and advanced projects.

Zinc exploration remains focused on four areas: the Red Dog mine district in Alaska, central B.C., northeastern Australia, and Ireland. In Alaska, Australia and Canada, the target type is a large, high-grade, sediment-hosted deposit similar to major world-class deposits such as Red Dog in Alaska and Century or McArthur River in Australia. In 2015, we completed an additional four holes with encouraging results at the Teena prospect in Australia, a joint venture with Rox Resources Limited, in which Teck is earning up to a 70% project interest. We also continued to drill on the Noatak project near our existing Red Dog mine, where we completed 16 kilometres of drilling on high-quality targets with continued good results. Exploration programs will continue in these regions in 2016.

In addition to exploring for copper and zinc, we are exploring for, and looking to partner in, new gold opportunities. Our plan is to explore, find and advance gold resources through targeted exploration activity 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.

Financial Overview

Financial Summary

($ in millions, except per share data)	**2015**	2014	2013
Revenue and profit			
Revenue	**$ 8,259**	$ 8,599	$ 9,382
Gross profit before depreciation and amortization[1]	**$ 2,645**	$ 2,879	$ 3,659
EBITDA[1]	**$ (1,633)**	$ 2,348	$ 3,153
Profit attributable to shareholders	**$ (2,474)**	$ 362	$ 961
Cash flow			
Cash flow from operations	**$ 1,951**	$ 2,278	$ 2,878
Property, plant and equipment expenditures	**$ 1,581**	$ 1,498	$ 1,858
Capitalized production stripping costs	**$ 663**	$ 715	$ 744
Investments	**$ 82**	$ 44	$ 325
Balance sheet			
Cash balances	**$ 1,887**	$ 2,029	$ 2,772
Total assets	**$ 34,688**	$ 36,839	$ 36,183
Debt, including current portion	**$ 9,634**	$ 8,441	$ 7,723
Per share amounts			
Profit (loss) attributable to shareholders	**$ (4.29)**	$ 0.63	$ 1.66
Dividends declared per share	**$ 0.20**	$ 0.90	$ 0.90

Note:
(1) Gross profit before depreciation and amortization and EBITDA are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" section for further information.

Our revenue and profit depend on the prices for the commodities we produce, sell and use in our production processes. Commodity prices are determined by the supply of and demand for those commodities, which are influenced by global economic conditions. We normally sell the products that we produce at prevailing market prices or, in the case of steelmaking coal, at negotiated prices under term contracts or on a spot basis. Prices for our products can fluctuate significantly and that volatility can have a material effect on our financial results.

Exchange rate movements can also have a significant effect on our results and cash flows, as a substantial portion of our operating costs are incurred in Canadian and other currencies, and most of our revenue and debt are denominated in U.S. dollars. We report our financial 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.

In 2015, we incurred a loss attributable to shareholders of $2.5 billion, or $4.29 per share. This compares with a profit of $362 million or $0.63 per share in 2014, and $961 million or $1.66 per share in 2013. The reductions are due mainly to the $2.7 billion of after-tax impairment charges taken in 2015 and declining commodity prices, partially offset by the effect of the strengthening U.S. dollar and our cost reduction initiatives.

Our profit over the past three years has included items that we segregate for presentation to investors so that the ongoing profit of the company may be more clearly understood. These are described below and summarized in the table that follows.

In 2015, we recorded asset and goodwill impairment charges on a number of our operating assets, including our investment in the Fort Hills project, the Carmen de Andacollo copper mine, the Pend Oreille zinc mine and a number of our steelmaking coal mines, as a result of lowered expectations for commodity prices in both the short and long term. These non-cash charges totalled $3.6 billion on a pre-tax basis and $2.7 billion on an after-tax basis. In 2014, the only unusual item was a $58 million non-cash tax charge as a result of a Chilean tax reform bill being signed into law. Unusual items were not significant in 2013.

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

($ in millions, except per share data)	**2015**	2014	2013
Profit (loss) attributable to shareholders as reported	**$ (2,474)**	$ 362	$ 961
Add (deduct) the after-tax effect of:			
Asset sales and provisions	**(107)**	13	22
Foreign exchange losses	**80**	8	11
Derivative losses	**–**	4	–
Collective bargaining agreement charge	**10**	–	–
Asset impairments	**2,691**	7	–
Tax items	**(12)**	58	10
Adjusted profit[(1)]	**$ 188**	$ 452	$ 1,004
Adjusted earnings per share[(1)]	**$ 0.33**	$ 0.78	$ 1.74

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 2015 was $2.0 billion, compared with $2.3 billion in 2014 and $2.9 billion in 2013. The decline in cash flow from operations is mainly due to changes in commodity prices and sales volumes, offset to some extent by changes in the currency exchange rates.

At December 31, 2015, our cash balance was $1.9 billion. Total debt was $9.6 billion and our net debt to net debt-plus-equity ratio was 32%, compared with 25% at December 31, 2014 and 21% at the end of 2013.

Gross Profit

Our gross profit is made up of our revenue less the operating, depreciation and amortization expenses at our producing operations. Income and expenses from our business activities that do not produce commodities for sale are included in our other operating income and expenses or in our non-operating income and expenses.

Our principal commodities are steelmaking coal, copper and zinc, which accounted for 37%, 27% and 19% of revenue respectively in 2015. Silver and lead are significant by-products of our zinc operations, accounting for 7% and 4%, respectively, of our 2015 revenue. We also produce a number of other by-products including molybdenum, various specialty metals, and chemicals and fertilizers, which in total accounted for 6% of our revenue in 2015.

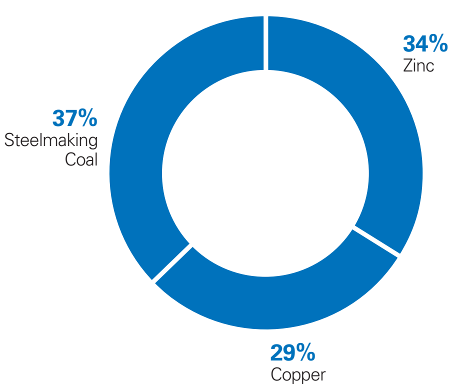
Our revenue is affected by sales volumes, which are determined by our production levels and by demand for the commodities we produce, commodity prices and currency exchange rates.

Our revenue was $8.3 billion in 2015, compared with $8.6 billion in 2014 and $9.4 billion in 2013. The reduction in 2015 revenue was due mainly to lower commodity prices and marginally lower sales volumes of steelmaking coal, partially offset by a stronger U.S. dollar. The reduction in 2014 over 2013 was due mainly to lower commodity prices, partially offset by increased volumes of zinc in concentrate and higher zinc prices.

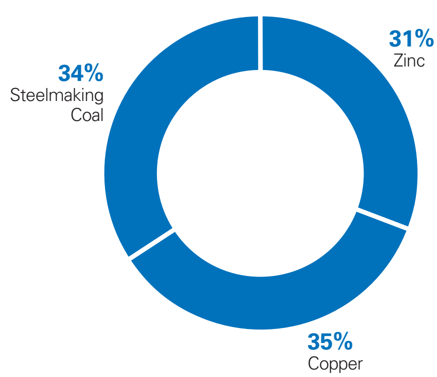
Our cost of sales includes all of the expenses required to produce our products, such as labour, energy, operating supplies, concentrates purchased for our Trail Operations' refining and smelting activities, royalties, and marketing and distribution costs required to sell and transport our products to 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.

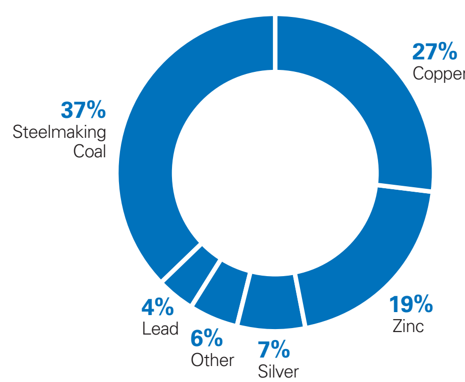
2015 Revenue by Business Unit



2015 Gross Profit by Business Unit
(Before depreciation and amortization)



2015 Revenue by Commodity



Our cost of sales was $7.0 billion in 2015, compared with $7.1 billion in 2014 and $7.0 billion in 2013. Cost of sales decreased in 2015 from 2014, primarily due to our cost reduction program and the staggered three-week shutdowns of our steelmaking coal operations, partly offset by the stronger U.S. dollar and its effect on costs at our foreign operations. Depreciation expense rose by $22 million to $1.4 billion in 2015, partly due to a full year of amortization on Antamina's mine expansion project.

Comparing 2014 with 2013, higher costs were due primarily to higher depreciation and royalty expenses. This was partly offset by reduced concentrate purchase costs at our Trail Operations, due to lower production levels and reduced silver processed as a result of the planned 35-day shutdown of the KIVCET lead smelter, as well as savings arising from our cost reduction program. Depreciation and amortization expense was $111 million higher than in 2013, as depreciation started in 2014 on Highland Valley Copper's mill optimization project and on Antamina's major mine expansion project, in addition to increased amortization of capitalized production stripping costs. Royalty costs increased by $90 million at Red Dog Operations due to higher revenue linked to rising zinc prices and increased sales volumes.

Other Expenses

($ in millions)	**2015**	2014	2013
General and administration	**$ 108**	$ 119	$ 129
Exploration	**76**	60	86
Research and development	**47**	29	18
Asset impairments	**3,631**	12	–
Other operating expense (income)	**335**	267	216
Finance income	**(5)**	(4)	(13)
Finance expense	**316**	304	339
Non-operating expense (income)	**89**	21	6
Share of losses of associates	**2**	3	2
	$ 4,599	$ 811	$ 783

We must continually replace our reserves as they are depleted in order to maintain production levels over the long term. We try to do this through our exploration and development programs and through acquisition of interests in new properties or in companies that own them. Exploration for minerals and oil is highly speculative and the projects involve many risks. The vast majority of exploration projects are unsuccessful and there are no assurances that current or future exploration programs will find deposits that are ultimately brought into production.

Our research and development expenditures are primarily focused on advancing our proprietary CESL hydrometallurgical technology, the development of internal and external growth opportunities, and the development and implementation of process and environmental technology improvements at operations.

During 2015, we recorded asset and goodwill impairment charges on a number of our operating assets, including our investment in the Fort Hills project, the Carmen de Andacollo copper mine, the Pend Oreille zinc mine and a number of our steelmaking coal mines. These charges total $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 economic models we use in determining the amount of impairment charges use current prices in the initial years and transition to longer-term prices in years three to five. Current long-term assumptions are as follows: steelmaking coal US$130 per tonne, copper US$3.00 per pound, zinc US$1.00 per pound, Western Canadian Select US$60 per barrel, and $1.25 Canadian to $1.00 U.S. dollar exchange rate.

A 6.2% real, 8.3% nominal, post-tax discount rate was used to discount our cash flow projections. Discount rates are based on the weighted average cost of capital for a mining industry peer group.

The impairment charges were as follows:

($ in millions)	2015	2014	2013
Steelmaking coal operations and goodwill	**$ 2,032**	$ –	$ –
Copper – Carmen de Andacollo and goodwill	**506**	–	–
Zinc – Pend Oreille	**31**	–	–
Energy – Fort Hills	**1,062**	–	–
Other	**–**	12	–
	$ 3,631	$ 12	$ –

Other operating income and expenses include items we consider to be related to the operation of our business, such as final pricing adjustments (which are further described in the next paragraph), share-based compensation, gains or losses on commodity derivatives, gains or losses on the sale of operating or exploration assets, and provisions for various costs at our closed properties. Significant items in 2015 include $280 million of negative pricing adjustments, $49 million of environmental costs and $13 million for share-based compensation. Significant items in 2014 include $130 million of negative pricing adjustments, $52 million of environmental costs and $12 million for share-based compensation. Significant items in 2013 included $62 million of negative pricing adjustments, $33 million of asset write-downs, $27 million of environmental costs and a $22 million expense for share-based compensation.

Sales of metals in concentrate or copper cathodes are recognized in revenue on a provisional pricing basis when the rights, obligations, risks and benefits of ownership pass to the customer, which usually occurs upon shipment. However, final pricing is typically not determined until a subsequent date, often in the following quarter. Revenue in a quarter is based on prices at the date of sale. These pricing adjustments result in gains in a rising price environment and losses in a declining price environment, and are recorded as other operating income or expense. The extent of the pricing adjustments also takes into account the actual price participation terms as provided in certain concentrate sales agreements. It should be noted that these effects arise on the sale of concentrates, as well as on the purchase of concentrates at our Trail Operations.

The table below outlines our outstanding receivable positions, which were provisionally valued at December 31, 2015 and 2014, respectively.

	Outstanding at December 31, 2015		Outstanding at December 31, 2014	
(payable pounds in millions)	**Pounds**	**US$/lb.**	Pounds	US$/lb.
Copper	**257**	**2.13**	208	2.86
Zinc	**162**	**0.73**	117	0.99

Our finance expense includes the interest expense on our debt, financing fees and amortization, and the interest components of our pension obligations and accretion on our decommissioning and restoration provisions, less any interest that we capitalize against the cost of our development projects. Debt interest expense increased in 2015 due to the effect of the stronger U.S. dollar, as all of our debt and related interest expense is U.S. dollar denominated. This was offset by lower accretion rates on our pension and retirement plans as a result of improved pension fund performance. Capitalized interest in 2015 totalled $222 million, compared with $183 million in 2014.

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, and realized gains or losses on marketable securities. In 2015, other non-operating expenses included $21 million for provisions on marketable securities and $76 million of foreign exchange losses. In 2014, other non-operating expenses included $8 million for provisions on marketable securities and $9 million of foreign exchange losses. In 2013, other non-operating income included $42 million of gains on the sale of various investments, $32 million of provisions taken against various marketable securities and $12 million of foreign exchange losses.

Until October 29, 2013, when the project was sanctioned, we accounted for our investment in the Fort Hills Energy Limited Partnership using the equity method. As a result of changes made to the agreements governing the project at the time of project sanction, we began accounting for our investment in Fort Hills by recording our share of the assets, liabilities, revenue, expenses and cash flows. The majority of the activities on this project to date relate to capital expenditures, rather than expenditures that affect profit.

Recovery for income and resource taxes was $836 million, or 25% of pre-tax loss. Our tax rate was affected by asset impairment charges and other items. Without these items, our combined provision for income and resource taxes would be $148 million and our effective tax rate would be 47%. This rate is higher than the Canadian statutory income tax rate of 26% due mainly to the effect of resource taxes and higher taxes in foreign jurisdictions. The effect of resource taxes and higher taxes in foreign jurisdictions tends to be magnified in periods when our operating earnings are lower relative to our administrative and finance charges. This occurs because these costs are incurred in Canada and because resource taxes are based on profits before these costs.

Profit attributable to non-controlling interests relates to the ownership interests that are held by third parties in our Highland Valley Copper, Quebrada Blanca, Carmen de Andacollo and Elkview mines.

Financial Position and Liquidity

Our financial position and liquidity remain strong. At December 31, 2015, we had $1.9 billion of cash and $4.8 billion of unused lines of credit, providing us with $6.7 billion of liquidity.

Our outstanding debt was $9.6 billion at December 31, 2015, compared with $8.4 billion at the end of 2014 and $7.7 billion at the end of 2013. As substantially all of our debt is denominated in U.S. dollars, the increase is due primarily to the strengthening of the U.S. dollar that occurred in 2015, partially offset by the payment of a US$300 million note that was due in October 2015.

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

	December 31, 2015	December 31, 2014	December 31, 2013
Term notes	**$ 6,839**	$ 7,132	$ 7,124
Other	**122**	144	137
Total debt (US$ in millions)	**$ 6,961**	$ 7,276	$ 7,261
Canadian $ equivalent(1)	**$ 9,634**	$ 8,441	$ 7,723
Less cash balances	**(1,887)**	(2,029)	(2,772)
Net debt	**$ 7,747**	$ 6,412	$ 4,951
Debt to debt-plus-equity ratio(2)(3)	**37%**	31%	29%
Net-debt to net-debt-plus-equity ratio(2)	**32%**	25%	21%
Average interest rate	**4.8%**	4.8%	4.8%

Notes:
(1) Translated at period end exchange rates.
(2) Non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" section for further information.
(3) Our revolving credit facility requires us to maintain a debt to debt-plus-equity ratio not greater than 50%.

At December 31, 2015, the weighted average maturity of our consolidated indebtedness is approximately 14 years and the weighted average coupon rate is approximately 4.8%.

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$3.5 billion is currently available.

Our cash position decreased slightly from $2.0 billion at the end of 2014 to $1.9 billion at December 31, 2015. Significant outflows included $966 million for our share of the Fort Hills project and we repaid US$300 million on a note due October 1, 2015. Significant inflows included a net $209 million (US$162 million) from our share of the Carmen de Andacollo gold stream transaction and $789 million (US$610 million) from the silver streaming agreement with a subsidiary of Franco-Nevada related to our interest in the Antamina mine.

We maintain various committed and uncommitted credit facilities for liquidity and for the issuance of letters of credit. All of our bank credit facilities are unsecured and any borrowings rank *pari passu* with our outstanding public notes. None of our notes or credit facilities are guaranteed by any of our subsidiaries. We maintain two primary revolving committed credit facilities. Our US$3 billion facility matures in July 2020 and has a letter of credit sub-limit of US$1 billion. Any letters of credit issued under this facility would reduce the amount of the facility that can be drawn for cash. There were no drawings on this facility in 2015 and it remains fully available as at February 10, 2016.

Our US$1.2 billion facility matures in June 2017 and can be drawn fully for cash or for letters of credit. As at December 31, 2015 there are US$740 million of letters of credit issued on this facility. Both facilities require us to pay a commitment fee on undrawn amounts and a specified spread above LIBOR on any drawn amounts, which varies with our credit rating, but does not further vary if our ratings from both Moody's and S&P are below Ba1 or BB high, respectively. Drawings under both facilities are available for general corporate purposes, however, we expect to keep any undrawn portion of the US$1.2 billion facility available for letter of credit requirements that may be required under certain contractual arrangements with counterparties.

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. Our credit facilities, but not our public notes, include a financial covenant that requires us to maintain our debt to debt-plus-equity ratio below 50%. Borrowing under the credit facilities is not conditioned on us maintaining any particular credit rating or there being no general developments that could be expected to have a material adverse effect on us.

We are restricted under our bank and public note covenants from creating liens on certain assets to secure indebtedness unless those liens also secure our credit facilities and notes. We are restricted from creating liens on major assets. There are a number of exceptions from these negative pledge covenants, including an exception for liens securing debt that does not exceed 10% of consolidated net tangible assets. As at December 31, 2015, our consolidated net tangible assets for the purposes of our credit facilities and public notes totalled approximately $32 billion, 10% of which is approximately $3.2 billion.

In addition to our two primary revolving committed credit facilities, we also maintain uncommitted bilateral credit facilities with various banks and with Export Development Canada for the issuance of letters of credit, primarily to support our future reclamation obligations. At December 31, 2015 these facilities totalled $1.7 billion and $1.5 billion of letters of credit were issued thereunder. We expect this amount to increase by approximately $110 million in 2016. 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, 2015, we had US$529 million of such deposits.

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

Since the end of the third quarter, Moody's, S&P, Fitch and DBRS revised our credit ratings to B3, B+, BB+ and BB (high), respectively, in each case with a negative outlook or trend. On January 21, 2016 Moody's placed certain mining companies, including Teck, on review for downgrade. Based on current market conditions, we expect further rating actions.

As a consequence of the reduction of our credit ratings to below investment grade, we were required in the fourth quarter of 2015 to deliver an aggregate of US$672 million of letters of credit pursuant to long-term power purchase agreements for the Quebrada Blanca Phase 2 project. The letters of credit would be terminated if and when we regain investment grade ratings. There are no requirements to deliver further letters of credit related to the Quebrada Blanca project. We were also required to post $93 million letters of credit under certain pipeline and storage agreements we entered into in connection with the Fort Hills project. These letters of credit will increase as construction of the relevant facilities progresses and could reach approximately $550 million in 2016 and could further increase to approximately $650 million in 2017 at the request of our counterparties prior to the relevant in-service date. Following the in-service date, the letter of credit amount would reduce to a maximum amount of approximately $450 million. These Fort Hills related letters of credit would also be terminated if and when we regain investment grade ratings.

The ratings actions described above do not affect our credit facilities beyond the rate of the commitment fee and cost of borrowing. There are no restrictions on borrowing, or additional covenants, triggered under our credit facilities as a result of the downgrades by the rating agencies.

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 $2.0 billion in 2015, compared with $2.3 billion in 2014 and $2.9 billion in 2013. The decreases in 2015 and 2014 compared to 2013 were due mainly to lower gross profits at our steelmaking coal and copper operations from lower commodity prices, particularly steelmaking coal.

Investing Activities

Capital expenditures were $1.6 billion in 2015, including $397 million on sustaining capital, $64 million on major enhancement projects and $1.1 billion on new mine development. In addition, $663 million was spent on production stripping activities.

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	**Total**
Steelmaking coal	$ 67	$ 29	$ 1	$ 97	$ 396	**$ 493**
Copper	194	16	128	338	201	**539**
Zinc	126	19	–	145	66	**211**
Energy	6	–	991	997	–	**997**
Corporate	4	–	–	4	–	**4**
	$ 397	$ 64	$ 1,120	$ 1,581	$ 663	**$ 2,244**

The largest components of sustaining capital included $77 million at Highland Valley Copper, $50 million of our share of spending at Antamina, $67 million at our steelmaking coal operations and $80 million at Trail Operations.

Major enhancement expenditures included $11 million at Highland Valley Copper, primarily for the completion of the mill optimization project, and $19 million for completing the restart of Pend Oreille.

New mine development included $113 million for Quebrada Blanca's Phase 2 project, $966 million for our share of spending on the Fort Hills project and $25 million on the Frontier oil sands project.

Investments in 2015 and 2014 were $82 million and $44 million respectively and included various investments in publicly traded marketable securities. Investments in 2013 included $244 million for our share of the Fort Hills project until October 29, 2013. Beginning October 30, 2013, we began accounting for our investment in Fort Hills as a joint operation, resulting in our share of the project costs being reported as part of our capital expenditures.

Cash proceeds from the sale of assets and investments were $1.2 billion in 2015, $34 million in 2014 and $502 million in 2013. Significant items in 2015 were proceeds of $209 million (US$162 million) received on the gold streaming transaction related to our Carmen de Andacollo mine, and $789 million (US$610 million) from the silver streaming transaction related to our share of silver produced at the Antamina mine in Peru.

Financing Activities

We had no significant financings in 2015, but we did extend the maturity of our US$3 billion revolving line of credit to July 2020, and put in place a new US$1.2 billion revolving credit facility maturing in June 2017. The US$3 billion facility was undrawn at the end of 2015, and US$740 million of the US$1.2 billion facility was drawn through the issuance of letters of credit to the power and transportation service providers described above. At the end of 2015, we had approximately $6.7 billion of liquidity.

We repurchased 200,000 Class B subordinate voting shares for cancellation pursuant to normal course issuer bids at a cost of $5 million in 2014, and 6.1 million shares for $176 million in 2013. We did not repurchase any shares in 2015 and our normal course issuer bid expired on July 1, 2015.

Quarterly Earnings and Cash Flow

($ in millions except per share data)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 2,135	$ 2,101	$ 1,999	$ 2,024	$ 2,256	$ 2,250	$ 2,009	$ 2,084
Gross profit	281	339	311	348	416	414	298	407
EBITDA	(269)	(2,506)	596	546	582	651	558	557
Profit (loss) attributable to shareholders	(459)	(2,146)	63	68	129	84	80	69
Earnings (loss) per share	$ (0.80)	$ (3.73)	$ 0.11	$ 0.12	$ 0.23	$ 0.14	$ 0.14	$ 0.12
Cash flow from operations	687	560	332	372	743	554	436	545

Gross profit before depreciation and amortization from our steelmaking coal business unit in the fourth quarter decreased by $37 million from a year ago, as the benefits of our cost reduction program and lower diesel prices were more than offset by lower realized steelmaking coal prices.

The average realized steelmaking coal price of US$81 per tonne was 26% lower than the fourth quarter of 2014, reflecting oversupplied steelmaking coal market conditions and a decline in spot price assessments. The favourable effect of a stronger U.S. dollar in the fourth quarter partly offset the lower price, which resulted in our Canadian dollar realized price declining by 12% compared with a year ago.

Fourth quarter production of 6.4 million tonnes was 6% lower than the same period a year ago, as we reduced production volumes to match sales volumes, which were equal to the previous year. Even with the lower production volumes, unit production costs at the mines were 6% lower this quarter than a year ago as a result of our continued cost reductions, productivity improvements and lower diesel prices.

Gross profit before depreciation and amortization from our copper business unit decreased by $71 million in the fourth quarter compared with a year ago. This was primarily due to lower realized copper prices, partially offset by higher sales volumes and lower unit costs driven by the effect of higher production levels and the results of our cost reduction initiatives.

Copper production increased to 96,000 tonnes compared with 83,000 tonnes a year ago. Production at Highland Valley Copper was 11,700 tonnes higher than a year ago, primarily due to higher grades and recoveries, while our share of production from Antamina increased by 6,800 tonnes as a result of record mill throughput and higher grades during the quarter. Production was lower at Quebrada Blanca due to ore availability constraints resulting from geotechnical issues adjacent to the SX-EW plant that occurred in June.

Gross profit before depreciation and amortization from our zinc business unit declined by $35 million in the fourth quarter compared with a year ago. A substantially lower realized zinc price was partly offset by the favourable effect of a stronger U.S. dollar and higher sales volumes, partially due to the timing of Red Dog shipments.

Refined zinc production in the fourth quarter from our Trail Operations increased by 8% compared to last year due to improved operating efficiencies in the electrolytic plant and to the improved reliability of the new acid plant, leading to higher throughput in 2015. For 2015, Trail Operations achieved record production of refined zinc and silver. At Red Dog, zinc production was 12% lower than a year ago, primarily due to an extended annual mill shutdown.

We incurred a loss attributable to shareholders of $459 million, or $0.80 per share, in the fourth quarter compared with a profit of $129 million, or $0.23 per share, in the same period a year ago. During the quarter we recorded asset impairment charges on our investment in Fort Hills, on our Coal Mountain and Carmen de Andacollo operations. These charges totalled $736 million on a pre-tax basis and $536 million on an after-tax basis. The write-downs were triggered by lower short-term commodity prices and lower market expectations for some future commodity prices and capital market conditions. In addition, profit also declined due to substantially lower U.S. dollar prices for our primary products, partly offset by reduced operating costs and the positive effect of a stronger U.S. dollar. Declining metal prices resulted in after-tax negative pricing adjustments of approximately $42 million in each of the fourth quarters of 2015 and 2014. We also had after-tax profits of $91 million derived from royalty sales and a gain on the formation of Project Corridor.

Cash flow from operations, before changes in non-cash working capital items, was $428 million in the fourth quarter compared with $491 million a year ago. The reduction was primarily due to substantially lower commodity prices, partly offset by higher sales volumes of copper and zinc and lower income taxes paid due to timing.

Outlook

We continue to experience challenging markets for our products. Prices for most of our products have declined and lower prices may persist for some time. Commodity markets have historically been volatile, prices can change rapidly and customers can alter shipment plans. This can have a substantial effect on our business. Reduced steelmaking coal imports by China, partially offset by production curtailments, are continuing to maintain pressure on pricing. We are also significantly affected by foreign exchange rates. In the last 12 months, the U.S. dollar strengthened by approximately 20% against the Canadian dollar, which has had a positive effect on the profitability of our Canadian operations and translation of profits from our foreign operations. It will, to a lesser extent, put upward pressure on the portion of our operating costs and capital spending that is denominated in U.S. dollars.

In October 2013, we approved an estimated $2.9 billion (our share) of expenditures to complete the development of the Fort Hills oil sands project, of which approximately $1.2 billion remains to be spent as at February 10, 2016. We have access to cash and credit lines which are expected to be sufficient to meet our capital commitments and working capital needs over this period. We are taking further steps to manage our capital spending profile and we continuously monitor all aspects of our cost reduction program, our capital spending and key markets as conditions evolve.

Commodity Prices and 2016 Production

Commodity prices are a key driver of our profit. On the supply side, the depleting nature of ore reserves, difficulties in finding new orebodies, the permitting processes, the availability of skilled resources to develop projects, as well as infrastructure constraints, political risk and significant cost inflation may continue to have a moderating effect on the growth in future production for the industry as a whole. We believe that, over the longer term, the industrialization of emerging market economies will continue to be a major positive factor in the future demand for commodities. Therefore, we believe that the long-term price environment for the products that we produce and sell remains favourable.

The sensitivity of our annual profit attributable to shareholders and EBITDA to changes in the Canadian/U.S. dollar exchange rate and commodity prices, before pricing adjustments, based on our current balance sheet, our expected 2016 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.40, is as follows:

	2016 Mid-Range Production Estimates(1)	Change	Estimated Effect of Change on Profit(2)	Estimated Effect on EBITDA(2)
US$ exchange		CAD$0.01	$ 22 million	$ 34 million
Steelmaking coal (000's tonnes)	25,500	US$1/tonne	$ 23 million	$ 35 million
Copper (tonnes)	312,000	US$0.01/lb.	$ 6 million	$ 9 million
Zinc (tonnes)(3)	940,000	US$0.01/lb.	$ 9 million	$ 14 million

Notes:

(1) All production estimates are subject to change based on market and operating conditions.

(2) The effect on our profit attributable to shareholders and on EBITDA of commodity price and exchange rate movements will vary from quarter to quarter depending on sales volumes. Our estimate of the sensitivity of profit and EBITDA to changes in the U.S. dollar exchange rate is sensitive to commodity price assumptions.

(3) Zinc includes 295,000 tonnes of refined zinc and 645,000 tonnes of zinc contained in concentrate.

The decline in our estimated foreign exchange sensitivity from previous estimates is primarily due to the effect of lower commodity prices, which are all denominated in U.S. dollars.

Foreign exchange translation gains and losses on our U.S. dollar denominated debt arising from exchange rate fluctuations may have some effect on our 2016 profit, although most of our U.S. dollar debt is expected to be designated as a hedge against our investments in U.S. dollar denominated foreign operations.

While the extent of the oversupply of steelmaking coal was reduced during 2015 due to acceleration in the implementation of production curtailments, we believe that steelmaking coal prices continue to trade at unsustainably low long-term levels, which are currently approximately 20% below 2015 averages. Copper and zinc prices to date in 2016 are both trading approximately 18% below 2015 average prices. The fluctuations in the Canadian/U.S. dollar exchange rate can have a significant effect on our profit and financial position. The Canadian dollar, to date in 2016, has averaged approximately $1.40 against the U.S. dollar, compared with $1.28 on average for 2015.

Our steelmaking coal production in 2016 is expected to be in the range of 25 to 26 million tonnes, compared with 25.3 million tonnes produced in 2015. 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 2016 is expected to decrease and be in the range of 305,000 to 320,000 tonnes, compared with 358,000 tonnes produced in 2015. Highland Valley Copper is expected to decrease production by approximately 35,000 tonnes as a result of mining lower ore grades. Production from Quebrada Blanca is expected to decrease by approximately 6,500 tonnes, as grades are declining with the depletion of the orebody. Production from Antamina rises slightly in 2016. Duck Pond was permanently closed at the end of June 2015.

Our zinc in concentrate production in 2016 is expected to be in the range of 630,000 to 665,000 tonnes, compared with 657,500 tonnes produced in 2015. Red Dog's production is expected to decrease by approximately 10,000 tonnes, primarily due to lower ore grades. With a full year of operations in 2016, Pend Oreille is expected to produce 40,000 tonnes of zinc. Duck Pond was permanently closed at the end of June 2015. Our share of Antamina's zinc production is expected to be 50,000 tonnes, similar to 2015 levels. Refined zinc production in 2016 from our Trail Operations is expected to be in the range of 290,000 to 300,000 tonnes, compared with a record 307,000 tonnes produced in 2015.

Capital Expenditures

Our forecast approved capital expenditures for 2016, before capitalized stripping costs, are approximately $1.4 billion and are summarized in the following table:

($ in millions)	Sustaining	Major Enhancement	New Mine Development	Subtotal	Capitalized Stripping	**Total**
Steelmaking coal	$ 50	$ 40	$ –	$ 90	$ 290	**$ 380**
Copper	120	5	80	205	190	**395**
Zinc	130	10	–	140	60	**200**
Energy	5	–	1,000	1,005	–	**1,005**
Corporate	–	–	–	–	–	**–**
	$ 305	$ 55	$ 1,080	$ 1,440	$ 540	**$ 1,980**

New mine development includes $80 million for permitting activities for Quebrada Blanca Phase 2, $960 million for Fort Hills and $40 million for permitting activities on the Frontier oil sands project. The amount and timing of actual capital expenditures is also dependent upon being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the projects to be completed as currently anticipated. We may change capital spending plans in 2016, depending on commodity markets, our financial position, results of feasibility studies and other factors.

Foreign Exchange, Debt Revaluation and Interest Expense

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, 2015, $5.5 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. The remaining portion of foreign exchange gains or losses on our U.S. dollar denominated debt, less U.S. dollar working capital balances, is charged to profit. As at December 31, 2015, we were exposed to foreign exchange gains or losses on approximately US$375 million on our balance sheet.

Other Information

Carbon Taxes

The Province of B.C. imposes a carbon tax on virtually all fossil fuels used in B.C. at a tax rate of $30 per tonne of CO_2-emission equivalent. For 2015, our seven B.C.-based operations incurred $52.6 million in provincial carbon tax, primarily from our use of coal, diesel fuel and natural gas.

In the lead-up to the Paris Climate Conference, both the Provinces of B.C. and Alberta launched reviews of their climate change plans, including a re-examination of their primary carbon price policies, the Carbon Tax (B.C.) and the Specified Gas Emitters Regulation (Alberta). While initial recommendations were released in 2015 in both provinces, final details are yet to be determined and are not anticipated to be completed until 2016. We will continue to participate in the consultation processes and to assess the potential implications of the updated policies on our operations and projects.

Financial Instruments and Derivatives

We hold a number of financial instruments and derivatives which are recorded on our balance sheet at fair value with gains and losses in each period included in other comprehensive income and profit for the period as appropriate. The most significant of these instruments are marketable securities, foreign exchange forward sales contracts, metal-related forward contracts and settlements receivable and payable. 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.

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. We consider both internal and external information to determine whether there is an indicator of impairment 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, tax assumptions 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 recorded in the income statement and the resulting carrying values of assets.

In light of economic conditions during the year, we revised our market participant long-term price expectations for copper, zinc, steelmaking coal and oil, and performed a detailed review of impairment indicators across all of our operations and assets. Where required, we estimated the recoverable amount of our assets on a fair value less costs of disposal basis (FVLCD) and determined that this was higher than the value in use of these assets. In our copper, zinc, steelmaking coal and energy business units, we identified cash-generating units with carrying values that exceeded the estimated recoverable amounts. FVLCD was estimated using a discounted cash flow methodology taking into account assumptions likely to be made by market participants. Cash flow projections were based on current life of mine plans and exploration potential. For the year ended December 31, 2015, we recorded pre-tax impairment adjustments of $3.6 billion. The details of the impairment adjustments are outlined on pages 28 and 29 of this Management's Discussion and Analysis.

The key inputs, where applicable, used to estimate the FVLCD of each cash-generating unit were determined as follows:

Commodity Prices

Commodity price assumptions are based on a number of factors, including forward curves in the near term, and are benchmarked with external sources of information, including information published by our peers and, where possible, market transactions, to ensure they are within the range of values used by market participants.

Our key commodity price assumptions are based on current prices over the next three years escalating to an assumed real long-term price. For steelmaking coal, copper and zinc, we start with a 2016 price of US$87 per tonne, US$2.15 per pound and US$0.75 per pound for each respective commodity. These prices are gradually escalated over the next three years, reaching a real long-term price in 2020 of US$130 per tonne, US$3.00 per pound and US$1.00 per pound for steelmaking coal, copper and zinc, respectively.

For impairment testing of assets within our energy business unit, our Western Canadian Select price is based on current prices over the next three years escalating to an assumed long-term Western Canadian Select price of US$60 per barrel.

Reserves and Resources

Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by appropriately qualified persons.

Operating Costs and Capital Expenditures

Operating costs and capital expenditures are based on life of mine plans and internal management forecasts. Cost estimates incorporate management experience and expertise, current operating costs, the nature and location of each operation and the risks associated with each operation. Future capital expenditures are based on management's best estimate of expected future capital requirements, which are generally for the extraction and processing of existing reserves and resources. All committed and anticipated capital expenditures based on future cost estimates have been included in the projected cash flows. Operating cost and capital expenditure assumptions are continuously subject to ongoing optimization and review by management.

Discount Rates

Discount rates used are based on the weighted average cost of capital for a mining industry peer group and are calculated with reference to current market information. Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows. A 6.2% real, 8.3% nominal, post-tax discount rate was used to discount cash flow projections in all of our FVLCD discounted cash flows as at December 31, 2015.

Foreign Exchange Rates

Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. The long-term Canadian-U.S. dollar foreign exchange assumption used a $1.25 Canadian dollar to $1.00 U.S. dollar exchange rate.

Inflation Rates

Inflation rates are based on average historical inflation for the location of each operation and long-term government bond yields. Inflation rates are benchmarked with external sources of information and are within a range used by market participants. The inflation rate for all FVLCD calculations is 2%.

Joint Arrangements

We are a party to a number of arrangements in which we do not have control. Judgment is required in determining whether joint control over these arrangements exists and, if so, which parties have joint control and whether each arrangement is a joint venture or joint operation. In assessing whether we have joint control, we analyze the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement over its life. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we generally consider decisions about activities such as managing the asset while it is being constructed, during its operating life and during the closure period. We may also consider other activities, including the approval of budgets, expansion and disposition of assets, financing, significant operating and capital expenditures, appointment of key management personnel, representation on the board of directors, and other items. When circumstances or contractual terms change, we reassess the control group and the relevant activities of the arrangement.

If we have joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether we have rights to the assets, and obligations for the liabilities, relating to the arrangement, or whether we have rights to the net assets of the arrangement. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give us rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances, we may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation. This conclusion requires judgment and is specific to each arrangement. We have applied the use of other facts and circumstances to conclude that Antamina and Fort Hills are joint operations for the purposes of our consolidated financial statements. The other facts and circumstances considered for both of these arrangements are the provisions for output to the parties of the joint arrangements. For both Antamina and Fort Hills, we will take our share of the output from the assets directly over the life of the arrangement. We have concluded that this, combined with other factors, gives us direct rights to the assets and obligations for the liabilities of these arrangements, proportionate to our ownership interests.

Streaming Transactions

When we enter into long-term streaming arrangements linked to production at specific operations, judgment is required in assessing the appropriate accounting treatment of the transaction on the closing date and in future periods. We consider the specific terms of each arrangement to determine whether we have disposed of an interest in the reserves and resources of the respective operation. This assessment considers what the counterparty is entitled to, and the associated risks and rewards attributable to them over the life of the operation, including the contractual terms related to the total production over the life of the arrangement as compared to the expected production over the life of the mine, the percentage being sold, the percentage of payable metals produced, the commodity price referred to in the ongoing payment, and any guarantee relating to the upfront payment if production ceases.

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, and capital and production costs and recoveries, amongst other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing, and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could change the carrying value of assets, depreciation and impairment charges recorded in the income statement, and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

Current and Deferred Income Taxes

We calculate current and deferred tax provisions for each of the jurisdictions in which we operate. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of our financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, profit in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse. 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 a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers.

The standard initially had an effective date of January 1, 2017. However, subsequent to the FASB's decision to defer the adoption of its new revenue standard to 2018, the IASB issued an amendment to IFRS 15 in September 2015. This amendment formalized the deferral of the effective date of IFRS 15 by one year to January 1, 2018. Early application of IFRS 15 is still permitted.

We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the completed version of the standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosures. The IASB currently has a separate project on macro hedging activities; until the project is completed, the IASB has provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and financial liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 and can be applied before that date, but only if IFRS 15 is also applied. We are currently assessing the effect of this standard on our financial statements.

Outstanding Share Data

As at February 16, 2016, there were 566,906,062 Class B subordinate voting shares and 9,353,470 Class A common shares outstanding. In addition, there were 23,828,868 employee stock options outstanding, with exercise prices ranging between $4.15 and $58.80 per share. More information on these instruments and the terms of their conversion are set out in the equity note to our 2015 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	$ 459	$ 2,377	$ 1,511	$ 12,814	**$ 17,161**
Operating leases	65	52	32	10	**159**
Capital leases	28	32	7	51	**118**
Road and port lease at Red Dog[(1)]	24	49	49	332	**454**
Minimum purchase obligations[(2)]					
Concentrate, equipment and supply purchases	418	862	226	1,874	**3,380**
Shipping and distribution	64	68	63	17	**212**
Pension funding[(3)]	32	–	–	–	**32**
Other non-pension post-retirement benefits[(4)]	17	38	42	386	**483**
Decommissioning and restoration provision[(5)]	42	74	50	249	**415**
Other long-term liabilities[(6)]	40	17	35	–	**92**
Contributions to the Fort Hills oil sands project[(7)]	595	19	13	113	**740**
	$ 1,784	$ 3,588	$ 2,028	$ 15,846	**$ 23,246**

Notes:

(1) We lease road and port facilities from the Alaska Industrial Development and Export Authority, through which we ship metal concentrates produced at the Red Dog mine. Minimum lease payments are US$18 million per annum 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, 2015, the company had a net pension asset of $164 million, based on actuarial estimates prepared on a going concern basis. The amount of minimum funding for 2016 in respect of defined benefit pension plans is $32 million. The timing and amount of additional funding after 2016 is dependent upon future returns on plan assets, discount rates and other actuarial assumptions.

(4) We had a discounted, actuarially determined liability of $483 million in respect of other non-pension post-retirement benefits as at December 31, 2015. 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 13.61% and 14.51% and an inflation factor of 2.00%.

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

(7) In November 2005, we acquired a 15% interest in the Fort Hills Energy Limited Partnership (FHELP), which is developing the Fort Hills oil sands project in Alberta, Canada. In September 2007, we acquired an additional 5% interest, bringing our total interest to 20%. To earn our 20% interest, we were required to contribute 27.5% of $7.5 billion of project expenditures after project spending reaches $2.5 billion. Total project spending reached the $7.5 billion threshold in April 2015, and accordingly, our contribution to project expenditures has been 20% since that date.

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, 2015. 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, 2015.

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, 2015, our internal control over financial reporting was effective.

The effectiveness of our internal controls over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion in their report included with our annual consolidated financial statements.

Use of Non-GAAP Financial Measures

Our financial results are prepared in accordance with International Financial Reporting Standards (IFRS). This document refers to gross profit before depreciation and amortization, gross profit margins before depreciation, EBITDA, adjusted EBITDA, adjusted profit, adjusted earnings per share, cash unit costs, adjusted cash costs of sales, cash margins for by-products, adjusted revenue, net debt, debt to debt-plus-equity ratio, and the net debt to net debt-plus-equity ratio, which are not measures recognized under IFRS in Canada and do not have a standardized meaning prescribed by IFRS or Generally Accepted Accounting Principles (GAAP) in the United States.

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.

Unit costs are calculated by dividing the cost of sales for the principal product by sales volumes. We include this information, as it is frequently requested by investors and investment analysts who use it to assess our cost structure and margins and compare it to similar information provided by many companies in our industry.

We sell both copper concentrates and refined copper cathodes. The price for concentrates sold to smelters is based on average LME prices over a defined quotational period, from which processing and refining deductions are made. In addition, we are paid for an agreed percentage of the copper contained in concentrates, which constitutes payable pounds. Adjusted revenue excludes the revenue from co-products and by-products, but adds back the processing and refining allowances to arrive at the value of the underlying payable pounds of copper. Readers may compare this on a per unit basis with the price of copper on the LME.

The adjusted cash cost of sales for our steelmaking coal operations is defined as the cost of the product as it leaves the mine excluding depreciation and amortization charges. Adjusted cash cost of sales for our copper operations is defined as the cost of the product delivered to the port of shipment, excluding depreciation and amortization charges. It is common practice in the industry to exclude depreciation and amortization, as these costs are 'non-cash' and discounted cash flow valuation models used in the industry substitute expectations of future capital spending for these amounts. In order to arrive at adjusted cash costs of sales for copper, we also deduct the costs of by-products and co-products. Total cash unit costs include the smelter and refining allowances added back in determining adjusted revenue. This presentation allows a comparison of unit costs, including smelter allowances, to the underlying price of copper in order to assess the margin. Unit costs, after deducting co-product and by-product margins, are also a common industry measure. By deducting the co- 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 EBITDA and Adjusted EBITDA

($ in millions)	**2015**	2014	2013
Profit (loss) attributable to shareholders	**$ (2,474)**	$ 362	$ 961
Finance expense net of finance income	**311**	300	326
Provision for income and resource taxes	**(836)**	342	633
Depreciation and amortization	**1,366**	1,344	1,233
EBITDA	**$ (1,633)**	$ 2,348	$ 3,153
Impairments	**3,631**	12	–
Adjusted EBITDA	**$ 1,998**	$ 2,360	$ 3,153

Reconciliation of Gross Profit Before Depreciation and Amortization

($ in millions)	2015	2014	2013
Gross profit	**$ 1,279**	$ 1,535	$ 2,426
Depreciation and amortization	**1,366**	1,344	1,233
Gross profit before depreciation and amortization	**$ 2,645**	$ 2,879	$ 3,659
Reported as:			
Steelmaking coal	**$ 906**	$ 920	$ 1,729
Copper			
Highland Valley Copper	**449**	419	408
Antamina	**412**	450	596
Quebrada Blanca	**(19)**	118	121
Carmen de Andacollo	**86**	164	244
Duck Pond	**(3)**	16	19
Other	**6**	10	3
	$ 931	$ 1,177	$ 1,391
Zinc			
Trail Operations	**205**	142	112
Red Dog	**600**	638	418
Pend Oreille	**(9)**	–	–
Other	**9**	(1)	4
	$ 805	$ 779	$ 534
Energy	**$ 3**	$ 3	$ 5
Gross profit before depreciation and amortization	**$ 2,645**	$ 2,879	$ 3,659

Quarterly Reconciliation

($ in millions)	2015				2014			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Profit (loss) attributable to shareholders	**$ (459)**	**$ (2,146)**	**$ 63**	**$ 68**	$ 129	$ 84	$ 80	$ 69
Finance expense net of finance income	**79**	**76**	**78**	**78**	80	78	74	68
Provision for income taxes	**(222)**	**(767)**	**90**	**63**	32	151	66	93
Depreciation and amortization	**333**	**331**	**365**	**337**	341	338	338	327
EBITDA	**$ (269)**	**$ (2,506)**	**$ 596**	**$ 546**	$ 582	$ 651	$ 558	$ 557
Impairments	**$ 736**	**$ 2,895**	**–**	**–**	–	–	–	$ 12
Adjusted EBITDA	**$ 467**	**$ 389**	**$ 596**	**$ 546**	$ 582	$ 651	$ 558	$ 569

Caution on Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements, principally under the heading "Outlook", but also elsewhere in this document, include estimates, forecasts and statements as to management's expectations with respect to, among other things, anticipated future production at our business units and individual operations (including our long-term production guidance), cost and spending guidance for our business units and individual operations, our expectation that we will meet our production guidance, sales volume and selling prices for our products (including settlement of coal contracts with customers), plans and expectations for our development projects, including resulting increases in forecast operating costs and costs of product sold, expected production, expected progress, costs and outcomes of our various projects and investments, including, but not limited to, those described in the discussions of our operations, the sensitivity of our estimated profit and EBITDA to changes in commodity prices and exchange rates, the effect of currency exchange rates, our expectations for the general market for our commodities, future trends for the company, costs associated with the Elk Valley Water Quality Plan and goals of that plan, anticipated production at Highland Valley through to the end of its mine life, mine life for our operations, expectation that future mill throughput at Antamina will continue above original design capacity rates as a result of successful and continued debottlenecking efforts, expected copper and zinc production rates at Antamina, our goal of extending cathode production at Carmen de Andacollo through 2020, expectation of material reductions in the initial capital costs of the Quebrada Blanca Phase 2 project, timing of the expected submission of the SEIA for the Quebrada Blanca Phase 2 project, expected Red Dog production through 2019, our ability to continue our cost reduction initiatives and the anticipated results of the initiatives, estimated capital and operating costs for Fort Hills, as well as timing of first oil from the Fort Hills project, timing expectations regarding the Frontier review and permitting process as well as timing of first oil from the project, reserve and resources estimates, the availability of our credit facilities, sources of liquidity and capital resources forecast, forecast capital expenditures and demand and market outlook for commodities. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of zinc, copper and 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 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 coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees, business partners and joint venturers. Statements concerning the expected reduced initial capital costs for Quebrada Blanca Phase 2 are based on assumptions regarding the expected benefits of moving the proposed tailings facility and other plant and infrastructure optimizations. The statement concerning the timing of the re-filing of our SEIA for the Quebrada Blanca Phase 2 project are based on assumptions regarding the permitting process of our existing project. Statements regarding the availability of our credit facilities are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the credit facilities are not otherwise terminated or accelerated due to an event of default. The sensitivity of our project profit and EBITDA to changes in the Canadian/U.S. dollar exchange rate and commodity prices, before pricing adjustments, is based on our current balance sheet, our expected 2016 mid-range production estimates, current commodity prices and a Canadian/U.S. dollar exchange rate of $1.40. 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 governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, changes in tax or royalty rates, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits or environmental impact assessments, and changes or further deterioration in general economic conditions. The amount and timing of actual capital expenditures is dependent upon, among other matters, being able to secure permits, equipment, supplies, materials and labour on a timely basis and at expected costs to enable the related capital project to be completed as currently anticipated. Our Fort Hills project is not controlled by us and construction and production schedules may be adjusted by our partners.

Statements concerning future production costs or volumes, and the sensitivity of the company's profit to changes in commodity prices and exchange rates, are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, and adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2015, filed on SEDAR and on EDGAR under cover of Form 40-F.

Contingent Resource Disclosure

The contingent bitumen resources at Frontier have been prepared by Sproule Unconventional Limited, a qualified resources evaluator. Contingent 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. 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 which 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 license 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.

Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and fair presentation of the financial information contained in this annual report. Where appropriate, the financial information, including financial statements, reflects amounts based on the best estimates and judgments of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information presented elsewhere in the annual report is consistent with that disclosed in the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The system of controls is also supported by a professional staff of internal auditors who conduct periodic audits of many aspects of our operations and report their findings to management and the Audit Committee.

Management has a process in place to evaluate internal control over financial reporting based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets periodically with management, our internal auditors and independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, appointed by the shareholders, have audited our financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the auditor's report.

Donald R. Lindsay
President and Chief Executive Officer

Ronald A. Millos
Senior Vice President, Finance and Chief Financial Officer
February 16, 2016

Independent Auditor's Report

To the Shareholders of Teck Resources Limited

We have completed integrated audits of Teck Resources Limited's (the Company) December 31, 2015 and December 31, 2014 consolidated financial statements and its internal control over financial reporting as at December 31, 2015. Our opinions, based on our audits, are presented below.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Teck Resources Limited which comprise the consolidated balance sheets as at December 31, 2015 and 2014 and the consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teck Resources Limited as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control Over Financial Reporting

We have also audited Teck Resources Limited's internal control over financial reporting as at December 31, 2015, based on criteria established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control Over Financial Reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

Definition of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Teck Resources Limited maintained, in all material respects, effective internal control over financial reporting as at December 31, 2015, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
February 16, 2016
Vancouver, British Columbia

Consolidated Statements of Income (Loss) Years ended December 31

(CAD$ in millions, except for share data)	2015	2014
Revenues	**$ 8,259**	$ 8,599
Cost of sales	**(6,980)**	(7,064)
Gross profit	**1,279**	1,535
Other operating expenses		
General and administration	**(108)**	(119)
Exploration	**(76)**	(60)
Research and development	**(47)**	(29)
Asset impairments (Note 7)	**(3,631)**	(12)
Other operating income (expense) (Note 8)	**(335)**	(267)
Profit (loss) from operations	**(2,918)**	1,048
Finance income (Note 9)	**5**	4
Finance expense (Note 9)	**(316)**	(304)
Non-operating income (expense) (Note 10)	**(89)**	(21)
Share of losses of associates and joint ventures (Note 14)	**(2)**	(3)
Profit (loss) before taxes	**(3,320)**	724
Recovery of (provision for) income taxes (Note 19)	**836**	(342)
Profit (loss) for the year	**$ (2,484)**	$ 382
Profit (loss) attributable to:		
Shareholders of the company	**$ (2,474)**	$ 362
Non-controlling interests	**(10)**	20
Profit (loss) for the year	**$ (2,484)**	$ 382
Earnings (loss) per share (Note 22(g))		
Basic	**$ (4.29)**	$ 0.63
Diluted	**$ (4.29)**	$ 0.63
Weighted average shares outstanding (millions)	**576.2**	576.2
Shares outstanding at end of year (millions)	**576.3**	576.1

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

Consolidated Statements of Comprehensive Income (Loss) Years ended December 31

(CAD$ in millions)	2015	2014
Profit (loss) for the year	**$ (2,484)**	$ 382
Other comprehensive income (loss) in the year		
Items that may be reclassified to profit		
Currency translation differences (net of taxes of $163 and $82)	**202**	132
Change in fair value of available-for-sale financial instruments (net of taxes of $(2) and $nil)	**7**	(1)
Cash flow hedges (net of taxes of $(1) and $nil)	**4**	(2)
Share of other comprehensive income of associates and joint ventures	**3**	–
	216	129
Items that will not be reclassified to profit		
Remeasurements of retirement benefit plans (net of taxes of $(18) and $nil)	**40**	28
Total other comprehensive income for the year	**256**	157
Total comprehensive income (loss) for the year	**$ (2,228)**	$ 539
Total other comprehensive income attributable to:		
Shareholders of the company	**$ 241**	$ 149
Non-controlling interests	**15**	8
	$ 256	$ 157
Total comprehensive income (loss) attributable to:		
Shareholders of the company	**$ (2,233)**	$ 511
Non-controlling interests	**5**	28
	$ (2,228)	$ 539

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

Consolidated Statements of Cash Flows Years ended December 31

(CAD$ in millions)	2015	2014
Operating activities		
Profit (loss) for the year	**$ (2,484)**	$ 382
Items not affecting operating cash flows:		
Depreciation and amortization	**1,366**	1,344
Provision for (recovery of) income taxes	**(836)**	342
Asset impairments	**3,631**	12
Loss (gain) on sale of investments and assets	**(120)**	2
Foreign exchange losses	**76**	9
Finance expense	**316**	304
Income taxes paid	**(255)**	(406)
Other	**54**	6
	1,748	1,995
Net change in non-cash working capital items	**203**	283
	1,951	2,278
Investing activities		
Purchase of property, plant and equipment	**(1,581)**	(1,498)
Capitalized production stripping costs	**(663)**	(715)
Expenditures on financial investments and other assets	**(82)**	(44)
Proceeds from the sale of investments and other assets	**1,222**	34
	(1,104)	(2,223)
Financing activities		
Issuance of debt	**28**	12
Repayment of debt	**(476)**	(70)
Debt interest paid	**(444)**	(381)
Purchase and cancellation of Class B subordinate voting shares	**–**	(5)
Dividends paid	**(374)**	(518)
Distributions to non-controlling interests	**(27)**	(23)
	(1,293)	(985)
Effect of exchange rate changes on cash and cash equivalents	**304**	187
Decrease in cash and cash equivalents	**(142)**	(743)
Cash and cash equivalents at beginning of year	**2,029**	2,772
Cash and cash equivalents at end of year	**$ 1,887**	$ 2,029

Supplemental cash flow information (Note 11)

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

Consolidated Balance Sheets

(CAD$ in millions)	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents (Note 11)	**$ 1,887**	$ 2,029
Current income tax receivable	**183**	100
Trade accounts receivable	**1,115**	1,036
Inventories (Note 12)	**1,620**	1,752
	4,805	4,917
Financial and other assets (Note 13)	**936**	894
Investments in associates and joint ventures (Note 14)	**939**	32
Property, plant and equipment (Note 15)	**26,791**	28,925
Deferred income tax assets (Note 19)	**90**	361
Goodwill (Note 16)	**1,127**	1,710
	$ 34,688	$ 36,839
Liabilities and Equity		
Current liabilities		
Trade accounts payable and other liabilities (Note 17)	**$ 1,673**	$ 1,663
Dividends payable (Note 22(i))	**–**	259
Current income tax payable	**25**	59
Debt (Note 18)	**28**	428
	1,726	2,409
Debt (Note 18)	**9,606**	8,013
Deferred income tax liabilities (Note 19)	**4,828**	6,091
Deferred consideration (Note 5(c))	**785**	–
Retirement benefit liabilities (Note 20)	**591**	572
Other liabilities and provisions (Note 21)	**515**	918
	18,051	18,003
Equity		
Attributable to shareholders of the company	**16,407**	18,606
Attributable to non-controlling interests	**230**	230
	16,637	18,836
	$ 34,688	$ 36,839

Contingencies (Note 24)
Commitments (Note 25)

Approved on behalf of the Board of Directors

Tracey L. McVicar
Chair of the Audit Committee

Warren S. R. Seyffert, Q.C.
Lead Director

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

Consolidated Statements of Changes in Equity Years ended December 31

(CAD$ in millions)	2015	2014
Class A common shares (Note 22)	**$ 7**	$ 7
Class B subordinate voting shares (Note 22)		
Beginning of year	**6,502**	6,503
Share repurchases (Note 22(e))	**–**	(2)
Issued on exercise of options	**1**	1
Reversal of tax provision (Note 22(h))	**124**	–
End of year	**6,627**	6,502
Retained earnings		
Beginning of year	**11,723**	11,853
Profit (loss) for the year attributable to shareholders of the company	**(2,474)**	362
Dividends declared	**(115)**	(518)
Share repurchases (Note 22(e))	**–**	(2)
Remeasurements of retirement benefit plans	**40**	28
End of year	**9,174**	11,723
Contributed surplus		
Beginning of year	**149**	130
Share option compensation expense (Note 22(c))	**24**	20
Transfer to Class B subordinate voting shares on exercise of options	**–**	(1)
End of year	**173**	149
Accumulated other comprehensive income (loss) attributable to shareholders of the company (Note 22(f))		
Beginning of year	**225**	104
Other comprehensive income	**241**	149
Less remeasurements of retirement benefit plans recorded in retained earnings	**(40)**	(28)
End of year	**426**	225
Non-controlling interests (Note 23)		
Beginning of year	**230**	214
Profit for the year attributable to non-controlling interests	**(10)**	20
Other comprehensive income	**15**	8
Other	**22**	11
Dividends or distributions	**(27)**	(23)
End of year	**230**	230
Total equity	**$ 16,637**	$ 18,836

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, development and exploration, 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. We also own an interest in a wind power facility and in certain oil sands leases and have a partnership interest in an oil sands development project now under construction.

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 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements were prepared by management and were approved by the Board of Directors on February 16, 2016.

b) New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standards or interpretations in the annual period for which they are first required.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15) as a result of a joint revenue project with the Financial Accounting Standards Board (FASB).

The new revenue standard introduces a single principles-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers.

The standard initially had an effective date of January 1, 2017. However, subsequent to the FASB's decision to defer the adoption of its new revenue standard to 2018, the IASB issued an amendment to IFRS 15 in September 2015. This amendment formalized the deferral of the effective date of IFRS 15 by one year to January 1, 2018. Early application of IFRS 15 is still permitted. We are currently assessing the effect of this standard on our financial statements.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the completed version of the standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items will now be eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship. New disclosure requirements relating to hedge accounting will be required and are meant to simplify existing disclosures. The IASB currently has a separate project on macro hedging activities and until the project is completed, the IASB has provided a policy choice for entities to either apply the hedge accounting model in IFRS 9 or IAS 39 in full. Additionally, there is a hybrid option to use IAS 39 to account for macro hedges only and to use IFRS 9 for all other hedges.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on our financial statements.

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and financial liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 and can be applied before that date but only if IFRS 15 is also applied. We are currently assessing the effect of this standard on our financial statements.

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 Limited (TML), Teck Alaska Incorporated (TAK), Teck Highland Valley Copper Partnership (Highland Valley Copper), Teck Coal Partnership (Teck Coal), Teck Washington Incorporated (TWI), Compañia Minera Teck Quebrada Blanca S.A. (Quebrada Blanca) and Compañia Minera Teck Carmen de Andacollo (Carmen de Andacollo).

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 we have existing rights that 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. If we lose control of a subsidiary but retain an investment in a joint venture or associate, we recognize a gain or loss on the transaction in the period in which the loss of control occurs. We do not revalue any retained interest in the joint venture or associate to fair value on the transaction date.

Certain of our business activities are conducted through joint arrangements. Our interests in joint operations include Galore Creek Partnership (Galore Creek, 50% share), Fort Hills Energy Limited Partnership (Fort Hills, 20% share), Waneta Dam (66.7% share) and Wintering Hills Wind Power Facility (49% share), which operate in Canada and Compañia Minera Antamina (Antamina, 22.5%), which operates in Peru. We account for our interests in these joint operations by recording our share of the respective assets, liabilities, revenue, expenses and cash flows. Beginning in 2015, we also have an interest in a joint venture, Corredor SPA (Project Corridor, 50% share), in Chile that we account for using the equity method (Note 5(a) and Note 14).

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 and that we do not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

Our proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

If our share of the associate's or joint venture's losses equals or exceeds our investment in the associate or joint venture, recognition of further losses is discontinued. After our interest is reduced to zero, additional losses will 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 after our share of the profits equals the share of losses not recognized.

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.

The functional currency of Teck Resources Limited, the parent entity, is the Canadian dollar, which is also the presentation currency of our consolidated financial statements.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation. Items in the statement of income are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the balance sheet are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar, and any offsetting exchange differences on net debt used to hedge those assets, are recognized in a separate component of equity through other comprehensive income.

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.

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.

3. Summary of Significant Accounting Policies (continued)

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 generally pass to the customer when the product is loaded onto a carrier specified by the customer. We generally retain title to these products until we receive the first contracted payment, solely to protect the collectibility of the amounts due to us, which are typically received shortly after loading. A minority of metal concentrate sales are made on consignment. For these transactions, significant risks and rewards of ownership pass to the customer at the time the product is consumed in the customer's processes.

For sales of refined metal, significant risks and rewards of ownership generally pass to the customer when the product is loaded onto a carrier specified by the customer. For these products, loading generally coincides with the transfer of title.

Pricing agreements

Steelmaking coal is sold under spot, quarterly or annual pricing contracts, and pricing is final when the product is delivered.

The majority of our cathode and metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, the price is determined on a provisional basis at the date of sale and revenue is recorded at that time based on current market prices.

Adjustments are made to the customer receivables in subsequent periods based on movements in quoted market prices up to the date of final pricing. As a result, the value of our cathode and concentrate sales receivables changes as the underlying commodity market prices vary and this adjustment mechanism has the characteristics of a derivative. Accordingly, the fair value of the embedded derivative is adjusted each reporting period by reference to forward market prices and the changes in fair value are recorded as an adjustment to other operating income (expense).

Streaming transactions

The treatment of upfront and ongoing payments received from counterparties under streaming arrangements depends on the specific terms of the arrangement. For arrangements we have entered into to date, we consider these transactions to be a disposition of a portion of the associated mineral properties and therefore, do not recognize revenue for payments received under these arrangements. Any deferred consideration recorded for streaming transactions and any ongoing payments received from our streaming transactions are recognized in profit 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. We may enter into transactions to sell trade receivables to third parties. We consider whether the risks and rewards of ownership of the receivables are transferred to the purchaser and whether control over the receivables is retained in determining whether to account for the transaction as a sale and derecognize the trade receivables, accordingly.

Investments in marketable securities

Investments in marketable securities are classified as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income until investments are disposed of or when there is objective evidence of an impairment in value. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance.

At each balance sheet date, we assess for any objective evidence of an impairment in value of our investments and record such impairments in profit for the period. If an impairment of an investment in a marketable equity security has been recorded in profit, it cannot be reversed 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 valuation techniques, with assumptions 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.

3. Summary of Significant Accounting Policies (continued)

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 profit.

For cash flow hedges, any unrealized gains and losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit upon settlement of the hedging instrument, when the hedged item ceases to exist, or when the hedge is determined to be ineffective.

For hedges of net investments in foreign operations, any foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are initially recorded in other comprehensive income. Gains and losses are recognized in profit on the ineffective portion of the hedge, or when there is a disposal of a foreign operation being hedged.

Inventories

Finished products, work in-process and raw materials inventories are valued at the lower of weighted average cost and net realizable value. Raw materials include concentrates for use at smelting and refining operations. Work in-process inventory includes inventory in the milling, smelting or refining process and stockpiled ore at mining operations.

For work in-process and finished product inventories, cost includes all direct costs incurred in production, including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. Production stripping costs that are not capitalized are included in the cost of inventories as incurred. Depreciation and amortization of capitalized production stripping costs are included in the cost of inventory.

When inventories have been written down to net realizable value, we make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

We use both joint-product and by-product costing for work in-process and finished product inventories. Joint costing is applied where the profitability of the operations is dependent upon the production of a number of primary products. Joint costing allocates total production costs based on the relative values of the products. Where by-product costing is used, by-products are allocated only the incremental costs of processes that are specific to the production of that product.

Supplies inventory is valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

Property, Plant and Equipment

Land, buildings, plant and equipment

Land is recorded at cost and buildings, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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 available for 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)	3 – 40 years
• Plant and equipment (smelting operations)	3 – 30 years

Mineral properties and mine development costs

The cost of acquiring and developing mineral properties or property rights, including pre-production waste rock stripping costs related to mine development and costs incurred during production to increase future output, are capitalized.

Waste rock stripping costs incurred in the production phase of a surface mine are recorded as capitalized production stripping costs within property, plant and equipment when it is probable that the stripping activity will improve access to the orebody; when the component of the orebody 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 a component, the excess is capitalized as capitalized production stripping costs.

Once available for use, mineral properties and mine development costs are depreciated on a units-of-production basis over the proven and probable reserves to which they relate. Since the stripping activity within a component of a mine generally only improves access to the reserves of the same component, capitalized waste rock 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 approved, capitalized exploration and evaluation costs are reclassified to mineral properties and leases 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 considered to be tangible assets. These assets are not depreciated as they are not currently available for use. When proven and probable reserves are determined and development is approved, capitalized development costs for oil sands properties are reclassified to mineral properties and leases 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 to which the asset belongs is determined. The recoverable amount of an asset or cash-generating unit 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 cash-generating unit's carrying amount exceeds the 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, when a binding sale agreement is not readily available, fair value less costs of disposal is estimated using a discounted cash flow approach. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources, and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate. Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash-generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which estimates of future cash flows have not been adjusted.

Indicators of impairment and impairment of exploration and evaluation assets or oil sands development costs are assessed on a project-by-project basis or as part of the existing operation to which they relate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. 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 an 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 no longer suspended. Capitalized borrowing costs are amortized over the useful life of the related asset.

Leased assets

Leased assets in 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 cash-generating unit (CGU) or group of CGUs that are expected to receive the benefits from the business combination. Irrespective of any indication of impairment, the carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment. Testing is also performed when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

Income Taxes

Taxes, comprising both income taxes and resource taxes, are accounted for as income taxes under IAS 12, Income Taxes and are recognized in the statement of income, except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity.

Current taxes receivable or payable are based on estimated taxable income for the current year at the statutory tax rates enacted or substantively enacted less amounts paid or received on account.

Deferred tax assets and liabilities are recognized based on temporary differences (the difference between the tax and accounting values of assets and liabilities) and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities in a particular jurisdiction will be available, against which the assets can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates. However, we do not recognize such deferred tax liabilities where the timing of the reversal of the temporary differences can be controlled 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 that will affect neither accounting profit nor taxable profit.

We are subject to assessments by various taxation authorities, who may interpret tax legislation differently than we do. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. We account for such differences based on our best estimate of the probable outcome of these matters.

Employee Benefits

Defined benefit pension plans

Defined benefit pension plan obligations are based on actuarial determinations. The projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, is used to determine the defined benefit obligations, the related current service costs and, where applicable, the past service costs. Actuarial assumptions used in the determination of defined benefit pension plan assets and liabilities are based upon our best estimates, including discount rates, salary escalation, expected health care costs and retirement dates of employees.

Vested and unvested costs arising from past service following the introduction of changes to a defined benefit plan are recognized immediately as an expense when the changes are made.

3. Summary of Significant Accounting Policies (continued)

Actuarial gains and losses can arise from differences between expected and actual outcomes or changes in actuarial assumptions. Actuarial gains and losses, changes in the effect of asset ceiling rules and return on plan assets are collectively referred to as remeasurements of retirement benefit plans and are recognized immediately through other comprehensive income 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 only have asset ceilings in our registered pension plans.

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 their function, current service costs and past service costs are included in either operating expenses or general and administration expenses.

Defined contribution pension plans

The cost of providing benefits through defined contribution plans is charged to profit as the obligation to contribute is incurred.

Non-pension post-retirement plans

We provide health care benefits for certain employees when they retire. Non-pension post-retirement plan obligations are based on actuarial determinations. The cost of these benefits is expensed over the period in which the employees render services. We fund these non-pension post-retirement benefits as they become due.

Termination benefits

We recognize a liability and an expense for termination benefits when we have demonstrably committed to either terminate employees before their normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary retirement. We are demonstrably committed to a termination when, and only when, there is a formal plan for the termination with no realistic possibility of withdrawal. The plan should include, at a minimum, the location, function and approximate number of employees whose services are to be terminated, the termination benefits for each job classification or function, and the time at which the plan will be implemented without significant changes.

Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of share options and other equity-settled share-based payment arrangements is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged to profit over the vesting period. For employees eligible for normal retirement prior to vesting, the expense is charged to profit over the period from the grant date to the date they are eligible for retirement.

Share-based payment expense relating to cash-settled awards, including deferred, restricted and performance share units, is accrued over the vesting period of the units based on the quoted market value of Class B subordinate voting shares. Performance share units have an additional vesting factor determined by our total shareholder return in comparison to a group of specified companies. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price. Our performance share units are also adjusted by our total shareholder return in comparison to the group of specified companies.

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.

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. 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 retirement cost.

Environmental disturbance restoration provisions

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 profit 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 profit 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.

Share Repurchases

Where we repurchase any of our equity share capital, the excess of the consideration paid over book value is deducted from contributed surplus and retained earnings on a pro rata basis.

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. Dilution from convertible securities is calculated based on the number of shares to be issued after taking into account the reduction of the related after-tax interest expense.

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. We consider both internal and external information to determine whether there is an indicator of impairment 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, tax assumptions and inflation rates. Note 7 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 recorded in the income statement and the resulting carrying values of assets.

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 analyse the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement over its life. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, we generally consider decisions about activities such as managing the asset while it is being 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 a 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 both of the streaming arrangements entered into during the year (Note 5(b) and (c)), there is no guarantee associated with the upfront payment and we are effectively disposing of the interest in the gold and silver mineral interests at each of these operations over the life of the arrangement. Accordingly, we consider these arrangements a disposition of a mineral interest.

When the ongoing payment is based on future commodity prices at the date deliveries are made, this may be considered an embedded derivative (Note 27(c)). The valuation of embedded derivatives in these arrangements is an area of estimation and is determined using discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward curve prices, mine plans and discount rates. Changes in these assumptions could affect the carrying value of derivative assets or liabilities and the amount of unrealized gains or losses recognized in other operating income (expense).

Estimated Recoverable Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101, Standards of Disclosure for Mineral Projects. These include production costs, mining and processing recoveries, cut-off grades, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs, and recoveries, among other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for capitalized production stripping costs, in performing impairment testing, and in forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could affect the carrying value of assets, depreciation and impairment charges recorded in the income statement and the carrying value of the decommissioning and restoration provision.

Decommissioning and Restoration Provisions

The decommissioning and restoration provision is based on future cost estimates using information available at the balance sheet date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded and the income statement may be affected.

4. Critical Accounting Estimates and Judgments (continued)

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.

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. 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. Transactions

a) Project Corridor

On November 24, 2015, we combined into a single project our Relincho project with the El Morro project owned by Goldcorp Inc. (Goldcorp). Project Corridor is the interim name of the project and it will be operated by a 50/50 joint venture entity, Corredor SPA.

We have accounted for this transaction as a disposition of a subsidiary in exchange for an investment in a joint venture. This was a non-cash transaction (Note 11). We have measured the fair value of Project Corridor using a combination of a discounted cash flow model and a market transaction approach based on management's best estimates of what inputs a market participant would consider appropriate. The key inputs used in determining the fair value of Project Corridor are consistent with those used in our impairment testing (Note 7). A change to these inputs would alter the value of our investment in Project Corridor and the gain that we have recognized on close of this transaction. This is classified as a Level 3 measurement within the fair value measurement hierarchy (Note 28).

We have recognized a gain of $37 million in other operating income (expense) on this transaction (Note 8). We apply the requirements of IAS 28, Investments in Associates and Joint Ventures and, accordingly, we have recognized a gain on this transaction only to the extent of Goldcorp's interest in the joint venture. Therefore, we have not remeasured our retained interest in Relincho to fair value on closing.

We have concluded that Project Corridor is a joint arrangement where we share joint control with Goldcorp. We have accounted for our interest as an investment in a joint venture and have applied the equity method of accounting for our investment (Note 14).

b) Gold Stream Agreement

On July 8, 2015, Carmen de Andacollo sold an interest in gold reserves and resources from the Carmen de Andacollo mine (Andacollo mine) to RGLD Gold AG (RGLDAG), a wholly owned subsidiary of Royal Gold, Inc. Under the terms of the agreement, RGLDAG is entitled to an amount of gold equal to 100% of the payable gold produced from the Andacollo mine until 900,000 ounces have been delivered, and 50% thereafter. RGLDAG will pay a cash price of 15% of the monthly average gold price at the time of each delivery. Carmen de Andacollo and Royal Gold Chile Limitada, a wholly owned subsidiary of Royal Gold, Inc., terminated an earlier royalty agreement entered into in 2010. Under the terminated royalty agreement, Royal Gold Chile Limitada was entitled to a payment based on 75% of payable gold produced from Andacollo mine until 910,000 ounces had been delivered, and 50% thereafter.

We received cash proceeds of $206 million (US$162 million) as a result of Carmen de Andacollo entering into the new agreement and terminating the separate royalty agreement from 2010. We have recorded the transaction on a net basis as a sale of an incremental mineral property interest, and the net consideration has been accounted for as a recovery of mineral property costs. Accordingly, no gain or loss was recognized on the transaction. We account for the 15% ongoing payment as a reduction of our cost of sales and not as revenue as we consider it to be payment for the mineral interest and mining and refining services. The 15% ongoing payment contains an embedded derivative relating to the gold price that is marked to market each period with changes flowing through profit (loss) (Note 27(c)).

c) Silver Stream Agreement

On October 9, 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 will also receive 5% of the spot price at the time of delivery for each ounce of silver delivered under the agreement. We will 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.

We have recorded this transaction as a disposition of a partial mineral property interest and the consideration has been accounted for as a recovery of mineral property costs. Accordingly, no gain or loss was recognized on the transaction and, as a result of the low carrying value of our interest in the mineral property of Antamina, we have recorded deferred consideration of $816 million (US$590 million) as at December 31, 2015. We account for the 5% ongoing payment as a reduction of our cost of sales and not as revenue as we consider it to be payment for the mineral interest and mining and refining services. The 5% ongoing payment contains an embedded derivative relating to the silver price that is marked to market each period with a charge or credit to other operating income (expense) (Note 27(c)).

6. Expenses by Nature

(CAD$ in millions)	2015	2014
Wage related costs:		
Wages and salaries	**$ 913**	$ 919
Employee benefits and other wage-related costs	**263**	249
Bonus payments	**125**	126
Post-employment benefits and pension costs	**74**	67
	1,375	1,361
Transportation	**1,292**	1,355
Depreciation and amortization	**1,366**	1,344
Raw material purchases	**741**	729
Fuel and energy	**646**	811
Operating supplies consumed	**596**	621
Maintenance and repair supplies	**599**	585
Contractors and consultants	**482**	505
Overhead costs	**270**	243
Royalties	**198**	246
Other operating costs	**76**	86
	7,641	7,886
Less:		
Production stripping and other capitalized costs	**(663)**	(718)
Change in inventory	**233**	104
Total cost of sales, general and administration, exploration and research and development expenses	**$ 7,211**	$ 7,272

Approximately 28% (2014 – 25%) of our costs are incurred at our foreign operations where the functional currency is the U.S. dollar.

7. Asset Impairments

In light of economic conditions during the year and resultant changes in mine plans at certain operations, we revised our market participant long-term price expectations for copper, zinc, steelmaking coal, and oil and performed a detailed review of impairment indicators across all of our operations and assets. Where required, we estimated the recoverable amount of our assets on a fair value less costs of disposal basis (FVLCD). We assessed whether the recoverable amount determined using a FVLCD or value in use basis was greater. For all of our assets where carrying values exceeded their recoverable amount, we have determined that the FVLCD was greater.

In our copper, zinc, steelmaking coal and energy business units we identified CGUs with carrying values that exceeded the estimated recoverable amounts and recorded impairments in 2015. FVLCD was estimated using a discounted cash flow methodology taking into account assumptions likely to be made by market participants, which is classified as Level 3 within the fair value measurement hierarchy.

Cash flow projections were based on current life of mine plans and exploration potential for all assets. For our coal operations, the cash flows cover periods from 7 to 50 years, with a steady state thereafter until reserves and resources are exhausted. For Quebrada Blanca and Carmen de Andacollo, the cash flows cover periods of 31 years and 32 years, respectively, with a steady state thereafter until reserves and resources are exhausted. Fort Hills and Pend Oreille cash flows cover periods of 46 and 5 years, respectively.

The impairment charges recorded during the year in each reportable segment are as follows:

Reportable Segment		Steelmaking Coal		Copper		Zinc		Energy
Cash-generating unit		**Steelmaking Coal Assets CGU**		**Carmen de Andacollo**		**Pend Oreille**		**Fort Hills**
Nature of the asset		**Steelmaking Coal Mines in Canada**		**Copper Mine in Chile**		**Zinc Mine in U.S.**		**Oil Sands in Canada**
(CAD$ in millions)								
Post-tax recoverable amount	$	9,969	$	954	$	49	$	1,786
Post-tax impairment of property, plant and equipment	$	981	$	231	$	19	$	785
Post-tax impairment of goodwill (Note 16)		501		174		–		–
Total post-tax impairment	$	1,482	$	405	$	19	$	785

(CAD$ in millions)		Steelmaking Coal Assets CGU		Carmen de Andacollo		Pend Oreille		Fort Hills		Total
Impairment recorded in profit	$	2,032	$	506	$	31	$	1,062	$	3,631
Less tax effect – recovery		(550)		(101)		(12)		(277)		(940)
Post-tax impairment recorded in profit	$	1,482	$	405	$	19	$	785	$	2,691

During the year ended December 31, 2014, we recorded an asset impairment of $12 million relating to our Duck Pond Operations due to the short remaining mine life.

The key inputs, where applicable, used to estimate the FVLCD of each CGU as at December 31, 2015, when impairment indicators were identified, were determined as follows:

Commodity Prices

Commodity price assumptions are based on a number of factors, including forward curves in the near term, and are benchmarked with external sources of information, including information published by our peers and market transactions, where possible, to ensure they are within the range of values used by market participants.

Our key price assumptions are based on current prices over the next three years escalating to a real long-term price. For steelmaking coal, copper and zinc, we used the current price in the initial year, which is gradually escalated over the next three years, reaching a real long-term price in 2020 of US$130 per tonne, US$3.00 per pound and US$1.00 per pound for steelmaking coal, copper and zinc, respectively.

For impairment testing of assets within our energy business unit, we used the current price in the initial year, which is gradually escalated over the next three years, reaching a real long-term Western Canadian Select (WCS) price in 2020 of US$60 per barrel.

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.

7. Asset Impairments (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 subject to ongoing optimization and review by management.

Discount Rates

Discount rates used are based on the weighted average cost of capital for a mining industry peer group, which would be considered the market participant, and are calculated with reference to current market information. Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows. A 6.2% real, 8.3% nominal post-tax discount rate was used to discount cash flow projections in all of our FVLCD discounted cash flows.

Foreign Exchange Rates

Foreign exchange rates are benchmarked with external sources of information based on a range used by market participants. The Canadian-U.S. dollar foreign exchange rate assumption used in 2016 was 1 U.S. dollar to 1.38 Canadian dollars. The long-term Canadian-U.S. dollar foreign exchange assumption used from 2020 onwards was 1 U.S. dollar to 1.25 Canadian dollars.

Inflation Rates

Inflation rates are based on average historical inflation for the location of each operation and long-term government targets. The inflation rate for all FVLCD calculations was 2%.

Sensitivity Analysis

We noted impairment indicators at Teck Coal, Quebrada Blanca, Carmen de Andacollo, and Fort Hills and the recoverable amounts of the associated CGUs have been estimated. The goodwill balance for Teck Coal has been adjusted to its recoverable amount. The goodwill balance for Carmen de Andacollo has been reduced to nil. The recoverable amount for Quebrada Blanca exceeded the carrying amount and no impairment was recorded during the year ended December 31, 2015.

These recoverable amounts are most sensitive to changes in long-term prices for steelmaking coal, copper, WCS, Canadian-U.S. dollar exchange rates, and discount rates. These assumptions 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. In addition, WCS and Canadian-U.S. dollar exchange rates are generally considered to have an inverse relationship and a change in one may result in a partially offsetting change to the other. It is difficult to determine how all of these factors would interrelate, but in estimating the effect of changes in these assumptions on fair values, we believe that all of these factors need to be considered together. In addition, variations in assumptions could potentially cause some assets to be fully written off and not be subject to further impairment. Therefore, a further decrease in these assumptions does not necessarily correspond with a proportionate increase in a potential impairment charge and a linear extrapolation of these effects becomes less meaningful as the change in assumption increases.

The QB mine site's recoverable amount exceeds its carrying value by approximately $650 million. Ignoring the above described interrelationships, in isolation a 4% decrease in the long term copper price, or a 50 basis point increase in the discount rate would result in the recoverable amount being equal to the carrying value.

Teck Coal, Carmen de Andacollo and Fort Hills have been written down to their recoverable amounts. Ignoring the above described interrelationships, in isolation a US$1 decrease in long-term price assumptions in steelmaking coal, a US$0.01 decrease in the long-term copper price and a US$1 per barrel decrease in the long-term WCS price would result in additional reductions in recoverable amounts of approximately $280 million, $15 million and $140 million, respectively. A $0.01 strengthening of the Canadian dollar against the U.S. dollar would result in an additional reduction in recoverable amounts of approximately $330 million in total. A 25 basis point increase in the discount rate would result in additional reductions in recoverable amounts of approximately $560 million in total.

8. Other Operating Income (Expense)

(CAD$ in millions)	2015	2014
Settlement pricing adjustments (Note 27(b))	**$ (280)**	$ (130)
Share based compensation	**(13)**	(12)
Environmental and care and maintenance costs	**(49)**	(52)
Social responsibility and donations	**(10)**	(15)
Gain (loss) on sale of assets	**74**	(2)
Gain on Project Corridor (Note 5(a))	**37**	–
Commodity derivatives (Note 27(b) and Note 27(c))	**(12)**	(7)
Restructuring	**(22)**	(11)
Other	**(60)**	(38)
	$ (335)	$ (267)

9. Finance Income and Finance Expense

(CAD$ in millions)	2015	2014
Finance income		
Investment income	**$ 5**	$ 4
Total finance income	**$ 5**	$ 4
Finance expense		
Debt interest	**$ 434**	$ 384
Letters of credit and standby fees	**20**	9
Financing fees and discount amortization	**8**	7
Net interest expense on retirement benefit plans	**13**	16
Accretion on decommissioning and restoration provisions (Note 21(a))	**59**	70
Other	**4**	1
	538	487
Less capitalized borrowing costs (Note 15)	**(222)**	(183)
Total finance expense	**$ 316**	$ 304

10. Non-Operating Income (Expense)

(CAD$ in millions)	2015	2014
Foreign exchange losses	**$ (76)**	$ (9)
Provision for marketable securities	**(21)**	(8)
Gain on sale of investments	**8**	1
Other	**–**	(5)
	$ (89)	$ (21)

11. Supplemental Cash Flow Information

(CAD$ in millions)	December 31, 2015	December 31, 2014
Cash and cash equivalents		
Cash	**$ 247**	$ 378
Money market investments with maturities from the date of acquisition of three months or less	**1,640**	1,651
	$ 1,887	$ 2,029

(CAD$ in millions)	2015	2014
Net change in non-cash working capital items		
Trade accounts receivable and taxes receivable	**$ 18**	$ 229
Inventories	**242**	133
Trade accounts payable and other liabilities and taxes payable	**(57)**	(79)
	$ 203	$ 283
Non-cash financing and investing transactions		
Project Corridor (Note 5(a))	**$ 414**	$ –

12. Inventories

(CAD$ in millions)	December 31, 2015	December 31, 2014
Raw materials	**$ 198**	$ 197
Supplies	**638**	595
Work in-process	**432**	533
Finished products	**408**	486
	1,676	1,811
Less long-term portion (Note 13)	**(56)**	(59)
	$ 1,620	$ 1,752

Cost of sales of $7.0 billion (2014 – $7.1 billion) include $6.5 billion (2014 – $6.5 billion) of inventories recognized as an expense during the year.

Total inventories held at net realizable value amounted to $352 million at December 31, 2015 (December 31, 2014 – $105 million). Total inventory write-downs during the year ended December 31, 2015 were $127 million (2014 – $118 million), of which $121 million (2014 – $118 million) was included as part of the cost of sales and $6 million (2014 – $nil) was included as part of other operating expenses as they related to the closed Duck Pond mine.

Long-term inventories consist of ore stockpiles and other in-process materials that are not expected to be processed within one year.

13. Financial and Other Assets

(CAD$ in millions)	**December 31, 2015**	December 31, 2014
Long-term receivables and deposits	**$ 299**	$ 219
Available-for-sale marketable equity securities carried at fair value	**198**	270
Pension plans in a net asset position (Note 20(a))	**272**	233
Long-term portion of inventories (Note 12)	**56**	59
Intangibles	**79**	81
Other	**32**	32
	$ 936	$ 894

14. Investments in Associates and Joint Ventures

(CAD$ in millions)	**Project Corridor** (a)	**Other** (b)	**Total**
At January 1, 2014	$ –	$ 24	$ 24
Contributions	–	8	8
Foreign exchange differences	–	3	3
Share of losses	–	(3)	(3)
At December 31, 2014	$ –	$ 32	$ 32
Contributions	845	17	862
Foreign exchange differences	36	8	44
Share of losses	–	(2)	(2)
Share of other comprehensive income	–	3	3
At December 31, 2015	$ 881	$ 58	$ 939

a) Project Corridor

On November 24, 2015, we combined our Relincho project with the El Morro project owned by Goldcorp into a single project held by Corredor SPA, a 50/50 joint venture entity (Note 5(a)). Prior to entering into this arrangement, we accounted for our interest in Relincho as a wholly owned subsidiary.

Our share of Project Corridor's losses was $nil for the period from November 24 to December 31, 2015.

b) Other Associates and Joint Ventures

Our share of losses from our other associates and joint ventures was $2 million in 2015 and $3 million in 2014.

15. Property, Plant and Equipment

(CAD$ in millions)	Exploration and Evaluation	Mineral Properties and Leases	Land, Buildings, Plant and Equipment	Capitalized Production Stripping Costs	Construction In-Progress	Total
At December 31, 2013						
Cost	$ 2,066	$ 20,090	$ 10,394	$ 2,102	$ 2,443	$ 37,095
Accumulated depreciation	–	(3,427)	(5,195)	(662)	–	(9,284)
Net book value	**$ 2,066**	**$ 16,663**	**$ 5,199**	**$ 1,440**	**$ 2,443**	**$ 27,811**
Year ended December 31, 2014						
Opening net book value	$ 2,066	$ 16,663	$ 5,199	$ 1,440	$ 2,443	$ 27,811
Additions	108	90	454	775	796	2,223
Disposals	–	–	(14)	–	–	(14)
Impairment (Note 7)	–	(12)	–	–	–	(12)
Depreciation and amortization	–	(551)	(559)	(442)	–	(1,552)
Transfers between classifications	–	–	1,054	–	(1,054)	–
Decommissioning and restoration provision change in estimate	–	(284)	(6)	–	–	(290)
Capitalized borrowing costs	–	70	–	–	113	183
Other	–	22	(29)	–	(3)	(10)
Foreign exchange differences	60	302	188	29	7	586
Closing net book value	**$ 2,234**	**$ 16,300**	**$ 6,287**	**$ 1,802**	**$ 2,302**	**$ 28,925**
At December 31, 2014						
Cost	$ 2,234	$ 20,349	$ 11,942	$ 2,916	$ 2,302	$ 39,743
Accumulated depreciation	–	(4,049)	(5,655)	(1,114)	–	(10,818)
Net book value	**$ 2,234**	**$ 16,300**	**$ 6,287**	**$ 1,802**	**$ 2,302**	**$ 28,925**

(CAD$ in millions)	Exploration and Evaluation	Mineral Properties and Leases	Land, Buildings, Plant and Equipment	Capitalized Production Stripping Costs	Construction In-Progress	Total
Year ended December 31, 2015						
Opening net book value	$ 2,234	$ 16,300	$ 6,287	$ 1,802	$ 2,302	$ 28,925
Additions	39	129	374	726	1,048	2,316
Disposals (Note 5(a) and (b))	(827)	(206)	(12)	–	–	(1,045)
Impairment (Note 7)	–	(1,885)	(10)	–	(1,062)	(2,957)
Depreciation and amortization	–	(404)	(571)	(464)	–	(1,439)
Decommissioning and restoration provision change in estimate	–	(476)	(38)	–	–	(514)
Capitalized borrowing costs	–	80	–	–	142	222
Other	–	(3)	(12)	–	–	(15)
Foreign exchange differences	105	595	435	82	81	1,298
Closing net book value	**$ 1,551**	**$ 14,130**	**$ 6,453**	**$ 2,146**	**$ 2,511**	**$ 26,791**
At December 31, 2015						
Cost	$ 1,551	$ 18,804	$ 13,129	$ 3,761	$ 2,511	$ 39,756
Accumulated depreciation	–	(4,674)	(6,676)	(1,615)	–	(12,965)
Net book value	**$ 1,551**	**$ 14,130**	**$ 6,453**	**$ 2,146**	**$ 2,511**	**$ 26,791**

a) Significant exploration and evaluation projects include Galore Creek and oil sands properties. At December 31, 2014, Relincho was included in exploration and evaluation within property, plant and equipment (Note 5(a)).

b) The carrying value of property, plant and equipment held under finance lease at December 31, 2015 is $166 million (2014 – $154 million). Ownership of leased assets remains with the lessor.

c) Borrowing costs are capitalized at a rate based on our 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 2015 was 5.0% (2014 – 4.9%).

16. Goodwill

(CAD$ in millions)	Coal Operations	Quebrada Blanca	Carmen de Andacollo	Total
January 1, 2014	$ 1,203	$ 327	$ 138	$ 1,668
Foreign exchange translation	–	29	13	42
December 31, 2014	$ 1,203	$ 356	$ 151	$ 1,710
Foreign exchange translation	–	69	23	92
Impairment (Note 7)	(501)	–	(174)	(675)
December 31, 2015	**$ 702**	**$ 425**	**$ –**	**$ 1,127**

The allocation of goodwill to CGUs or groups of CGUs reflects how goodwill is monitored for internal management purposes.

As at September 30, 2015, in light of market conditions, we performed impairment testing of our goodwill at all operations. We recorded impairment of our goodwill of $675 million, of which $501 million related to goodwill allocated to our coal operations and $174 million related to goodwill allocated to Carmen de Andacollo (Note 7). As at December 31, 2015, we performed impairment testing of the goodwill allocated to Teck Coal and Quebrada Blanca and did not identify an impairment loss. The key inputs used to determine the recoverable amounts of our CGUs are summarized in Note 7. The sensitivity of the recoverable amounts to changes in key inputs is also summarized in Note 7 for those inputs where a reasonably possible change could result in an impairment.

17. Trade Accounts Payable and Other Liabilities

(CAD$ in millions)	December 31, 2015	December 31, 2014
Trade accounts payable and accruals	**$ 810**	$ 737
Capital project accruals	**222**	287
Payroll-related liabilities	**206**	182
Accrued interest	**179**	155
Commercial and government royalties	**129**	146
Customer deposits	**31**	56
Current portion of provisions (Note 21(a))	**58**	73
Current portion of deferred consideration (Note 5(c))	**31**	–
Current portion of derivative liabilities (Note 21)	**1**	18
Other	**6**	9
	$ 1,673	$ 1,663

18. Debt

(CAD$ in millions)	December 31, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
5.375% notes due October 2015 (US$300 million)	**$ –**	**$ –**	$ 348	$ 358
3.15% notes due January 2017 (US$300 million)	**415**	**380**	347	356
3.85% notes due August 2017 (US$300 million)	**413**	**354**	345	360
2.5% notes due February 2018 (US$500 million)	**689**	**534**	577	569
3.0% notes due March 2019 (US$500 million)	**689**	**431**	577	567
4.5% notes due January 2021 (US$500 million)	**688**	**364**	576	581
4.75% notes due January 2022 (US$700 million)	**964**	**474**	807	796
3.75% notes due February 2023 (US$750 million)	**1,026**	**496**	859	788
6.125% notes due October 2035 (US$700 million)	**952**	**440**	796	752
6.0% notes due August 2040 (US$650 million)	**895**	**386**	750	672
6.25% notes due July 2041 (US$1,000 million)	**1,368**	**623**	1,147	1,075
5.2% notes due March 2042 (US$500 million)	**682**	**300**	572	491
5.4% notes due February 2043 (US$500 million)	**684**	**340**	573	490
Antamina term loan due April 2020 (a)	**31**	**31**	26	26
Other	**138**	**138**	141	141
	9,634	**5,291**	8,441	8,022
Less current portion of long-term debt	**(28)**	**(28)**	(428)	(438)
	$ 9,606	**$ 5,263**	$ 8,013	$ 7,584

The fair values of debt are determined using market values, if available, and using discounted cash flows based on our cost of borrowing where market values are not available. The latter are considered Level 2 fair value measurements with significant other observable inputs on the fair value hierarchy (Note 28).

TML's guarantee of our public notes was released in June 2015 in accordance with the guarantee release mechanism outlined in our indentures. The back-to-back pledge of notes, which had a similar effect on a guarantee for the 5.375% and 6.125% notes, was also released at the same time.

18. Debt (continued)

a) Antamina Term Loan

The Antamina term loan is our proportionate share of Antamina's term loan, with full repayment due at maturity in April 2020 and is the obligation of Antamina. The term loan, which is denominated in U.S. dollars, is non-recourse to us and the other Antamina project sponsors. The term loan bears interest with reference to the London Interbank Offered Rate (LIBOR).

b) Optional Redemptions

All of our outstanding notes are callable at any time by repaying the greater of the principal amount plus accrued interest 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. The 2023, 2042 and 2043 notes issued in 2012 are callable at 100% 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 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.

c) Revolving Facilities

At December 31, 2015, we had two committed revolving credit facilities in the amounts of US$3.0 billion and US$1.2 billion. The facility for US$3.0 billion is available until July 2020 and has a letter of credit sub-limit of US$1.0 billion. The facility for US$1.2 billion is available until June 2017 and can be drawn fully for cash or letters of credit. Any amounts drawn under these facilities can be repaid at any time and are due in full at maturity. Any outstanding amounts under the facilities bear interest at LIBOR plus an applicable margin based on our credit ratings, which is 225 basis points when our credit ratings are below investment grade. These facilities require that our total debt-to-capitalization ratio not exceed 0.5 to 1.0. As at December 31, 2015, we were in compliance with all debt covenants and default provisions.

At December 31, 2015, the facility for US$3.0 billion was undrawn. However, as a result of the loss of our investment grade ratings, we were required to deliver an aggregate of US$740 million of letters of credit in the fourth quarter of 2015 relating to financial security requirements under power purchase contracts at Quebrada Blanca and transportation, tank storage and pipeline capacity agreements relating to our interest in Fort Hills. These letters of credit were all issued under the US$1.2 billion committed revolving credit facility and will be terminated if and when we regain investment grade ratings or reduced if and when certain project milestones are reached.

We also maintain uncommitted bilateral credit facilities primarily for the issuance of letters of credit to support our future reclamation obligations. As at December 31, 2015, these facilities totalled $1.7 billion and outstanding letters of credit issued thereunder were $1.5 billion. 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 market rate of interest and are refundable on demand. At December 31, 2015, we had $732 million (2014 – $363 million) of such deposits.

d) Scheduled Principal Payments

At December 31, 2015, the scheduled principal payments during the next five years and thereafter are as follows:

($ in millions)	US$	CAD$ Equivalent
2016	$ 20	$ 28
2017	618	855
2018	505	699
2019	503	696
2020	25	35
Thereafter	5,350	7,404
	$ 7,021	$ 9,717

19. Income Taxes

a) Provision for Income Taxes

(CAD$ in millions)	2015	2014
Current		
Current taxes on profits for the year	**$ 161**	$ 392
Adjustments for current tax of prior periods	**(5)**	5
Total current tax	**$ 156**	$ 397
Deferred		
Origination and reversal of temporary differences	**$ (1,103)**	$ (108)
Adjustments to deferred tax of prior periods	**23**	3
Tax losses not recognized (recognition of previously unrecognized losses)	**76**	13
Effect of newly enacted change in tax rates	**12**	37
Total deferred tax	**$ (992)**	$ (55)
	$ (836)	$ 342

b) Reconciliation of income taxes calculated at the statutory rates to the actual tax provision is as follows:

(CAD$ in millions)	2015	2014
Tax (recovery) expense at the Canadian statutory income tax rate of 26.04% (2014 – 26.12%)	**$ (865)**	$ 189
Tax effect of:		
Resource taxes	**55**	62
Resource and depletion allowances	**(76)**	(83)
Non-temporary differences including one-half of capital gains and losses	**42**	19
Tax pools not recognized (recognition of previously unrecognized tax pools)	**76**	13
Effect of newly enacted change in tax rates	**12**	37
Withholding taxes	**(76)**	30
Difference in tax rates in foreign jurisdictions	**46**	70
Tax settlements	**10**	21
Revisions to prior year estimates	**(15)**	(14)
Other	**(45)**	(2)
	$ (836)	$ 342

The Canadian statutory tax rate decreased to 26.04% due to legislative changes and provincial allocation updates.

19. Income Taxes (continued)

c) The analysis of deferred tax assets and deferred tax liabilities is as follows:

(CAD$ in millions)	December 31, 2015	December 31, 2014
Deferred tax assets		
Expected to be reversed after more than a year	**$ 90**	$ 329
Expected to be reversed within a year	**–**	32
	$ 90	$ 361
Deferred tax liabilities		
Expected to be reversed after more than a year	**$ 4,727**	$ 5,793
Expected to be reversed within a year	**101**	298
	$ 4,828	$ 6,091
Net deferred tax liabilities	**$ 4,738**	$ 5,730

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

(CAD$ in millions)	2015	2014
Net operating loss carryforwards	**$ 289**	$ (108)
Capital allowances in excess of depreciation	**(883)**	469
Decommissioning and restoration provisions	**87**	48
Amounts relating to phase-out of partnership deferrals	**(288)**	(96)
Unrealized foreign exchange losses	**(203)**	(92)
Withholding taxes	**(76)**	(206)
Retirement benefit plans	**17**	(40)
Other temporary differences	**65**	(30)
	$ (992)	$ (55)

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

(CAD$ in millions)	December 31, 2015	December 31, 2014
Net operating loss carryforwards	**$ 17**	$ 479
Property, plant and equipment	**29**	(50)
Decommissioning and restoration provisions	**–**	38
Amounts relating to phase-out of partnership deferrals	**–**	(168)
Retirement benefit plans	**–**	21
Other temporary differences	**44**	41
Deferred income tax assets	**$ 90**	$ 361
Net operating loss carryforwards	**$ (1,085)**	$ (787)
Property, plant and equipment	**6,474**	7,171
Decommissioning and restoration provisions	**(191)**	(240)
Amounts relating to phase-out of partnership deferrals	**–**	120
Unrealized foreign exchange	**(337)**	(134)
Withholding taxes	**86**	159
Retirement benefit plans	**(94)**	(90)
Other temporary differences	**(25)**	(108)
Deferred income tax liabilities	**$ 4,828**	$ 6,091

f) The gross movement on the net deferred income tax account is as follows:

(CAD$ in millions)	2015	2014
As at January 1	**$ 5,730**	$ 5,744
Income statement change	**(992)**	(55)
Amounts recognized in equity (Note 22(h))	**(124)**	–
Tax charge relating to components of other comprehensive income	**(145)**	(78)
Foreign exchange and other differences	**269**	119
As at December 31	**$ 4,738**	$ 5,730

19. Income Taxes (continued)

g) Deferred Tax Liabilities Not Recognized

Deferred tax liabilities of $610 million (2014 – $635 million) have not been recognized on the unremitted earnings associated with investments in subsidiaries and interests in joint arrangements where we are in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

h) Loss Carryforwards and Canadian Development Expenses

At December 31, 2015, we had $4.32 billion of Canadian federal net operating loss carryforwards (2014 – $4.93 billion). These loss carryforwards expire at various dates between 2027 and 2035. We have $1.77 billion of cumulative Canadian development expenses at December 31, 2015 (2014 – $1.5 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 $91 million of Canadian federal investment tax credits that expire at various dates between 2022 and 2035.

i) Deferred Tax Assets Not Recognized

We have not recognized $283 million (2014 – $224 million) of deferred tax assets associated with unused tax credits and tax pools in jurisdictions and entities that do not have established sources of taxable income.

20. Retirement Benefit Plans

We have defined contribution pension plans for certain groups of employees. Our share of contributions to these plans is expensed in the year earned by employees.

We have multiple defined benefit pension plans registered in various jurisdictions that provide benefits based principally on employees' years of service and average annual remuneration. These plans are only available to certain qualifying employees and some are now closed to additional employees. The plans are "flat-benefit" or "final-pay" plans and may provide for inflationary increases in accordance with certain plan provisions. All of our registered defined benefit pension plans are governed and administered in accordance with applicable pension legislation in either Canada or the United States. Actuarial valuations are performed at least every three years to determine minimum annual contribution requirements as prescribed by applicable legislation. For the majority of our plans, current service costs are funded based on a percentage of pensionable earnings or as a flat dollar amount per active member depending on the provisions of the pension plans. For these plans, deficits that are determined on an actuarial basis are funded over a period not to exceed five years. All of our defined benefit pension plans were actuarially valued within the past three years. While the majority of benefit payments are made from held-in-trust funds, there are also several unfunded plans where benefit payment obligations are met as they fall due.

We also have several post-retirement benefit plans that provide post-retirement medical, dental and life insurance benefits to certain qualifying employees and surviving spouses. These plans are unfunded and we meet benefit obligations as they come due.

a) Actuarial Valuation of Plans

(CAD$ in millions)	2015		2014	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Defined benefit obligation				
Balance at beginning of year	**$ 2,089**	**$ 468**	$ 1,851	$ 407
Current service cost	**47**	**13**	43	10
Benefits paid	**(131)**	**(15)**	(118)	(13)
Interest expense	**80**	**18**	84	19
Obligation experience adjustments	**–**	**(11)**	6	(18)
Effect from change in financial assumptions	**(3)**	**(3)**	202	53
Effect from change in demographic assumptions	**–**	**–**	8	4
Foreign currency exchange rate changes	**30**	**13**	13	6
Balance at end of year	**2,112**	**483**	2,089	468
Fair value of plan assets				
Fair value at beginning of year	**2,228**	**–**	1,991	–
Interest income	**85**	**–**	92	–
Return on plan assets, excluding amounts included in interest income	**71**	**–**	187	–
Benefits paid	**(131)**	**(15)**	(118)	(13)
Contributions by the employer	**33**	**15**	65	13
Foreign currency exchange rate changes	**26**	**–**	11	–
Fair value at end of year	**2,312**	**–**	2,228	–
Funding surplus (deficit)	**200**	**(483)**	139	(468)
Effect of the asset ceiling				
Balance at beginning of year	**10**	**–**	101	–
Interest on asset ceiling	**–**	**–**	5	–
Change in asset ceiling	**26**	**–**	(96)	–
Balance at end of year	**36**	**–**	10	–
Net accrued retirement benefit asset (liability)	**$ 164**	**$ (483)**	$ 129	$ (468)
Represented by:				
Pension assets (Note 13)	**$ 272**	**$ –**	$ 233	$ –
Accrued retirement benefit liability	**(108)**	**(483)**	(104)	(468)
Net accrued retirement benefit asset (liability)	**$ 164**	**$ (483)**	$ 129	$ (468)

A number of the plans have a surplus totalling $36 million at December 31, 2015 (December 31, 2014 – $10 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.

20. Retirement Benefit Plans (continued)

We expect to contribute $32 million to our defined benefit pension plans in 2016 based on minimum funding requirements. The weighted average duration of the defined benefit obligation is 14 years.

Defined contribution expense for 2015 was $46 million (2014 – $42 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:

	2015		2014	
	Defined Benefit Pension Plans	**Non-Pension Post-Retirement Benefit Plans**	**Defined Benefit Pension Plans**	**Non-Pension Post-Retirement Benefit Plans**
Discount rate	**3.84%**	**3.94%**	3.86%	3.94%
Rate of increase in future compensation	**3.25%**	**3.25%**	3.25%	3.25%
Initial medical trend rate	**–**	**6.00%**	–	6.50%
Ultimate medical trend rate	**–**	**5.00%**	–	5.00%
Years to reach ultimate medical trend rate	**–**	**3**	–	4

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

	2015		
	Effect on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	**1.0%**	**Decrease by 12%**	**Increase by 14%**
Rate of increase in future compensation	**1.0%**	**Increase by 1%**	**Decrease by 1%**
Medical cost claim trend rate	**1.0%**	**Increase by 2%**	**Decrease by 2%**

	2014		
	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.

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:

	2015		2014	
	Male	**Female**	**Male**	**Female**
Retiring at the end of the reporting period	**85.1 years**	**87.5 years**	85.0 years	87.5 years
Retiring 20 years after the end of the reporting period	**86.2 years**	**88.5 years**	86.1 years	88.5 years

e) Significant Risks

The defined benefit pension plans and post-retirement benefit plans expose us to a number of risks, the most significant of which include asset volatility risk, changes in bond yields, and an increase in life expectancy.

Asset Volatility Risk

The discount rate used to determine the defined benefit obligations is based on AA-rated corporate bond yields. If our plan assets underperform this yield, the deficit will increase. Our strategic asset allocation includes a significant proportion of equities that increases volatility in the value of our assets, particularly in the short term. We expect equities to outperform corporate bonds in the long term.

Changes in Bond Yields

A decrease in bond yields increases plan liabilities, which are partially offset by an increase in the value of the plans' bond holdings.

Life Expectancy

The majority of the plans' obligations are to provide benefits for the life of the member. Increases in life expectancy will result in an increase in the plans' liabilities.

f) Investment of Plan Assets

The assets of our defined benefit pension plans are managed by external asset managers under the oversight of the Teck Resources Limited Executive Pension Committee.

Our pension plan investment strategies support the objectives of each defined benefit plan and are related to each plan's demographics and timing of expected benefit payments to plan members. The objective for the plan asset portfolios is to achieve annualized portfolio returns over five-year periods in excess of the annualized percentage change in the Consumer Price Index plus a certain premium.

Strategic asset allocation policies have been developed for each defined benefit plan to achieve this objective. The policies also reflect an asset/liability matching framework that seeks to reduce the effect of interest rate changes on each plan's funded status by matching the duration of the bond investments with the duration of the pension liabilities. We do not use derivatives to manage interest risk. Asset allocation is monitored at least quarterly and rebalanced if the allocation to any asset class exceeds its allowable allocation range. Portfolio and investment manager performance is monitored quarterly and the investment guidelines for each plan are reviewed at least annually.

20. Retirement Benefit Plans (continued)

The defined benefit pension plan assets at December 31, 2015 and 2014 are as follows:

(CAD$ in millions)	2015			2014		
	Quoted	**Unquoted**	**Total %**	**Quoted**	**Unquoted**	**Total %**
Equity securities	**$ 1,085**	**$ –**	**47%**	$ 1,094	$ –	49%
Debt securities	**848**	**–**	**37%**	835	–	38%
Real estate and other	**62**	**317**	**16%**	88	211	13%

21. Other Liabilities and Provisions

(CAD$ in millions)	December 31, 2015	December 31, 2014
Provisions (Note 21(a))	**$ 438**	$ 858
Derivative liabilities (net of current portion of $1 million (2014 – $18 million))	**12**	5
Other	**65**	55
	$ 515	$ 918

a) Provisions

The following table summarizes the movements in provisions for the year ended December 31, 2015:

(CAD$ in millions)	Decommissioning and Restoration Provisions	Other	Total
At January 1, 2015	$ 865	$ 66	$ 931
Settled during the year	(22)	(19)	(41)
Change in discount rate	(541)	–	(541)
Change in amount and timing of cash flows	14	31	45
Accretion	59	–	59
Exchange differences	40	3	43
At December 31, 2015	415	81	496
Less current provisions	(42)	(16)	(58)
Non-current provisions	**$ 373**	**$ 65**	**$ 438**

Decommissioning and Restoration Provisions

The decommissioning and restoration provisions represent the present value of estimated costs for required future decommissioning and other site restoration activities. The majority of the decommissioning and site restoration expenditures occur at the end of the life of the related operation. Remaining lives of mines and infrastructure range from less than a year to over 100 years. Therefore, it is anticipated that a portion of these costs will be incurred over a period in excess of 100 years. In 2015, the decommissioning and restoration provision was calculated using nominal discount rates between 13.51% and 14.51%. We also used an inflation rate of 2.00% in our cash flow estimates. The decommissioning and restoration provision includes $69 million (2014 – $102 million) in respect of closed operations.

During the fourth quarter of 2015, we updated the discount rate and cash flow estimates for our decommissioning and restoration provisions. As a result of the change in estimate and increase in discount rate, the provision decreased by $131 million compared to the third quarter. Of the $131 million decrease in the provision in the fourth quarter, $3 million was related to changes in estimated cash flows and $128 million was related to a change in the discount rate.

22. 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 shares contain so-called coattail provisions, which generally 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 shares on identical terms, then each Class B share will be convertible into one Class A common share.

The Class B shares will not be convertible in the event that an Exclusionary Offer is not accepted by holders of a majority of the Class A common shares (excluding those shares held by the person making 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 takeover 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
At January 1, 2014	9,353	566,905
Options exercised (c)	–	115
Acquired and cancelled pursuant to normal course issuer bids (e)	–	(200)
Other	–	(25)
At December 31, 2014	9,353	566,795
Options exercised (c)	–	104
At December 31, 2015	**9,353**	**566,899**

22. Equity (continued)

c) Share Options

Under our current share option plan, at December 31, 2015, 18 million Class B shares have been set aside for the grant of share options to full-time employees, of which 15 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, 2015, we granted 6,134,096 Class B share options to employees. These share options have a weighted average exercise price of $19.12, 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 $4.66 per option (2014 – $7.36) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2015	2014
Weighted average exercise price	**$ 19.12**	$ 26.22
Dividend yield	**4.63%**	3.43%
Risk-free interest rate	**0.71%**	1.62%
Expected option life	**4.2 years**	4.2 years
Expected volatility	**40%**	41%
Forfeiture rate	**1.36%**	2.44%

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:

	2015		**2014**	
	Share Options (in 000's)	**Weighted Average Exercise Price**	**Share Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**10,632**	**$ 31.29**	8,318	$ 33.19
Granted	**6,134**	**19.12**	3,206	26.22
Exercised	**(104)**	**4.16**	(115)	4.15
Forfeited	**(217)**	**22.65**	(260)	31.56
Expired	**(516)**	**42.55**	(517)	36.25
Outstanding at end of year	**15,929**	**$ 26.53**	10,632	$ 31.29
Vested and exercisable at end of year	**7,285**	**$ 32.18**	5,803	$ 33.04

The average share price during the year was $12.28 (2014 – $22.19), with the highest Class B share price at $20.08 (2014 – $29.10) and the lowest Class B share price at $4.33 (2014 – $12.82).

Information relating to share options outstanding at December 31, 2015 is as follows:

Outstanding Share Options (in 000's)	**Exercise Price Range**	**Weighted Average Remaining Life of Outstanding Options (months)**
1,055	\$ 4.15 – \$ 12.35	38
5,998	\$ 12.36 – \$ 20.14	109
3,046	\$ 20.15 – \$ 26.79	98
3,796	\$ 26.80 – \$ 36.85	57
2,034	\$ 36.86 – \$ 58.80	69
15,929	**\$ 4.15 – \$ 58.80**	**85**

Total share option compensation expense recognized for the year was \$24 million (2014 – \$20 million).

In January 2016, we granted approximately 8.8 million Class B share options to employees. These share options have an exercise price of \$5.34, 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 was estimated at \$2.37 per option at the grant date based on the Black-Scholes option-pricing model.

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

We have issued and outstanding deferred share units, restricted share units and performance share units (collectively referred to as Units).

Deferred Share Units (DSUs) and Restricted Share Units (RSUs) are granted to both employees and directors. Preferred Share Units (PSUs) are granted to employees only. The DSUs and RSUs entitle the holder to a cash payment equal to the market value of one Class B share at the time they are redeemed. The PSUs entitle the holder to a cash payment equal to a percentage of the weighted average trading price of one Class B share over 10 consecutive trading days prior to the time they are redeemed. The percentage varies from 0% to 200% and is based on our total shareholder return ranking compared to a group of specified companies.

RSUs and PSUs vest in three years. DSUs vest immediately for directors and in three years for employees. On retirement, the units are pro-rated to reflect the period of vesting completed. Units vest on a pro rata basis, should employees be terminated without cause, and are forfeited if employees resign or are terminated with cause.

DSUs may only be redeemed within 12 months from the date a holder ceases to be an employee or director, while RSUs and PSUs vest and are redeemed no later than three years measured from the date of the grant.

Additional units are issued to unit holders to reflect dividends paid and other adjustments to Class B shares.

In 2015, we recognized a net recovery of compensation costs of \$11 million for our Units (2014 – \$8 million recovery). The total liability and intrinsic value for vested Units as at December 31, 2015 was \$11 million (2014 – \$31 million).

At December 31, 2015, 1,519,569 DSUs (2014 – 1,454,338), 1,497,869 RSUs (2014 – 1,189,661) and 664,454 PSUs (2014 – 262,956) were outstanding, of which 1,403,980 DSUs (2014 – 1,347,454), 646,159 RSUs (2014 – 557,071) and 291,794 PSUs (2014 – 77,138) have vested. In January 2016, 687,750 DSUs, 2,408,020 RSUs, and 1,152,250 PSUs were granted to employees.

e) Normal Course Issuer Bid

On occasion, we purchase and cancel Class B shares pursuant to normal course issuer bids that allow us to purchase up to a specified maximum number of shares over a one-year period. During 2015, we did not repurchase any Class B shares pursuant to our normal course issuer bid, which expired on July 1, 2015. In 2014, 200,000 shares were repurchased under our normal course issuer bid.

22. Equity (continued)

f) Accumulated Other Comprehensive Income (Loss)

(CAD$ in millions)	2015	2014
Accumulated other comprehensive income — beginning of year	$ 235	$ 106
Currency translation differences:		
Unrealized gains on translation of foreign subsidiaries	1,390	682
Foreign exchange differences on debt designated as a hedge of our investment in foreign subsidiaries (net of taxes of $163 and $82)	(1,188)	(550)
	202	132
Available-for-sale financial assets:		
Unrealized gains (net of taxes of $(1) and $nil)	13	–
Gains reclassified to profit (net of taxes of $(1) and $nil)	(6)	(1)
	7	(1)
Derivatives designated as cash flow hedges:		
Unrealized losses (net of taxes of $8 and $6)	(22)	(19)
Losses reclassified to profit on realization (net of taxes of $(9) and $(6))	26	17
	4	(2)
Share of other comprehensive income of associates and joint ventures	3	–
Remeasurements of retirement benefit plans (net of taxes of $(18) and $nil)	40	28
Total other comprehensive income	256	157
Less remeasurements of retirement benefit plans recorded in retained earnings	(40)	(28)
Accumulated other comprehensive income — end of year	$ 451	$ 235

The components of accumulated other comprehensive income (loss) are as follows:

(CAD$ in millions)	2015	2014
Currency translation differences	$ 437	$ 235
Unrealized gains on available-for-sale financial assets (net of taxes of $(2) and $nil)	11	4
Unrealized losses on cash flow hedges (net of taxes of $nil and $1)	–	(4)
Share of other comprehensive income of associates and joint ventures	3	–
Accumulated other comprehensive income	$ 451	$ 235
Accumulated other comprehensive income attributed to:		
Shareholders of the company	$ 426	$ 225
Non-controlling interests	25	10
	$ 451	$ 235

g) Earnings (Loss) Per Share

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

(CAD$ in millions, except per share data)	2015	2014
Net basic and diluted profit (loss) attributable to shareholders of the company	**$ (2,474)**	$ 362
Weighted average shares outstanding (000's)	**576,224**	576,192
Dilutive effect of share options	**–**	996
Weighted average diluted shares outstanding	**576,224**	577,188
Basic earnings (loss) per share	**$ (4.29)**	$ 0.63
Diluted earnings (loss) per share	**$ (4.29)**	$ 0.63

At December 31, 2015, there is a net loss attributable to shareholders of the company and, accordingly, all share options would be considered anti-dilutive and have been excluded from the calculation of diluted earnings (loss) per share. At December 31, 2014, 9,471,916 potentially dilutive shares were not included in the diluted earnings per share calculation because their effect was anti-dilutive.

h) Reversal of Tax Provision

During the year, the Canada Revenue Agency informed us that they will no longer proceed with the adjustment they proposed in 2013 to disallow a $346 million deduction in relation to a premium paid on the redemption of our Cominco exchangeable debentures in 2006. The proposed adjustment would have reduced the loss carryforward pools available to us to reduce taxes payable in the future. As this matter is now settled, we reversed a previously recognized charge to equity of $124 million.

i) Dividends

We declared dividends of $0.15 and $0.05 per share in the second and fourth quarters of 2015, respectively, and $0.45 per share in the second and fourth quarters of 2014. Dividends of $0.05 per share (totaling $29 million) with a record date of December 14, 2015 were paid on December 30, 2015.

23. Non-Controlling Interests

Set out below is information about our subsidiaries with non-controlling interests and the non-controlling interest balances included in equity for all comparative periods presented:

(CAD$ in millions)	Principal Place of Business	Percentage of Ownership Interest and Voting Rights Held by Non-Controlling Interest	December 31, 2015	December 31, 2014
Highland Valley Copper	British Columbia, Canada	2.5%	**$ 43**	$ 39
Carmen de Andacollo	Region IV, Chile	10%	**45**	53
Quebrada Blanca	Region I, Chile	23.5%	**98**	95
Elkview Mine Limited Partnership	British Columbia, Canada	5%	**44**	43
			$ 230	$ 230

24. 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, 2015, or with respect to future claims, cannot be predicted with certainty. Significant contingencies not disclosed elsewhere in the notes to our financial statements are as follows:

Upper Columbia River Basin

Teck American Inc. (TAI) continues studies under the 2006 settlement agreement with the U.S. Environmental Protection Agency (EPA) to conduct a remedial investigation on the Upper Columbia River in Washington State. Residential soil testing within the study site has identified certain properties where remediation is required. TAI and EPA reached an agreement regarding the remediation to be undertaken in 2015, which has been completed, and additional sampling will be required.

The Lake Roosevelt litigation involving TML in the Federal District Court for the Eastern District of Washington continues. In September 2012, TML entered into an agreement with the plaintiffs, agreeing that certain facts were established for purposes of the litigation. The agreement 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, 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 phases of the case. A hearing with respect to the claims of the Tribal plaintiffs in respect of approximately $9 million of past response costs was held in December, and a decision is pending.

In October 2013, the Confederated Tribes of the Colville Reservation filed an omnibus motion with the District Court seeking an order stating that they are permitted to seek recovery from TML for environmental response costs, and in a subsequent proceeding, natural resource damages and assessment costs, arising from the alleged deposition of hazardous substances in the United States from aerial emissions from TML's Trail Operations. Prior allegations by the Tribes related solely to solid and liquid materials discharged to the Columbia River. The motion 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 the 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 TML motion seeking reconsideration of the dismissal. TML has been granted leave to appeal these decisions in the Ninth Circuit on an interlocutory basis, and the appeal is expected to be heard in the first quarter of 2016.

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 appeal, and a subsequent hearing with respect to claims for natural resource damages and assessment costs is expected to follow, assuming the remedial investigation and feasibility study being undertaken by TAI are completed, which is now expected to occur in 2017.

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.

25. Commitments

a) Capital Commitments

As at December 31, 2015, we had contracted for $3.0 billion of capital expenditures that have not yet been incurred for the purchase of property, plant and equipment. This amount includes $2.2 billion for Quebrada Blanca, $0.7 billion for our share of Fort Hills and $0.1 billion for our share of Antamina. The amount includes $0.7 billion that is expected to be incurred within one year, $1.4 billion within one to five years, and $0.9 billion, thereafter.

b) Operating Lease Commitments

We lease office premises, mobile equipment and railcars under operating leases. The lease terms are between one year and 10 years.

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

(CAD$ in millions)	2015	2014
Less than one year	**$ 65**	$ 53
1 to 5 years	**84**	68
Thereafter	**10**	6
	$ 159	$ 127

Lease rentals amounting to $11 million (2014 – $12 million) for office premises, $43 million (2014 – $32 million) for mobile equipment and $11 million (2014 – $9 million) for railcars are included in the statement of income.

c) Red Dog Commitments

In accordance with the operating agreement governing the Red Dog mine, TAK pays a royalty to NANA Regional Corporation, Inc. (NANA) on the net proceeds of production. A 25% royalty became payable in the third quarter of 2007 after we had recovered cumulative advance royalties previously paid to NANA. The net proceeds of production royalty rate will increase by 5% every fifth year to a maximum of 50%. The increase to 30% of net proceeds of production occurred in 2012. An expense of US$137 million was recorded in 2015 (2014 – US$195 million) in respect of this royalty.

TAK leases road and port facilities from the Alaska Industrial Development and Export Authority, through which it ships all concentrates produced at the Red Dog Operations. The lease requires TAK to pay a minimum annual user fee of US$18 million for the next 26 years.

d) Antamina Royalty

Our interest in the Antamina mine is subject to a net profits royalty equivalent to 7.4% of our share of the mine's free cash flow. An expense of $11 million was recorded in 2015 (2014 – $19 million) in respect of this royalty.

e) Purchase Commitments

We have a number of forward purchase commitments for the purchase of concentrates and other process inputs, and for shipping and distribution of products, which are incurred in the normal course of business. In addition, we have contractual arrangements for the purchase of 240 megawatts of power for the expansion of our Quebrada Blanca Operations. These contracts contain monthly fixed prices and variable prices per hour and are effective from dates between November 2016 and January 2018, extending for 21 years. The majority of these contracts are subject to *force majeure* provisions.

25. Commitments (continued)

f) Fort Hills Energy Limited Partnership

In November 2005, we acquired a 15% interest in Fort Hills, which is developing the Fort Hills oil sands project in Alberta, Canada. As consideration for our initial 15% interest, we contributed 34% of the first $2.5 billion of project expenditures. In September 2007, we acquired an additional 5% interest, bringing our interest to 20%. In consideration for our additional 5% interest, we were required to contribute 27.5% of project expenditures between $2.5 billion and $7.5 billion. Thereafter, we are responsible for contributing our 20% share of project expenditures. Total project spending reached the $7.5 billion threshold in April 2015 and accordingly, our contribution to project expenditures has been 20% since that date. Our share of project spending totalled $3.0 billion from November 2005 to December 31, 2015, of which $1.6 billion was subsequent to October 2013 when the project was sanctioned.

26. Segmented Information

Based on the primary products we produce and our development projects, we have five reportable segments — steelmaking coal, copper, zinc, energy and corporate — which is the way we report information to our Chief Executive Officer. The corporate segment includes all of our initiatives in other commodities, our corporate growth activities and groups that provide administrative, technical, financial and other support to all of our business units. Other operating expenses include general and administration costs, exploration, research and development, and other operating income (expense). Sales between segments are carried out on terms that arm's-length parties would use. Total assets does not include intra-group receivables between segments. Deferred tax assets and liabilities have been allocated amongst segments.

(CAD$ in millions)	December 31, 2015					
	Steelmaking Coal	Copper	Zinc	Energy	Corporate	Total
Segment revenues	$ 3,049	$ 2,422	$ 3,121	$ 4	$ –	$ 8,596
Less: Inter-segment revenues	–	–	(337)	–	–	(337)
Revenues	3,049	2,422	2,784	4	–	8,259
Cost of sales	(2,849)	(1,996)	(2,129)	(6)	–	(6,980)
Gross profit (loss)	200	426	655	(2)	–	1,279
Asset impairments	(2,032)	(506)	(31)	(1,062)	–	(3,631)
Other operating income (expenses)	(56)	(230)	(42)	(14)	(224)	(566)
Profit (loss) from operations	(1,888)	(310)	582	(1,078)	(224)	(2,918)
Net finance expense	(26)	(15)	(32)	–	(238)	(311)
Non-operating income (expenses)	39	(13)	34	–	(149)	(89)
Share of losses of associates and joint ventures	–	–	–	–	(2)	(2)
Profit (loss) before taxes	(1,875)	(338)	584	(1,078)	(613)	(3,320)
Capital expenditures	493	539	211	997	4	2,244
Goodwill	702	425	–	–	–	1,127
Total assets	14,531	9,886	3,406	3,269	3,596	34,688
Net assets	$ 10,201	$ 6,335	$ 2,590	$ 2,846	$ (5,335)	$ 16,637

(CAD$ in millions)			December 31, 2014			
	Steelmaking Coal	**Copper**	**Zinc**	**Energy**	**Corporate**	**Total**
Segment revenues	$ 3,335	$ 2,586	$ 2,950	$ 3	$ –	$ 8,874
Less: Inter-segment revenues	–	–	(275)	–	–	(275)
Revenues	3,335	2,586	2,675	3	–	8,599
Cost of sales	(3,127)	(1,908)	(2,026)	(3)	–	(7,064)
Gross profit	208	678	649	–	–	1,535
Asset impairments	–	(12)	–	–	–	(12)
Other operating income (expenses)	(34)	(132)	(50)	(6)	(253)	(475)
Profit from operations	174	534	599	(6)	(253)	1,048
Net finance expense	(40)	(23)	(32)	–	(205)	(300)
Non-operating income (expenses)	17	(9)	12	(1)	(40)	(21)
Share of losses of associates and joint ventures	–	–	–	–	(3)	(3)
Profit before taxes	151	502	579	(7)	(501)	724
Capital expenditures	678	582	239	702	12	2,213
Goodwill	1,203	507	–	–	–	1,710
Total assets	17,050	9,976	3,348	3,292	3,173	36,839
Net assets	$ 11,749	$ 7,310	$ 2,350	$ 2,612	$ (5,185)	$ 18,836

26. Segmented Information (continued)

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

(CAD$ in millions)	December 31, 2015	December 31, 2014
Canada	**$ 20,110**	$ 22,665
Chile	**6,379**	5,943
Peru	**1,309**	1,059
United States	**983**	933
Other	**76**	67
	$ 28,857	$ 30,667

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

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)	2015	2014
Asia		
China	**$ 1,786**	$ 2,226
Japan	**1,343**	1,231
South Korea	**966**	900
Other	**955**	727
Americas		
United States	**1,291**	1,195
Canada	**581**	528
Latin America	**197**	272
Europe		
Germany	**394**	372
Finland	**213**	267
Other	**533**	881
	$ 8,259	$ 8,599

27. 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; therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. Our foreign exchange risk arises primarily with respect to the U.S. dollar and to a lesser extent, the Chilean peso and Peruvian sol. Our cash flows from Canadian, Chilean and Peruvian operations are exposed to foreign exchange risk, as commodity sales are denominated in U.S. dollars and a substantial portion of operating expenses are denominated in local currencies.

In the first half of 2015 and in prior years, we hedged a portion of our quarterly U.S. dollar denominated future cash flows with U.S. dollar forward sales contracts. This hedge was discontinued in the second quarter of 2015. We have elected not to actively manage this or other foreign exchange exposures at this time.

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, 2015, $5.5 billion of U.S. dollar debt was designated in this manner.

U.S. dollar financial instruments subject to foreign exchange risk are comprised of U.S. dollar denominated items held in Canada and are as follows:

(US$ in millions)	**2015**	2014
Cash and cash equivalents	**$ 911**	$ 583
Accounts receivable and other assets	**445**	447
Accounts payable	**(380)**	(301)
U.S. dollar forward sales contracts not designated as hedging instruments	**–**	(227)
U.S. dollar forward sales contracts designated as hedging instruments	**–**	(246)
Long-term debt	**(6,900)**	(7,200)
	(5,924)	(6,944)
Net investment in foreign operations	**5,552**	6,684
Net U.S. dollar exposure	**$ (372)**	$ (260)

Our policy is to apply a hedge against our U.S. dollar net investments using our U.S. dollar debt and working capital. As at December 31, 2015, with other variables unchanged, a $0.10 strengthening of the Canadian dollar against the U.S. dollar would result in a $37 million pre-tax gain (2014 – $23 million pre-tax loss) from our financial instruments. The inverse effect would result if the Canadian dollar weakened by $0.10 against the U.S. dollar. We had no outstanding U.S. dollar forward sales contracts as at December 31, 2015. We have assumed that our 2015 net investment balances can be fully hedged and therefore there is no effect on other comprehensive income from the translation of our foreign operations.

27. Accounting for Financial Instruments (continued)

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 details our available credit facilities as at December 31, 2015.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2015 are as follows:

(CAD$ in millions)	Less Than 1 Year	2–3 Years	4–5 Years	More Than 5 Years	Total
Trade accounts payable and other liabilities	$ 1,673	$ –	$ –	$ –	**$ 1,673**
Debt (Note 18(d))	28	1,554	731	7,404	**9,717**
Estimated interest payments on debt	$ 459	$ 855	$ 787	$ 5,461	**$ 7,562**

Interest Rate Risk

Our interest rate risk arises mainly in respect of our holdings of cash and cash equivalents. Our interest rate management policy is generally to borrow at fixed rates. However, floating rate funding may be used to fund short-term operating cash flow requirements or, in conjunction with fixed to floating interest rate swaps, be used to offset interest rate risk from our cash. The fair value of fixed-rate debt fluctuates with changes in market interest rates, but the cash flows, denominated in U.S. dollars, do not.

Cash and cash equivalents have short terms to maturity and receive interest based on market interest rates.

As at December 31, 2015 and 2014, with other variables unchanged, a 1% change in the LIBOR rate would not have a significant effect on profit. There would be no effect on other comprehensive income.

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 Note 27(b) below.

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, 2015. 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)	**2015**	2014	**2015**	2014
Copper	**US$2.13/lb.**	US$2.86/lb.	**$ 46**	$ 41
Zinc	**US$0.73/lb.**	US$0.99/lb.	**$ 2**	$ 1
Lead	**US$0.82/lb.**	US$0.84/lb.	**$ (1)**	$ 1

A 10% change in the price of zinc, lead, silver and gold, respectively, would change our net liability relating to derivatives and embedded derivatives, excluding receivables and payables subject to final pricing adjustments, and change our pre-tax profit attributable to shareholders by $32 million. There would be no effect on other comprehensive income.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Our primary counterparties related to our cash, money market investments and derivative contracts carry investment grade ratings as assessed by external rating agencies. There is ongoing review to evaluate the creditworthiness of these counterparties. We manage credit risk for trade and other receivables through established credit monitoring activities. The only significant concentration of credit risk with any single counterparty or group of counterparties relates to our investments in U.S. government securities. 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

Sales and purchases of metals in concentrates and cathodes are recognized on a provisional pricing basis when the significant risks and rewards of ownership pass to the customer, which is generally when the product is loaded onto a carrier specified by the customer. The final pricing for the product sold and purchased is contractually linked to market prices at a subsequent date. Adjustments are made to the associated receivable and payable in subsequent periods based on movements in quoted market prices up to the date of final pricing. 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 as other operating income (expense). It should be noted that while these effects arise on the sale of concentrates, we also purchase concentrates at our Trail Operations where the opposite effects occur. The profit effect of gains and losses on these contracts is mitigated by smelter price participation, royalty interests, taxes and non-controlling interests.

The table below outlines our outstanding receivable and payable positions, which were provisionally valued at December 31, 2015, and at December 31, 2014, respectively.

	Outstanding at December 31, 2015			**Outstanding at December 31, 2014**		
(Pounds in millions)	Pounds		US$/lb.	Pounds		US$/lb.
Receivable positions						
Copper	**257**	**$**	**2.13**	208	$	2.86
Zinc	**162**	**$**	**0.73**	117	$	0.99
Lead	**20**	**$**	**0.82**	41	$	0.84
Payable positions						
Zinc payable	**83**	**$**	**0.73**	68	$	0.99
Lead payable	**35**	**$**	**0.82**	9	$	0.84

At December 31, 2015, total outstanding settlements receivable were $684 million (2014 – $886 million) and total outstanding settlements payable were $25 million (2014 – $23 million). These amounts are included in trade accounts receivable and trade accounts payable, respectively, on the consolidated balance sheet.

27. Accounting for Financial Instruments (continued)

Economic Hedge Contracts

We enter into commodity forward sale and purchase contracts to mitigate the risk of price changes for a portion of our concentrate purchases and refined metal sales. These contracts effectively lock in prices for a portion of our smelter sales. We do not apply hedge accounting to these commodity forward sales contracts.

Certain customers purchase concentrate and refined metal products at fixed forward prices from our operations. Forward purchase commitments for these metal products are matched to specific fixed-price sales commitments to customers.

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 2015, we purchased and sold zinc and lead swaps to match our economic exposure to the average zinc and lead prices over our shipping year, which is from July of one year to June of the following year. During 2014, we purchased zinc swaps under similar arrangements. 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, 2015 is as follows:

	Quantity	Average Price of Purchase Commitments	Average Price of Sale Commitments	Fair Value Asset (Liability) (CAD$ in millions)
Derivatives not designated as hedging instruments				
Zinc swaps	204 million lbs.	US$0.73/lb.	US$0.72/lb.	$ (3)
Lead swaps	89 million lbs.	US$0.77/lb.	US$0.81/lb.	5
				$ 2

All free-standing derivative contracts mature in 2016.

Free-standing derivatives not designated as hedging instruments are recorded in trade accounts receivable and in trade accounts payable and other liabilities in the amount of $5 million and $3 million, respectively, on the consolidated balance sheet.

Derivatives Not Designated as Hedging Instruments and Embedded Derivatives

(CAD$ in millions)	Amount of Gain (Loss) Recognized in Other Operating Income (Expense)	
	2015	**2014**
Zinc derivatives	**$ (2)**	$ (5)
Lead derivatives	**(3)**	(4)
Copper derivatives	**–**	2
Settlements receivable and payable	**(280)**	(130)
Contingent zinc escalation payment embedded derivative (Note 27(c))	**4**	(3)
Gold stream embedded derivative (Note 27(c))	**(8)**	–
Silver stream embedded derivative (Note 27(c))	**(3)**	–
Other	**–**	3
	$ (292)	$ (137)

Hedges

Cash flow hedges

At December 31, 2015, we did not have derivative instruments designated as cash flow hedges.

The following table provides information regarding the effect of U.S. dollar forward sales contracts that were derivative instruments designated as cash flow hedges on our consolidated statements of income and comprehensive income in the first half of 2015 and throughout 2014:

(CAD$ in millions)	**2015**	2014
Losses recognized in other comprehensive income	**$ –**	$ (25)
Losses reclassified from accumulated other comprehensive income into income (effective portion)	**(34)**	(23)
Location of losses reclassified from accumulated other comprehensive income into income	**Revenue**	Revenue

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 $2 million at December 31, 2015 (2014 – $5 million), and is included in other liabilities and provisions on the consolidated balance sheet.

The silver stream and gold stream agreements entered into in 2015 (Note 5(b) and (c)) each contain an embedded derivative in the ongoing future payments due to Teck from Franco-Nevada and Royal Gold, 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 $8 million at December 31, 2015. 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, 2015. The value of both of these embedded derivatives is included in other liabilities and provisions on the consolidated balance sheet.

28. Fair Value Measurements

Certain of our financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 — Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents and marketable equity securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

28. Fair Value Measurements (continued)

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, contractual terms, market prices, forward price curves, yield curves, and credit spreads. These inputs are obtained from or corroborated with the market where possible. Also included in Level 2 are settlements receivable and settlements payable from provisional pricing on concentrate sales and purchases because they are valued using quoted market prices for forward curves for copper, zinc and lead.

Level 3 — Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

We include investments in certain debt securities in Level 3 of the fair value hierarchy because they trade infrequently and have little price transparency. We review the fair value of these instruments periodically and estimate an impairment charge based on management's best estimates, which are unobservable inputs.

The fair values of our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2015 and 2014 are summarized in the following table:

(CAD$ in millions)	2015				2014			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Cash equivalents	$ 1,640	$ –	$ –	**$ 1,640**	$ 1,651	$ –	$ –	$ 1,651
Marketable equity securities	198	–	–	**198**	270	–	–	270
Debt securities	–	–	12	**12**	–	–	16	16
Settlements receivable	–	684	–	**684**	–	886	–	886
Derivative instruments and embedded derivatives	–	9	–	**9**	–	–	–	–
	$ 1,838	$ 693	$ 12	**$ 2,543**	$ 1,921	$ 886	$ 16	$ 2,823
Financial liabilities								
Derivative instruments and embedded derivatives	$ –	$ 16	$ –	**$ 16**	$ –	$ 23	$ –	$ 23
Settlements payable	–	25	–	**25**	–	23	–	23
	$ –	$ 41	$ –	**$ 41**	$ –	$ 46	$ –	$ 46

As at December 31, 2015, we measured certain non-financial assets at their recoverable amounts using a FVLCD basis, which is classified as a Level 3 measurement. Refer to Note 7 for information about this fair value measurement.

For our non-financial assets and liabilities measured at fair value on a non-recurring basis, no fair value measurements were made as at December 31, 2014.

29. 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 include, on average over time, a target debt to debt-plus-equity ratio of approximately 30% and a target ratio of debt-to-EBITDA of approximately 2.5. These ratios are expected to vary from their target levels from time to time, reflecting commodity price cycles and corporate activity, including the development of major projects. We also maintain two committed revolving credit facilities with strongly rated banks to ensure adequate liquidity. These credit facilities include a financial covenant that requires us to maintain a debt-to-capitalization ratio that does not exceed 50%.

As at December 31, 2015, our debt to debt-plus-equity ratio was 37% (2014 – 31%), our debt-to-EBITDA ratio was (5.9) (2014 – 3.6) and our debt-to-adjusted-EBITDA ratio, before the asset impairments, was 4.8 (2014 – 3.6). We manage the risk of not meeting our financial targets through the issuance and repayment of debt, our dividend policy, the issuance of equity capital, and assets sales, as well as through the ongoing management of operations, investments and capital expenditures.

As part of our capital management plan, in 2015 we reduced our U.S. dollar debt and the semi-annual dividend. We also completed precious metal streaming transactions (Note 5(b) and (c)) and Project Corridor (Note 5(a)) and implemented further initiatives to reduce costs and conserve capital.

30. Key Management Compensation

The compensation for key management, which includes our directors and senior vice presidents, in respect of employee services is as follows:

(CAD$ in millions)		**2015**		2014
Salaries, bonuses, director fees and other short-term benefits	**$**	**14**	$	14
Post-employment benefits		**2**		4
Share option compensation expense		**9**		8
Net recovery of compensation costs related to Units (Note 22(d))		**(11)**		(2)
	$	**14**	$	24

Board of Directors

Norman B. Keevil (1)
Chairman of the Board
Director since: 1963

Warren S. R. Seyffert, Q.C. (1) (2) (3) (4) (5)
Deputy Chairman and Lead Director
Director since: 1989

Donald R. Lindsay (1)
President and Chief Executive Officer
Director since: 2005

Mayank M. Ashar (3) (4) (5) (6)
Director since: 2007

Felix P. Chee (2) (3)
Director since: 2010

Jack L. Cockwell (1) (2) (6)
Director since: 2009

Laura L. Dottori-Attanasio (2) (4)
Director since: 2014

Edward C. Dowling (3) (4) (6)
Director since: 2012

Norman B. Keevil III (5) (6)
Director since: 1997

Takeshi Kubota (5) (6)
Director since: 2012

Takashi Kuriyama (5) (6)
Director since: 2006

Tracey L. McVicar (2) (5)
Director since: 2014

Kenneth W. Pickering (5) (6)
Director since: 2015

Timothy R. Snider (2) (3)
Director since: 2015

More information on our directors and officers can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are 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.

Notes: (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 and Sustainability Committee; (6) Member of the Reserves Committee

Officers

Norman B. Keevil
Chairman of the Board

Warren S. R. Seyffert, Q.C.
Deputy Chairman and Lead Director

Donald R. Lindsay
President and Chief Executive Officer

Ian C. Kilgour
Executive Vice President and Chief Operating Officer

Dale E. Andres
Senior Vice President, Copper

Andrew J. Golding
Senior Vice President, Corporate Development

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

Raymond A. Reipas
Senior Vice President, Energy

Peter C. Rozee
Senior Vice President, Commercial and Legal Affairs

Robert G. Scott
Senior Vice President, Zinc

Marcia M. Smith
Senior Vice President, Sustainability and External Affairs

Andrew A. Stonkus
Senior Vice President, Marketing and Sales

Timothy C. Watson
Senior Vice President, Project Development

David R. Baril
Vice President, Copper, Chile Operations

Shehzad Bharmal
Vice President, Strategy and Development, Copper

Anne J. Chalmers
Vice President, Risk and Security

Alex N. Christopher
Vice President, Exploration

Larry M. Davey
Vice President, Development, Coal

Michael P. Davies
Vice President, Environment

Chris Dechert
Vice President, Copper Operations, Chile

Karen L. Dunfee
Corporate Secretary

Mark Edwards
Vice President, Community and Government Relations

Réal Foley
Vice President, Coal Marketing

John F. Gingell
Vice President and Corporate Controller

M. Colin Joudrie
Vice President, Business Development

Ralph J. Lutes
Vice President, Asia and Chief Representative, China

Douglas J. Powrie
Vice President, Tax

Robin B. Sheremeta
Vice President, Operations, Coal

Keith G. Stein
Vice President, Projects

Gregory A. Waller
Vice President, Investor Relations and Strategic Analysis

Lawrence Watkins
Vice President, Health and Safety

Scott R. Wilson
Vice President and Treasurer

Dean C. Winsor
Vice President, Human Resources

Anthony A. Zoobkoff
Senior Counsel and Assistant Secretary

Officers listed as at February 16, 2016. More information on our directors and officers can be found in our most recent Annual Information Form or in our Management Proxy Circular, which are 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.

Corporate Information

2015 Share Prices and Trading Volume

Class B subordinate voting shares–TSX–CAD$/share

	High	Low	Close	Volume
Q1	$ 20.58	$ 12.46	$ 17.38	162,271,196
Q2	$ 19.47	$ 12.30	$ 12.38	140,638,671
Q3	$ 12.51	$ 5.87	$ 6.37	195,869,480
Q4	$ 10.76	$ 4.25	$ 5.34	271,152,795
				769,932,142

Class B subordinate voting shares–NYSE–US$/share

	High	Low	Close	Volume
Q1	$ 16.40	$ 10.45	$ 13.73	288,242,421
Q2	$ 16.20	$ 9.85	$ 9.91	279,110,753
Q3	$ 9.99	$ 4.39	$ 4.80	454,844,163
Q4	$ 8.29	$ 3.04	$ 3.86	528,604,470
				1,550,801,807

Class A common shares–TSX–CAD$/share

	High	Low	Close	Volume
Q1	$ 22.64	$ 17.04	$ 20.02	127,157
Q2	$ 20.50	$ 14.15	$ 14.35	91,917
Q3	$ 14.82	$ 7.74	$ 8.00	174,984
Q4	$ 12.27	$ 6.41	$ 8.28	136,214
				530,272

Stock Exchanges

Our Class A common and Class B subordinate voting shares are listed on the Toronto Stock Exchange under the symbols TCK.A and TCK.B, respectively.

Our Class B subordinate voting shares are listed on the New York Stock Exchange under the symbol TCK.

Dividends Declared on Class A and B Shares

Amount per share	Payment Date
$0.15	July 2, 2015
$0.05	December 30, 2015

These dividends are eligible for both the federal and provincial enhanced dividend tax credits.

Shares Outstanding at December 31, 2015

Class A common shares	9,353,470
Class B subordinate voting shares	566,899,144

Shareholder Relations

Karen L. Dunfee, Corporate Secretary

Annual Meeting

Our annual meeting of shareholders will be held at 11:00 a.m. on Wednesday, April 27, 2016, in the Waterfront Ballroom, Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

Transfer Agents

Inquiries regarding change of address, stock transfer, registered shareholdings, dividends or lost certificates should be directed to our Registrar and Transfer Agent:

CST Trust Company
1600 – 1066 West Hastings Street,
Vancouver, British Columbia V6E 3X1

CST Trust Company provides an AnswerLine Service for the convenience of shareholders:

Toll-free in Canada and the U.S.
+1.800.387.0825
Outside Canada and the U.S.
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Email: inquiries@canstockta.com

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Email: info@amstock.com
Website: www.amstock.com
TTY: +1.866.703.9077 or +1.718.921.8386

Auditors

PricewaterhouseCoopers LLP
Chartered Professional Accountants
Suite 700, 250 Howe Street,
Vancouver, British Columbia V6C 3S7

Annual Information Form

We prepare an Annual Information Form (AIF) that is filed with the securities commissions or similar bodies in all the provinces of Canada. Copies of our AIF and annual and quarterly reports are available on request or 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.

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Setting Possibilities in Motion