NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Greenhills Operation

Elkford, British Columbia, Canada

Qualified Persons:
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Report Date: February 26, 2016
Effective Date: January 27, 2016

Certificate of Qualified Person

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I, Donald E. Mills, P. Geo. do hereby certify that:

I am employed as the Chief Geologist of Teck Coal, #1000, 205 – 9th Ave SE Calgary, Alberta T2G 0R3

This certificate applies to the Technical Report titled "NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Greenhills Operation" (the "Report") with an effective date of January 27, 2016.

I graduated with a Bachelor of Science degree in Geology from the University of Alberta, Edmonton, Alberta in 1980.

My relevant experience includes both exploration and production geology at Fording River operations, supporting both short and long range mine planning; project geology including exploration database and geological management of a number of Teck Coal predecessor coal and industrial mineral operations (Fording River, Genesee, Whitewood, Nyco Minerals, Minera Nyco, Greenhills, Cardinal River, Coal Mountain, Line Creek), geological management of the company's non-operating properties (eg. Brooks, Elco, Mt Duke, Marten Wheeler, Quintette); performed annual corporate reporting duties since 1994 and have been a corporate QP since 2001. I have worked as a geologist since graduation from university in 1980. I've worked in various geological, project and management capacities for Teck Coal and its predecessor companies for over 35 years. I worked at the Fording River operations (1980–1986) and the remainder out of the Calgary head office as Project Geologist (1986-1995); Senior Geologist, (1995-2007) and Chief Geologist (2007 to present).

I am a member of:

- the Association of Professional Engineers, Geologists, and Geophysicists of Alberta, member # M31249,
- the Association of Professional Engineers and Geoscientists of British Columbia, member #33274,
- the Canadian Institute of Mining Metallurgy and Petroleum, member # 95386.

Through my education and relevant experience I am a "qualified person" as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects (the Instrument).

My most recent site visit to the Greenhills Operations ("GHO") was Sep 29, 2015 for ½ a day. I routinely visit Greenhills Operations on a semi-annual basis primarily for internal Reserves and Resources audit purposes.

I am responsible for items 1, 2, 6, 7, 8, 14, 25, 26 and 27 in the Report.

I am not independent of Teck Resources Limited, as described in section 1.5 of the Instrument.

My prior involvement with Greenhills Operations was to periodically provide geological modeling, database support and, since 2001, semi-annual reserve and resource oversight.

I have read the Instrument and the sections of the Report for which I am responsible. These sections have been prepared in compliance with the Instrument.

As at January 27th, 2016, to the best of my knowledge, information and belief, items 1, 2, 6, 7, 8, 14, 25, 26 and 27 of the Report contain all the scientific and technical information that is required to make the Report not misleading.

Signed and Dated this 26th Day of February 2016.

(Signed & Sealed) "Don Mills"
Don Mills, P.Geo.
Chief Geologist, Teck

Certificate of Qualified Person

Alison J. Seward, P. Geo.
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I, Alison J Seward, P. Geo. do hereby certify that:

I am employed as the Senior Geologist, Supervisor of Greenhills Operations, Teck Coal Limited, Box 5000, Elkford British Columbia V0B IHO

This certificate applies to the Technical Report titled "NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Greenhills Operation" (the "Report") with an effective date of January 27, 2016.

I graduated with a Bachelor of Science degree in Earth and Ocean Science from the University of Victoria, Victoria, British Columbia in 2000.

My relevant experience includes exploration and mine production geology at both Fording River Operation and Greenhills Operation. I also have experience supporting both short and long range mine planning, and mining operations. I am responsible for all project geology including exploration and production, databases, geological models as well as all other aspects of geological management of the company's Greenhills mine site. I have performed annual and semi-annual site reporting duties such as the Mid-year and Year End Reserve and Resource Reports, Summary of Exploration Activity, and I have worked as a geologist since graduation from university in 2000. I've worked in various geological, project and management capacities for Teck Coal Limited and its predecessor companies for over 13 years. I have worked at Fording River Operations (2002-2010) as a Modelling Geologist, Production Geologist, Coal Quality Geologist and as an Exploration Geologist. In 2010 I transferred to Greenhills where I became Senior Geologist, Supervisor (2010 to present).

I am a member of the Association of Professional Engineers and Geoscientists of British Columbia, member #32721.

Through my education and relevant experience I am a "qualified person" as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects (the Instrument).

I primarily work at Greenhills Operation, but occasionally visit other Teck Coal Limited sites.

I am responsible for items 1, 2, 4, 5, 9, 10, 11, 12, 14, 15, 23, 24, 25, 26 and 27 in the Report.

I am not independent of Teck Resources Limited, as described in section 1.5 of the Instrument.

Since 2010 I have been the site designated QP for Greenhills Operation and have been responsible for the Mid-year and Year End Reserve and Resource Reports.

I have read the Instrument and the sections of the Report for which I am responsible have been prepared in compliance with the Instrument.

As at January 27th, 2016, to the best of my knowledge, information and belief, items 1, 2, 4, 5, 9, 10, 11, 12, 14, 15, 23, 24, 25, 26 and 27 of the Report contain all the scientific and technical information that is required to make the Report not misleading.

Signed and Dated this 26th Day of February 2016.

<u>(Signed & Sealed) “Alison J.Seward”</u>
Alison Seward, P.Geo.
Senior Geologist Supervisor, Teck

Certificate of Qualified Person

Andrew J. Knight, P.Eng.
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I, Andrew J. Knight, P. Eng. do hereby certify that:

I am employed as the Superintendent of Engineering at Greenhills Operation, P.O. Box 5000 Elkford, BC Canada, V0B 1H0

This certificate applies to the report titled “NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Greenhills Operation” (the “Report”) with an effective date of January 27, 2016.

I graduated with a Bachelor of Applied Science degree in Mining Engineering from Queen’s University in Kingston, Ontario in 1997.

My relevant experience includes both short and long range mine planning consisting of pit and dump design, access design, production scheduling, costing and economic analysis of mine plans, geotechnical assessment, equipment selection, drilling and blasting, detailed budgeting, and permitting. I have worked as a mine engineer since graduation from university in 1997. I’ve worked in various engineering and operational capacities in Canadian open pit iron ore mining and the western Canadian Rockies metallurgical coal industry. At Teck Coal, I have been a qualified person since 2010 and I have worked at the following coal operations: Fording River Operation (2010 – 2011), Sparwood Office (2012 to 2013), and Greenhills Operation (2014 to Present).

I am a member of the Association of Professional Engineers and Geoscientists of BC (#35613).

Through my education and relevant experience I am a “qualified person” as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects (the Instrument).

I work on site at Greenhills Operation and I am responsible for the site mining engineering department.

I am responsible for sections 1, 2, 3, 5, 13, 15, 16 to 22, and 24 to 28 of the Report.

I am not an independent of Teck Resources Limited, as described in section 1.5 of the Instrument.

I have read the Instrument and the sections of the Report for which I am responsible have been prepared in compliance with the Instrument.

As at January 27th, 2016, to the best of my knowledge, information and belief, the sections 1, 2, 3, 5, 13, 15, 16 to 22, and 24 to 28 of the Report contain all the scientific and technical information that is required to make the Report not misleading.

Signed and Dated this 26th Day of February 2016.

(Signed & Sealed) “Andrew J. Knight”
Andrew J. Knight, P.Eng.
Engineering Superintendent, Teck

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ABBREVIATIONS

Adb	air dry basis
Adf	ash free dry basis
bcm	bank cubic metres
db	dry basis
ddpm	dial divisions per minute
kTCC	thousand tonnes clean coal
kTRC	thousand tonnes raw coal
LOM	life of mine
m	metres
mm	millimetre
MIBC	methyl isobutyl cabinol
mTCC	million tonnes clean coal
mTRC	million tonnes raw coal
RC	reverse circulation
ROM	run of mine
SG	specific gravity
tcc	tonnes clean coal
tonnes	metric tonnes
VM	volatile matter %

1. Summary

Property Description, Location and Ownership

Teck Coal Limited's Greenhills Operations (GHO) consists of one operating surface mine along with several areas planned for surface mine development held under multiple contiguous coal leases and licences. The total area of the GHO property is 11,806 hectares (ha.), and is located approximately 330 kilometers (km), by road, southwest of Calgary, Alberta, approximately 8 km northeast of the town of Elkford in the southeast corner of British Columbia, as shown in Figure 1.

The mine has been in operation since 1983, under various ownership and currently has a production capacity of 5.2 million tonnes of clean coal (mTCC) per annum. GHO uses open-pit mining techniques utilizing mining shovels and trucks to release raw coals for processing on site. Clean coal production from GHO was 5.0 mTCC in 2015.

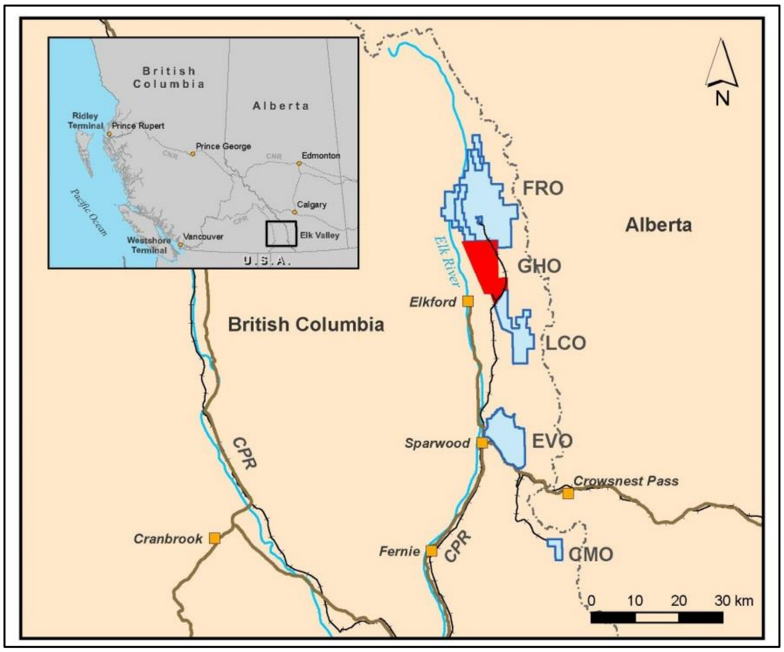

Figure 1: GHO location map

All figures have been obtained from internal Teck sources unless otherwise noted.

GHO is operated as a joint venture. Teck Coal Limited (Teck Coal) holds an 80% joint venture interest in GHO and Posco Canada Ltd. ("POSCAN") holds 20% of the joint venture. The mine equipment and coal preparation plant are owned by Teck Coal and POSCAN in proportion to their respective joint venture interests. POSCAN has the right to 20% of all coal mined from certain defined lands until termination of the Greenhills Joint Venture Agreement.

Geology and Mineralization

The coal measures of GHO are contained in the Mist Mountain Formation of the Upper Jurassic to Lower Cretaceous age Kootenay Group. Inter-bedded sandstone, siltstone, mudstone and coal seams were deposited throughout this period. Subsequent to deposition, the sediments were impacted by the mountain building movements of the late Cretaceous to early Tertiary Laramide Orogeny, which produced the structural features that currently dominate the area.

Northerly trending thrust faults associated with the tectonic movements have resulted in repetition of all or parts of the coal sequence. Thrust faults have repeated coal seams and whole blocks of the coal-bearing Mist Mountain Formation. Subsequent northerly trending normal faults have also displaced the sequence.

The major, regional structural features of the Fording River valley are two north-south trending asymmetric synclines containing near horizontal to steep westerly dipping thrust faults and a few high angle normal faults. The Greenhills Syncline is located to the west of the Fording River with the Alexander Creek Syncline to the east. The synclines are separated by the regional Erickson Normal Fault located on the western bank of the Fording River.

Exploration

The property is mature with over 34 years of operating experience and exploration activity. The coal geology and quality is well understood and documented. The current exploration database consists of more than 3,500 data locations for the entire property consisting chiefly of drill holes but includes a number of adits, trenches and a few other exploration sites. Due to the complex nature of the geology, GHO also collects data via geophysical logging of select production blastholes. The GHO coal quality database contains 24,133 quality records.

Historic exploration of this property started in 1981 by a former owner, Westar Mining Limited, and dates from the commencement of property development by that company. The first mining started in 1983. All exploration work, since 1993, was conducted by GHO. To date, over 345,000 m of drilling have been completed on the property. Historically, most of the exploration drilling has been done with reverse circulation rotary drills, along with limited diamond core drilling.

Coal quality analyses include proximate, coking, petrographic and washability analysis. Coal quality analysis was performed to ASTM[1] standards by either the GHO laboratory or reputable outside laboratories. In the past, the GHO laboratory performed the proximate and free swelling index (FSI) analysis, and the outside laboratories performed coking, petrographic and washability analysis. Today, all the analyses for exploration and development drilling are performed by external laboratories. GHO is continuing to drill exploration holes on the property in order to verify structure and to increase confidence.

Development and Operations

GHO currently produces coal from three active pit phases using open-pit coal mining methods, with primary waste stripping and coal mining completed by shovels and rear dump haul trucks. The three active pit areas at GHO are the Cougar Pit Phases 4, 5 and 6. Future developments are planned for

[1] American Society of the International Association for Testing and Materials

Cougar Phases 7-11. Locations of these areas are shown in Figure 2. The GHO primary product is high quality metallurgical coal used to make coke for the international steel industry. Major customers of GHO products are located in all international market areas where Teck sells steel-making coal. Sales distribution of GHO products reflects overall geographic reach of Teck's diversified steel-making coal customers.

The metallurgical coal product specifications for the major product coal blends supported by GHO coal are listed in Table 1 below.

GHO also produces a small amount of pulverized coal for injection (PCI) and thermal products. The coal is a mixture of all of the seams, and represents the oxidized (typically outside edge of the seam) portion of the mined seams.

Table 1: Specifications of Teck coal product supported by GHO

Quality Parameter	Premium	Standard
Ash (Wt.% adb)	8.75	9.5
Phosphorus (Wt.% db)	0.070	0.065
Sulphur (Wt.% adb)	0.50	0.45
Volatile Matter (Wt.% adf)	25.5	23.5
RoMax (% Reflectivity)	1.14	1.20
Fluidity (ddpm)	350	200

The majority of the coal product from GHO is transported 1,150 km by rail to either Westshore Terminals or to Neptune Bulk Terminals, in Vancouver British Columbia and from there to international steelmaker's plants by cargo vessel. Teck Resources Limited (Teck), the parent company of Teck Coal Limited, holds a 46% interest in the Neptune Bulk Terminals.

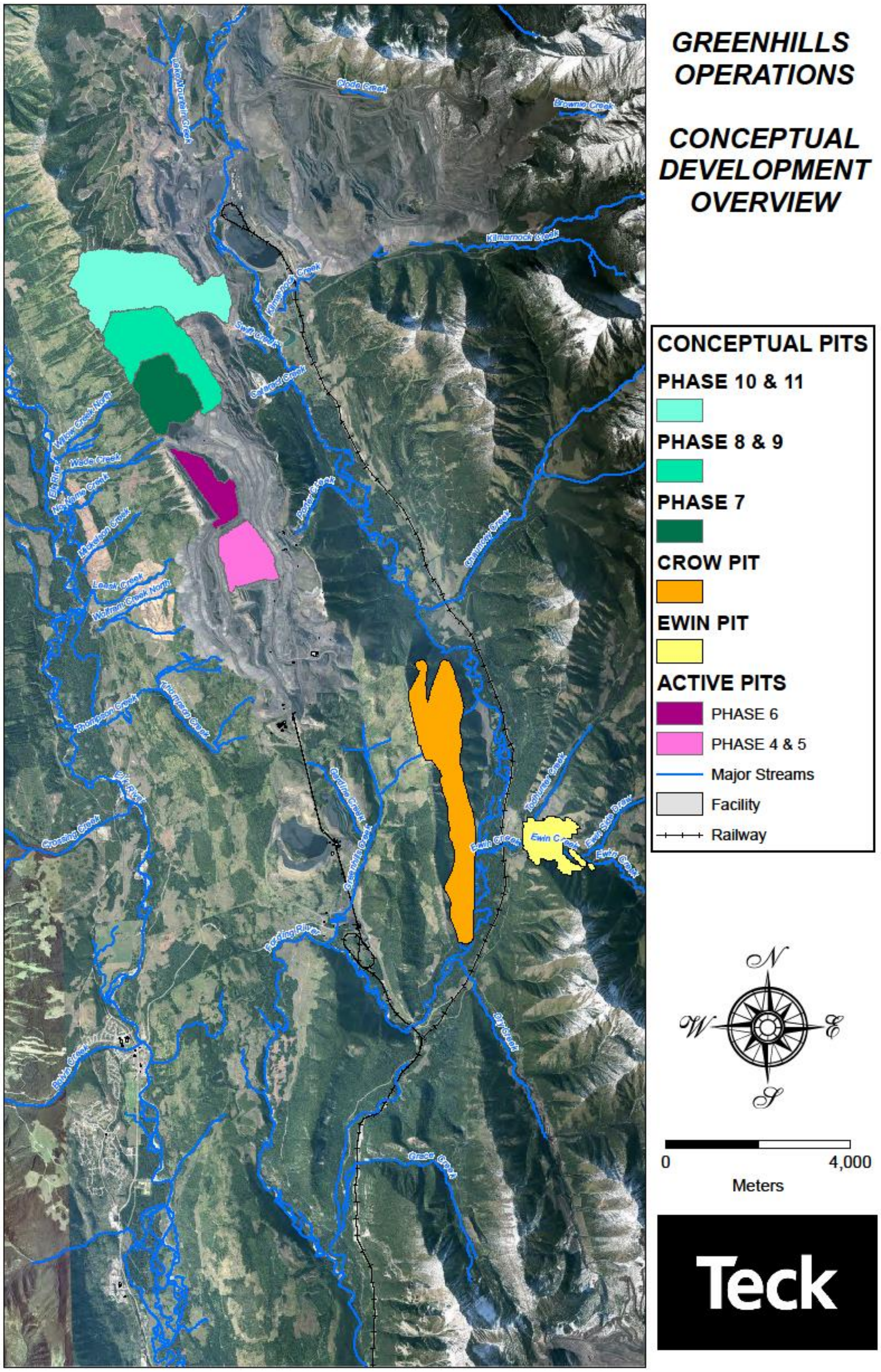

Figure 2: Current and future mining development areas

Mineral Resources and Mineral Reserves

Resources for the GHO property were estimated by GHO staff. Assurance of existence classifications for statements of resources and reserves are in accordance with the CIM Definition Standards. For the GHO property, the geology type is Complex in accordance with the definitions of Geological Survey of Canada (GSC) Paper 88-21. Resources have been reported by evaluating a series of pit shells and then determining which pit shell has an incremental strip ratio of 15.0 to 1 bcm waste/tonne raw coal. Only modeled coal which has been classified as Measured, Indicated or Inferred is included in the incremental strip ratio calculation. Resources are then estimated and summarized based on the level of assurance classification in accordance with GSC Paper 88-21. GHO methodology for determining reserves and resources complies with the requirements of both GSC Paper 88-21 guidelines and with NI 43-101 regulations. Based on the spacing of the available geological data and the resource limits, it is estimated that GHO Measured and Indicated resources are 313.6 mTRC. These coal resource estimates are presented in Table 2. The coal resource tonnages are reported exclusive of reserves.

Table 2: GHO: Resource Estimates as of December 31, 2015

Pit/Area	Coal Type	Measured kTRC	Indicated kTRC	Total Measured and Indicated kTRC	Inferred kTRC
Cougar (Phase 4-6)	Met	60,142	68,218	128,360	36,563
	PCI	2,895	3,122	6,017	2,516
	Thermal	0	0	0	0
	Total	63,037	71,340	134,377	39,079
Cougar Phase 7-11	Met	40,309	94,229	134,538	68,612
	PCI	337	1,623	1,960	1,736
	Thermal	720	397	1,117	293
	Total	41,366	96,249	137,615	70,641
Crow Ridge	Met	14,446	25,171	39,617	36,329
	PCI	0	0	0	0
	Thermal	0	0	0	0
	Total	14,446	25,171	39,617	36,329
Ewin Creek	Met	0	2,005	2,005	7,009
	PCI	0	0	0	0
	Thermal	0	0	0	0
	Total	0	2,005	2,005	7,009
Total by Class	Met	114,897	189,623	304,520	148,513
	PCI	3,232	4,745	7,977	4,252
	Thermal	720	397	1,117	293
	Total Property	**118,849**	**194,765**	**313,614**	**153,058**

Resources are exclusive of reserves

Coal reserves are based on pit designs and a long-range mine plans developed by GHO. Ultimate pit shells were created using long term product coal pricing and U.S. dollar to Canadian dollar exchange rates. Waste haulage, waste storage and geotechnical issues were considered in the final pit design. The reserve estimates are based on the 2015 year end geology model and are adjusted for production and stockpile volume changes.

The estimated Clean (Product) Coal tonnage that constitutes the Proven and Probable Reserves are, 22 mTCC and 187 mTCC respectively, as shown in Table 3. Associated waste stripping requirements were estimated to total 2.3 billion bank cubic metres (bcm) with an incremental strip ratio of 11.0 bcm waste/clean tonne of coal. The coal reserve tonnages are reported exclusive of resources.

Table 3: GHO: Clean Coal (Product) Reserves as of December 31, 2015

Pit/Area	Coal Type	Proven (kTCC)	Probable (kTCC)	Total Reserve (kTCC)	Strip Ratio
Cougar (Phase 4-6)	Met	21,245	16,857	38,102	
	PCI	668	1,624	2,292	
	Thermal	115	3	118	
	Total	22,028	18,484	40,512	6.1
Cougar Phase 7-11	Met		163,209	163,209	
	PCI		2,715	2,715	
	Thermal		2,549	2,549	
	Total	0	168,473	168,473	12.3
Total by Class	Met	21,245	180,066	201,311	
	PCI	668	4,339	5,007	
	Thermal	115	2,552	2,667	
	Total Property	**22,028**	**186,957**	**208,985**	**11.0**

The accuracy of reserve and resource estimates is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data available at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that additional data and analysis available subsequent to the date of the estimates may necessitate revision.

Qualified Persons Conclusions

The Geology Type of the Property is classified as “complex” based on GSC Paper 88-21 criteria. The Deposit Type is classified as a Surface Mining type. The density of drilling and other exploration data in the database allowed 313.6 mTRC of coal resources to be classified as “measured” and “indicated”. A further 153.1 mTRC is classified as “inferred”. These mineral resource estimates apply to Cougar (phases 4-6), Cougar Phase 7-11, Crow Ridge and Ewin Creek and are based on a minimum coal thickness cut-off of 1.0 m. An estimate of clean coal reserves has also been made for the property, in the “proven” and “probable” categories totaling 209 mTCC.

The date of the resource and reserve estimate in this report is December 31, 2015. The principal source of data concerning geology, drilling, coal quality testing and many other technical aspects, were collected from various field exploration programs up to and including the year 2015 as well as data from current mining and processing activities. Additional economic information considered for this report is updated to January 27, 2016.

As with all mining operations there are “risks”, but in all cases for the GHO these are judged to be normal and manageable within on-going mine management and operations. These “risks” include those of a technical nature related to unexpected geological and coal quality variation but all of these are provided for in the interpretation of the technical assessments conducted to date. There are also economic “risks” related to coal pricing and costing but management believes that it is able to adequately control the impact of these economic factors. There are also “risks” related to environmental issues the most important of which is water quality maintenance. The GHO and Teck Coal are dedicating a large amount of effort to address these issues and believe that the operation is adopting suitable measures to address this important issue in accordance with the requirements and regulations of the provincial government.

Qualified Persons Recommendations

The GHO is a large producing coal mine that has been successfully operated by Teck Coal and its predecessors for many years and that has sold products into the international market throughout this time period. During this time the normal activity of the mine staff has included, but not been limited to the collection of data by various means and to use that information for the preparation of the GHO Short, Medium and Long Range Plans. These activities have been customized as necessary from time-to-time to address changes to the coal product specifications and coal product demand as dictated by the international market place.

As a result no specific program of exploration is recommended by the Qualified Persons and thus, no summary of a Breakdown of Costs for one is given in this section. The Qualified Persons recommend that the GHO continue to perform those activities that have made the mine successful including the collection of data as needed for the changing requirements of mine planning and product preparation.

2. Introduction

This Technical Report for the GHO coal property has been prepared for Teck Resources Limited (Teck). The mine is operated by its wholly owned subsidiary, Teck Coal Limited (Teck Coal) under the operations name, Greenhills Operations (GHO).

GHO is operated as a joint venture. Teck Coal holds an 80% joint venture interest in GHO and POSCAN holds 20% of the joint venture. The mine equipment and coal preparation plant are owned by Teck Coal and POSCAN in proportion to their respective joint venture interests. POSCAN has the right to 20% of all coal mined from certain defined lands until termination of the Greenhills Joint Venture Agreement.

The principal objectives of this report are to document the activities and results of exploration and mine development conducted on the property and the preparation and reporting of new coal mineral resource and reserve estimates. The resource and reserve estimates and Technical Report were prepared in accordance with the requirements of the Canadian public reporting system, National Instrument 43-101.

The date for the coal resource and reserves presented in this report is December 31st 2015 and the effective date for the report is January 27th 2016. The principal sources of data are drilling, analytical testing and other activities conducted by the staff of GHO and from documentation in the archives of Teck Coal.

Verification of the geology, coal development and levels of assurance of the coal resources and reserves were completed through ongoing exploration and mine development that has continued since 1981. Drilling has occurred in and around active pits annually with exploration in future planned mining areas occurring less regularly.

Coal resources and reserves have been estimated, classified and reported according to the CIM Definition Standards as is required by National Instrument 43-101 (NI 43-101). There are older, historic reports which include resource and reserve estimates for this coal property.

A summary of the geology and engineering tasks undertaken in more recent years are as follows:

- An exploration program involving the drilling of 18 new coal exploration drill holes in 2014;
- An exploration program involving the drilling of 20 holes in 2015;
- Review of historic drilling from more than 3,300 earlier drill holes on the property;
- Ongoing mapping of areas exposed during pit development;
- Interpretation of the geological results from that work;
- Integration of the new exploration, drilling and analytical results with those of historic geological and mine development programs;
- Validation of the geological and coal quality interpretations of the historic studies;
- Documentation of the extent, depth and thickness range of the coal deposits in all areas of the property;
- Estimation of the coal resources and reserves on the property through the preparation of new 3D computer geologic models;

- Updates to economic pit evaluation studies along with geotechnical analysis.

In addition to information provided by the geology and engineering QPs and technical staff at GHO, other groups of experts at Teck and Teck Coal have provided information used in this report. These include:

- Coal processing;
- Coal product marketing;
- Coal transport and rail logistics;
- Financial calculations and analysis;
- Land tenure;
- Environmental planning and obligations;
- Government and regulatory permitting;
- Legal;
- Community and First Nations involvement.

The Qualified Persons responsible for preparation of the report are Donald E. Mills, Andrew J. Knight and Alison J Seward. Both Mr. Knight and Ms. Seward are employed by Teck Coal at GHO and make daily to weekly site inspections. Mr. Mills is employed by Teck Coal at the Calgary office and makes annual site inspections to GHO. His last inspection visit to GHO was on September 29, 2015.

3. Reliance on Other Experts

Teck QPs have not directly relied on information from external experts.

4. Property Description and Location

The GHO property is located in the East Kootenay region of southeastern British Columbia, approximately 330 km by road southwest of Calgary, Alberta and approximately 8 km northeast of the town of Elkford in the southeast corner of British Columbia, as shown in Figure 3. The location occupies portions of NTS Map Sheets 82J. The centre of current mine development is at Latitude 50° 06' 40" N, Longitude 114° 52' 16" W, and the plant site is at Latitude 50° 03' 38.96" N, Longitude 114° 51' 15.91" W.

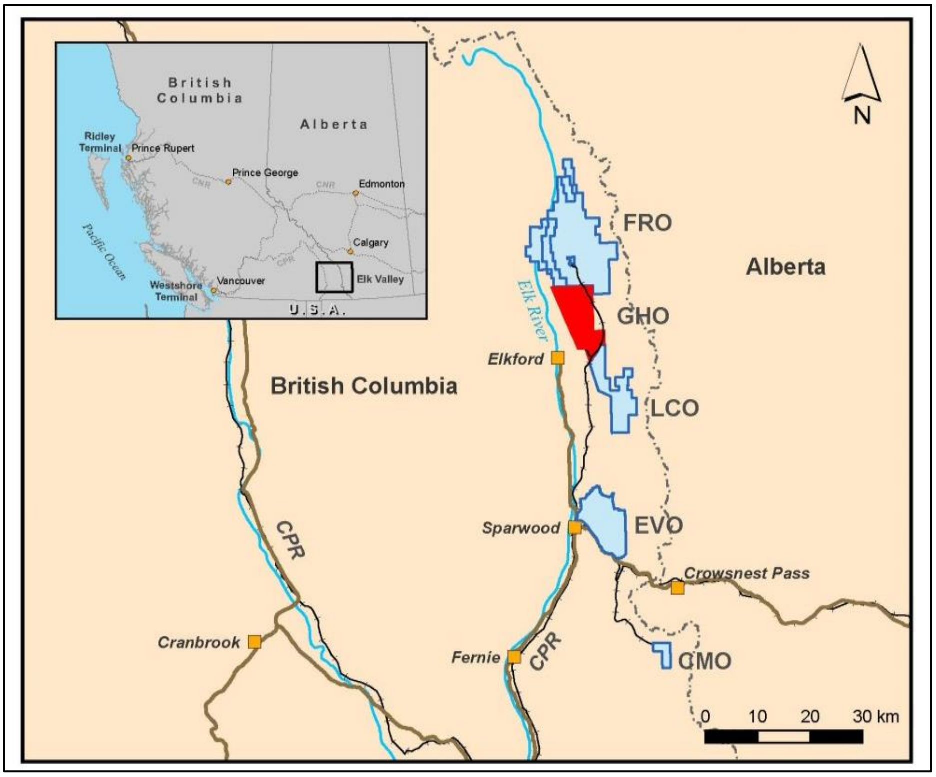

Figure 3: GHO location map

The total area of the property is 11,806 ha. This area includes one active surface mining area, referred to as Cougar Pit Phase 4 to 6, and three areas that are planned for future surface mine development referred to as Ewin Creek, Crow Ridge and Cougar Pit Phase 7-11. Title to the property is held mostly as Fee Simple (Freehold) land legally identified as Lot 1, District Lot 4588 Kootenay District, which is a Crown Grant consisting of 9,864 ha as shown in Figure 4. The active mining areas at GHO are located on the Fee Simple (Freehold) property.

The Ewin Creek area consists of Crown Coal License numbers 327805, 327806, 327807 and 327808 which cover an area of approximately 988 ha. The Crow Ridge area includes Crown Coal License numbers 328001, 327997, 327998, and 327992 covering approximately 840 ha. The Cougar phase 7-11 is located within District Lots 3422, 3423, and 6635 which are Crown Grants consisting of approximately 650 ha of Freehold land and two coal leases; the coal leases are numbers 389282 and 389310.

GHO controls the surface and subsurface coal rights to the properties that are in operation and those that are planned for development. There are no obligations that must be met on the part of the landowner to complete any ongoing exploration or development work to keep the coal tenures active. The coal tenures are renewed annually. Table 4 shows the current status of GHO coal tenures.

Coal on Crown land is subject to lease rentals and coal production royalties. Teck is not required to pay royalties on Freehold Land. However, all Teck mines operating in British Columbia are subject to British Columbia mineral taxes. There is a two-tier tax system with a minimum rate of 2% on operating cash flow and a maximum rate of 13% on cash flow after taking available deductions for capital expenditures and other permitted deductions.

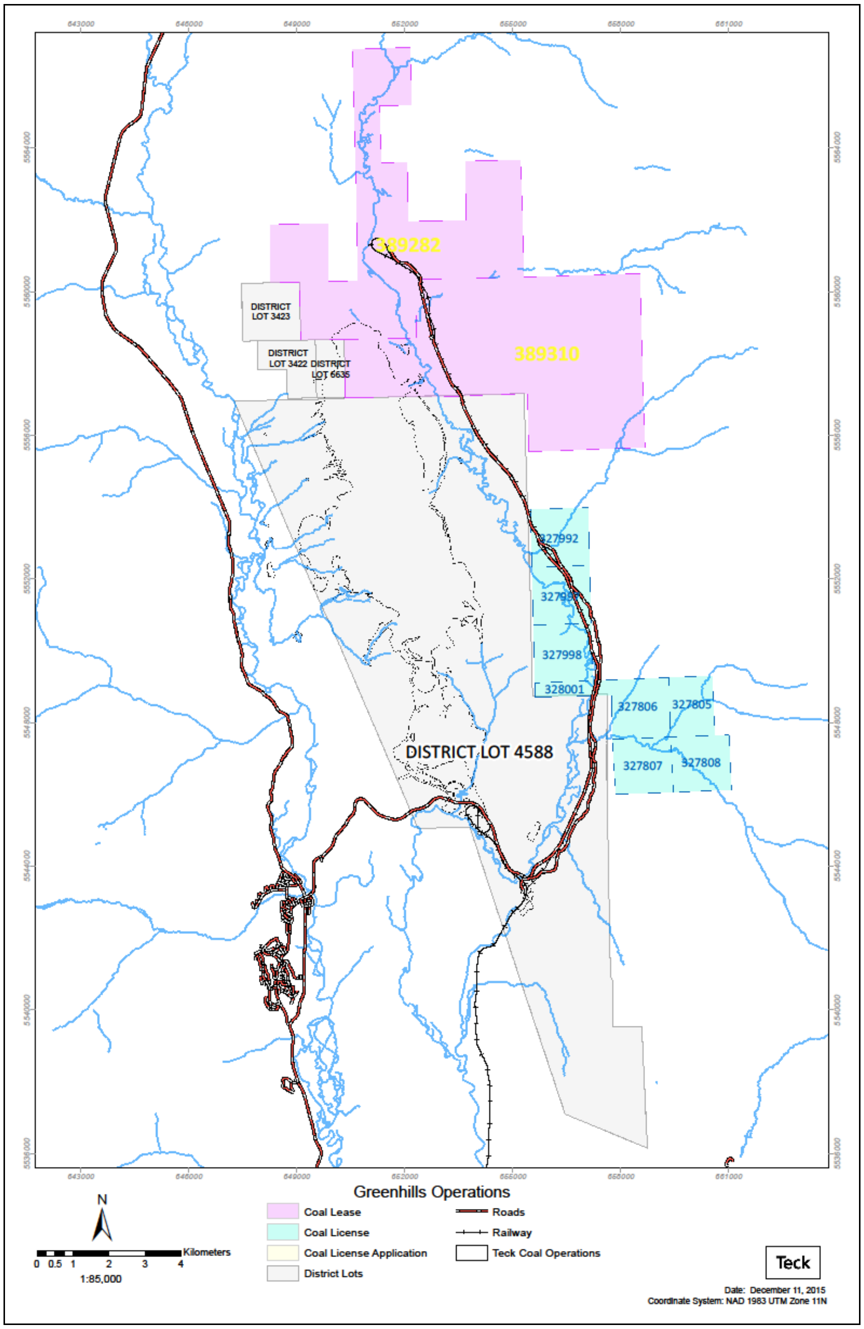

Figure 4: GHO land tenure map

Teck Coal, via GHO, is required to rehabilitate disturbed areas after the completion of mining activities. GHO has made provisions to limit environmental liability by reclaiming disturbed areas on an ongoing basis as they become available. Short and long term reclamation requirements are reassessed annually, and an annual reclamation plan is submitted to the British Columbia government, as required as a condition of the mine permit.

Teck Coal also monitors the Decommissioning and Restoration Provision (DRP) for all operations. This is an estimate of the cost for mine closure at the end of operations, the decommissioning of the plant, mine buildings and ancillary facilities, and the reclamation which includes all disturbed areas.

Permits for mining operations are current and have been in place since before operations began by the original owner Westar Mining Limited in August 1983, with updates and amendments provided as needed. The mining/reclamation permit C137, was first issued to Fording Coal Limited on December 18, 1992 with the work system approved on January 18, 1993. The exploration permit is included in C137. This permit was amended May 16, 2003 with an updated name change to Elk Valley Coal Corporation. The Cougar Pit Project Approval Certificate #M97-01 was received in April 1997 under the BC Environmental Assessment Act. The approval certificate allows development and mining for the southern portion of the Greenhills Ridge, known as Cougar pit and related spoils; it is the major area of the long range mining plan for the next 20 years. The most recent major C-137 Permit Amendment was in 2014 to approve the West Spoil Expansion and provide spoil expansion over a larger footprint area. The application for the permit amendment to commence mining in the Cougar phase 7 area has been submitted. Approval is expected in Q2 of 2016. The explosives permit 226 allows use and storage of explosives at the mine and is administered by BC Ministry of Energy and Mines. Operating permits for air, land, water and waste are all currently in place. Relationships with regulatory authorities are maintained in good standing. A summary of GHO operating permits is shown in Table 5.

There are no known factors or risks that may affect access, title, right or ability to perform work on the GHO property.

Table 4: Greenhills Operations Coal Tenure

Tenure ID	Parties	Type	Status	Grant Date	Expiry Date	Hectares	Comments	Project
327805	TECK COAL LIMITED (100%)	Coal Licence	Active	8/10/1990	8/10/2016	259	Coal License	Greenhills Operation, BC
327806	TECK COAL LIMITED (100%)	Coal Licence	Active	8/10/1990	8/10/2016	211	Coal License	Greenhills Operation, BC
327807	TECK COAL LIMITED (100%)	Coal Licence	Active	8/10/1990	8/10/2016	259	Coal License	Greenhills Operation, BC
327808	TECK COAL LIMITED (100%)	Coal Licence	Active	8/10/1990	8/10/2016	259	Coal License	Greenhills Operation, BC
327992	TECK COAL LIMITED (100%)	Coal Licence	Active	3/13/1986	1/31/2017	259	For the purposes of rental calculation, all licences that were in effect in 1986 must be considered to have been issued on their anniversary date in 1986.	Greenhills Operation, BC
327997	TECK COAL LIMITED (100%)	Coal Licence	Active	3/13/1986	1/31/2017	259	For the purposes of rental calculation, all licences that were in effect in 1986 must be considered to have been issued on their anniversary date in 1986.	Greenhills Operation, BC
327998	TECK COAL LIMITED (100%)	Coal Licence	Active	3/13/1986	1/31/2017	259	For the purposes of rental calculation, all licences that were in effect in 1986 must be considered to have been issued on their anniversary date in 1986.	Greenhills Operation, BC
328001	TECK COAL LIMITED (100%)	Coal Licence	Active	3/13/1986	1/31/2017	65	For the purposes of rental calculation, all licences that were in effect in 1986 must be considered to have been issued on their anniversary date in 1986.	Greenhills Operation, BC
389282	TECK COAL LIMITED (100%)	Coal Lease	Active	5/19/1977	5/19/2028	2,250.00	Coal Lease No. 2 (389282)	Fording River Operations, BC/Greenhills Operation, BC
389310	TECK COAL LIMITED (100%)	Coal Lease	Active	5/9/1998	5/9/2028	2,859.00	Coal Lease No. 16 (389310)	Fording River Operations, BC/Greenhills Operation, BC
012-249-602	FORDING COAL LIMITED (100%)	Fee Simple	Active	1/1/1901	7/2/2017	9,864.00	District Lot 4588; Lot 1 Plan 11279 Kootenay District	Greenhills Operation, BC
016-720-423	FORDING COAL LIMITED (100%)	Crown Grant	Active	1/1/1901	7/2/2017	259.01	District Lot 3423 (No.4543/248, Coal License No. 1606) Kootenay Land District.	Fording River Operations, BC/Greenhills Operation, BC
016-733-991	FORDING COAL LIMITED (100%)	Crown Grant	Active	1/1/1901	7/2/2017	194.26	District Lot 3422 (No. 4542/248, Coal License No. 1605), Kootenay Land District, NW 1/4 AND E 1/2. (PID: 016-733-983, 016-733-991)	Fording River Operations, BC/Greenhills Operation, BC
016-734-009	FORDING COAL LIMITED (100%)	Crown Grant	Active	1/1/1901	7/2/2017	129.5	District Lot 6635 (No.4552/248, Coal License No.1607) Kootenay Land District, WEST 1/2.	Fording River Operations, BC/Greenhills Operation, BC

Table 5: Greenhills Operations operating permits

Type	License/Permit Number
Mining and Reclamation Permit	C-137
Water Effluent	Permit PE 06248
Air Permit	PA 06249
Refuse Landfill Permit	PR 06725
Explosives Storage Facilities Effluent Permit	PE 06764
Joint Elk Valley Permit	Permit 107517
Waste Generator/Consignor ID Number	BCG 01612
Water License:	C058256 Greenhills Creek (sediment control)
Water License:	C118518 Thompson Creek (rock drain and sediment control)
Water License:	C118375 Cataract Creek (rock drain and sediment control)
Water License:	C063772 Porter Creek (water withdrawal for dust control)
Water License:	C063773 Porter Creek (sediment control)
Water License:	C067547 Fording River (washing of coal)
Water License:	C064868002 Swift Creek (disposal of waste rock., sediment control and selenium management)
Water License:	C127626 Mickelson Creek (sediment control)
Water License:	C128752 Wade Creek (sediment control)
Water License:	C131572 Leask and Wolfram Creeks (overburden disposal and sediment control)
Timber Mark:	EAFFP for Greenhills Block includes Managed Forest 471
License to Cut:	L43377 Crown land in Ewin Creek (expires 2018)
Managed Forest 471	Ownership of timber rights by Canadian Forest Products Ltd.

5. Accessibility, Climate, Local Resources, Infrastructure and Physiography

The GHO is located in the Kootenay Region, within the front ranges of the Rocky Mountains. The topography is dominated by steep, heavily forested mountain canyons and valleys. Nearly all of the major rivers and tributaries, including the Elk River, have a very high channel gradient. The area is within the Northern Rocky Mountain physiographic province and is characterized by north to northwest trending mountain ranges separated by straight valleys that run parallel to the ranges.

The GHO property ranges in elevation from about 1,650 m.a.s.l. in the valley floor to about 2,250 m.a.s.l. at the upper extent of the mine. Vegetation varies with elevation; valley bottoms are dominated by Rocky Mountain Douglas Fir, Lodgepole Pine and Trembling Aspen. The main mining and exploration areas occur within a biogeoclimatic zone described as the Engelmann Spruce Alpine Fir Zone at elevations from 1,000 m.a.s.l. to 2,200 m.a.s.l.. Forest cover in this zone includes Engelmann Spruce, Lodgepole Pine, Western Larch and Trembling Aspen. Treeless areas above 2,250 m.a.s.l. are in the Alpine Zone. Slopes are steep and rugged. Soils are regosolic, acid brown and brown wooded and form a shallow mantle over bedrock or glacial till of varying depths.

Coal mining activity has been ongoing in the region for many years, and the infrastructure is well developed, including all-weather roads and a railroad. The means of access to the property is via Highway 43 through the town of Elkford to the GHO property approximately 8 km the northeast. The centroid of the property is at Latitude 50° 06' 40" N, Longitude 114° 52' 16" W. Goods are delivered primarily by transport trucks and occasionally by rail. Employee transportation is provided. Mining personnel are recruited from across Canada with most living in the Elk Valley, within the towns of Elkford, Sparwood or Fernie. The mining and coal processing operations run 24 hours per day, seven days a week, year-round.

Coal from GHO is transported in unit trains from the site loadout facilities via rail lines using Canadian Pacific Railways (CPR) or Canadian National Railways (CNR). Final rail destination is either Westshore Terminals, 1,150 km to the west in Delta, British Columbia or Neptune Bulk Terminals in North Vancouver, British Columbia,. The CPR and CNR own their own lines and have line sharing agreements in place to expedite traffic in certain areas.

Operations are not usually limited by the local weather. The climate of British Columbia is influenced by its continental location and mountainous topography, and is characterized by long cold winters and short cool dry summers. Winter frontal systems moving easterly from the Pacific coast bring maritime Arctic air into the region, which modifies temperatures and results in snowfall. Summer weather is generally good. However, in all seasons, the mountains play a major role in determining the regional and local climatic characteristics. Statistics related to climate are shown in Table 6:

Table 6: Climate Statistics for the Sparwood Area

Type	Normal maximum	Normal Minimum	Average
Temperature (^{o}C)	24.2	-11.3	6.5
Monthly Precipitation (mm)	69.3	34.9	52.1

(Source: Environment Canada, Climate ID 1157630, Sparwood BC: 1981-2010 Climate Normals)

Water supply for the mine is provided by four (4) main deep groundwater wells located in the Fording River Valley. In addition, there are two (2) backup wells located in the Greenhills Creek watershed area. All of these wells are situated on the property. The process plant recycles approximately 53% of the water used in the coal cleaning process; the make-up water is obtained from the wells. Power to the site is supplied by BC Hydro via the BC & Alberta link, known as the Kan-Elk line. There is a single 138 kV power line into the GHO property. The line is a spur of a main hydro line.

Key on site infrastructure at GHO include the raw coal stockpiles, coal processing plant, rail loadout facilities, administrative, engineering and maintenance buildings, mine dry, powder magazine, and bulk explosive storage facilities. The location of on-site facilities is shown in Figure 21 in Section 18.

All GHO operations and associated infrastructure such as tails and waste storage is contained within lands on which Teck Coal owns the surface rights in fee simple (freehold) or located on Crown granted coal licences and leases which, by virtue of the *Coal Act* sections 9(3)a and 16(3)a, allow Teck Coal, as the Recorded Holder to enter, occupy and use the surface area of the location to produce coal. This surface area is sufficient to contain mining and process plant waste and reject material projected in the current LOM plan which ends in the year 2056.

6. History

The first published observations of coal in the Fording River valley were made by George M. Dawson of the Geological Survey of Canada in his 1886 preliminary report of the region. The Crow's Nest Pass Coal Company was established in 1897 to develop the coal resources of the East Kootenay's. In 1898, the Crow's Nest Pass Coal Company acquired the coal and surface rights to 110,000 acres in the Elk Valley, including District Lot 4588, which now encompasses the current GHO. In 1965, Crow's Nest Pass Coal Company changed its name to Crowsnest Industries.

In 1967 Kaiser Steel Corp. acquired the mining rights to a selected two-thirds of the 110,000 acres of coal lands held by Crowsnest Industries. To develop this resource, Kaiser Coal was incorporated with a B. C. charter in February, 1968, and in 1969 the company name was changed to Kaiser Resources Ltd. In September 1980, the publically owned B.C. Resources Investment Corporation bought Kaiser Resources Ltd. for $55 a share. B.C. Resources Investment Corporation then renamed itself Westar Group Limited, with their coal division falling into Westar Mining Limited.

GHO was started as a joint venture of 80% Westar Mining Limited and 20% POSCAN. The joint venture was a result of the eagerness of Westar Mining Limited to open GHO in an economic downturn. The mine commenced production in August 1983. Production increased and reached a peak of 3.2 million tonnes per year shortly before Westar Mining filed for bankruptcy protection. The mine operated under trusteeship for several months prior to closure of the mine in October 1992. Fording Coal Limited purchased Westar's portion of the joint venture on December 4, 1992, which resulted in the ownership of 80% Fording Coal Limited and 20% POSCAN. GHO re-opened and commenced mining in February 1993, with the first coal shipped in March 1993. Clean coal production in tonnes per year was initially 1.8 million in 1993, steadily increasing to a maximum annual production of 5.0 million tonnes in 2005. Mining was initially started in Cougar 5 and 6 pits until the Cougar North pit and spoils were approved in the spring of 1993. The original processing plant has been expanded from the original annual design capacity of 3 mTCC per year to about 5.5 mTCC per year.

Fording Coal Limited became an independent, publicly owned company called Fording Inc., in October 2001, following the reorganization of Canadian Pacific Limited. In January 2003, a multi-party agreement was announced that saw Fording Inc. converted into an income trust and the creation of a coal partnership comprised of Canada's senior metallurgical coal mining properties, which included GHO. As a result of this agreement, Elk Valley Coal Corporation (EVCC) held 80% of the joint venture, while POSCAN retained 20% ownership. The Elk Valley Coal Partnership (EVCP) controlled the metallurgical coal operations under EVCC, a wholly owned subsidiary of EVCP. On October 30, 2008, Teck Resources Limited acquired all the assets of Fording Canadian Coal Trust, thus making Teck the sole owner of EVCC, which it renamed Teck Coal Limited.

There are two previous NI 43-101 Technical Reports that include estimates of mineral resources and reserves for the GHO. The first of these was dated March 19, 2004 and authored by McKenny et al. That report was produced as an internal document by the staff of EVCC. The second Technical Report was dated March 13, 2008 and was produced by Norwest Corporation (Norwest) for EVCC and that report included a review and validation of reserve and resource estimates originally produced by the staff of EVCC.

While both of these reports were produced for internal purposes, public disclosure was made from both of them as reported in the AIF documents for different years. A summary of the results for the 2004 report are shown in the AIF dated March 22, 2005 under the headings “Mineral Reserves and Resources – Mineral Reserves at December 31, 2004” and “Mineral Resources at December 31, 2004”. A summary of the results of for the 2008 report are shown in the AIF dated March 19, 2008 under the same topic headings for that year. In both cases the results are shown for GHO as a whole and not for separate pit areas.

7. Geological Setting and Mineralization

7.1. Regional Geology

The East Kootenay Coalfield includes three separate coalfields and extends northward from the Montana-British Columbia border to the Elk Lakes, some 30 km north of Elkford, BC. These fields are referred to, south to north, as the Flathead, Crowsnest and Elk Valley Coalfields of southeastern British Columbia. They are situated within the frontal range of the southern Canadian Rocky Mountains, with the GHO property positioned in the central and northern portions of the Elk Valley Coalfield.

The coal measures of GHO are contained in the Mist Mountain Formation of the Upper Jurassic to Lower Cretaceous Age, Kootenay Group of sediments, deposited approximately 120 to 150 million years ago. Interbedded sandstone, siltstone, mudstone and coal seams were deposited throughout this period. The Mist Mountain Formation is approximately 500 m to 600 m thick. Subsequent to deposition, the sediments were impacted by the mountain building movements of the late Cretaceous to early Tertiary, Laramide Orogeny, which produced the structural features that now dominate the area. The Elk Valley Coal Field, including GHO coal measures, is structurally contained within the Lewis Thrust Sheet, bounded to the west and east by the Bourgeau and Lewis Thrust Faults, respectively.

North-south trending thrust faults associated with the tectonic movements have resulted in repeating of all or parts of the coal sequence including whole blocks of the coal-bearing Mist Mountain Formation. Subsequent northerly trending normal faults have also displaced and further divided the sequence.

From an economic point of view, the Mist Mountain Formation is the most important formation of the Kootenay Group. The formation contains coal seams that measure up to 18 m in thickness. Generally the coal rank varies from low volatile bituminous in the lower part of the formation to medium and high volatile bituminous in the upper part of the formation. The regional geology is shown in Figure 5.

7.2. Local Geology

7.2.1. Structure

The major structural features of the Elk Valley Coalfield are two, north-south trending, asymmetric synclines with near horizontal to steep dipping thrust faults, and a few high angle normal faults. The Greenhills Syncline is located to the west of the Fording River with the Alexander Creek Syncline lying to the east. These synclines are separated by the regional Erickson Normal Fault located along the eastern flank of the Burnt Ridge-Greenhills Range complex that lies west of the Fording River. The Greenhills Fault, a normal fault related to but of lesser displacement than the Erickson, separates the main Greenhills Range coal block, dropped down to the west, from the Burnt Ridge coal block to the east. The Crow Ridge coal is contained in the western side of Burnt Ridge.

The Alexander Creek Syncline can be traced from the southern property boundary of the Line Creek Mine to the northern end of Weary Ridge, north of the Fording River mine site. The Ewin Creek property, lies between these two points and is contained mostly on Imperial Ridge. This property is situated in the east limb of the syncline and is part of the GHO mine site coal resources. The coal measures here dip west towards the Fording River valley. More exploration work is required to better understand the geology.

This episode of thrust faulting explained above was likely contemporaneous with the later stages of mountain building.

The intervening anticline that had developed between the aforementioned two major synclines, was subsequently faulted by the Erickson Fault, and then eroded by the existing Fording River.

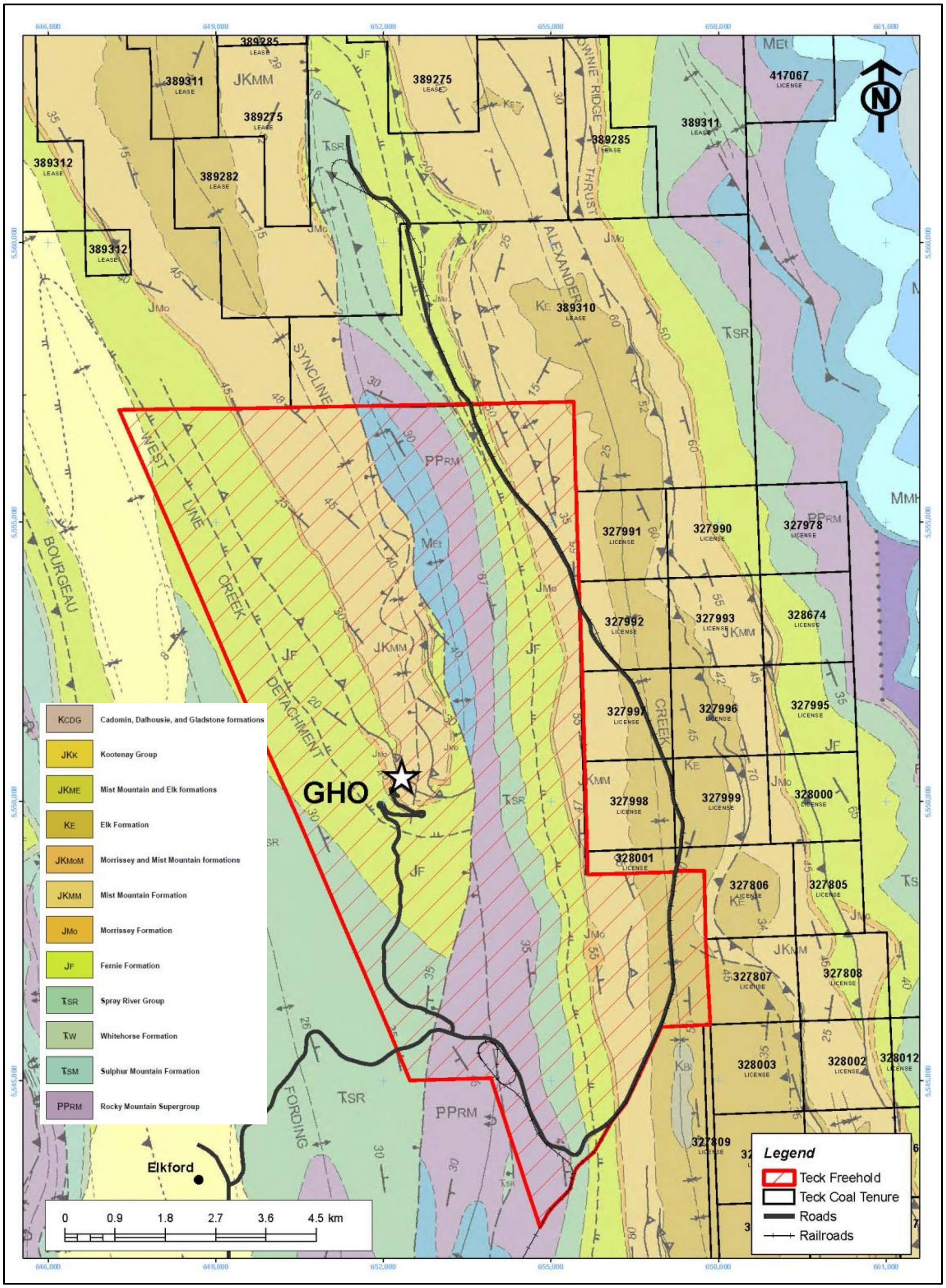

Figure 5: Regional Geology Map

7.2.2. Stratigraphy

A generalized stratigraphic chart for the GHO area is shown in Figure 6. The oldest strata present on the GHO property are the Rundle Group limestones, located on the west bank of the Fording River, near the southern property boundary. They are in faulted contact with the Kootenay Group to the west, and in unconformable contact with Rocky Mountain Formation quartzite to the north.

The Jurassic age Fernie Formation shale beds occur throughout the area, generally in the river valleys along the lower flanks of the mountains. The shale is recessive and, therefore poorly exposed. The Fernie Formation is in conformable contact with the overlying Morrissey Formation.

The Morrissey Formation, represents the transition from a marine to fluvial depositional environment, includes the Weary Ridge and Moose Mountain Members. The Moose Mountain Member is the major basal sandstone of the Kootenay Group and is a prominent cliff-forming marker horizon in many locations. On the GHO property, the top of the Moose Mountain Member is conformable and in sharp contact with the lowermost bed of the overlying Mist Mountain Formation.

Lenticular sandstones constitute about one-third of the Mist Mountain sediments in this area, but only a few laterally extensive sandstone beds exist. The Mist Mountain Formation is overlain conformably by strata of the Elk Formation. On the property, the Elk Formation is commonly a succession of sandstone, siltstone, shale, mudstone, chert pebble conglomerate and sporadic, thin, uneconomic coal seams. The coal seams are characterized by high alginate content (sapropelic) and are referred to locally as “needle” coal.

PERIOD	LITHO-STRATIGRAPHIC UNITS			PRINCIPAL ROCK TYPES
Recent				Colluvium
Quaternary				Clay, Silt, Sand, gravel, cobbles
Lower Cretaceous	Blairmore Group			Massive bedded sandstones and conglomerates
Lower Cretaceous to Upper Jurassic	Kootenay Group	Elk Formation		Sandstone, Siltstone, shale, mudstone, chert pebble
		Mist Mountain Formation		Sandstone, Siltstone, shale, mudstone, Multiple coal seams
		Morrissey Formation	Moose Mountain Member	Medium to coarse grained quartz-chert sandstone
			Weary Ridge Member	Fine to coarse grained, slightly ferruginous quartz-chart sandstone
Jurassic	Fernie Formation			Shale, siltstone, fine-grained sandstone
Triassic	Spray River Formation			Sandy shale, shale quartzite
	Rocky Mountain Formation			Quartzites
Mississippian	Rundle Group			Limestone

(after Gibson, 1985)

Figure 6: Stratigraphic nomenclature and table of formations at GHO

Figure 7 shows a map with the location of generalized cross sections (Figure 8 and Figure 9) through the GHO property.

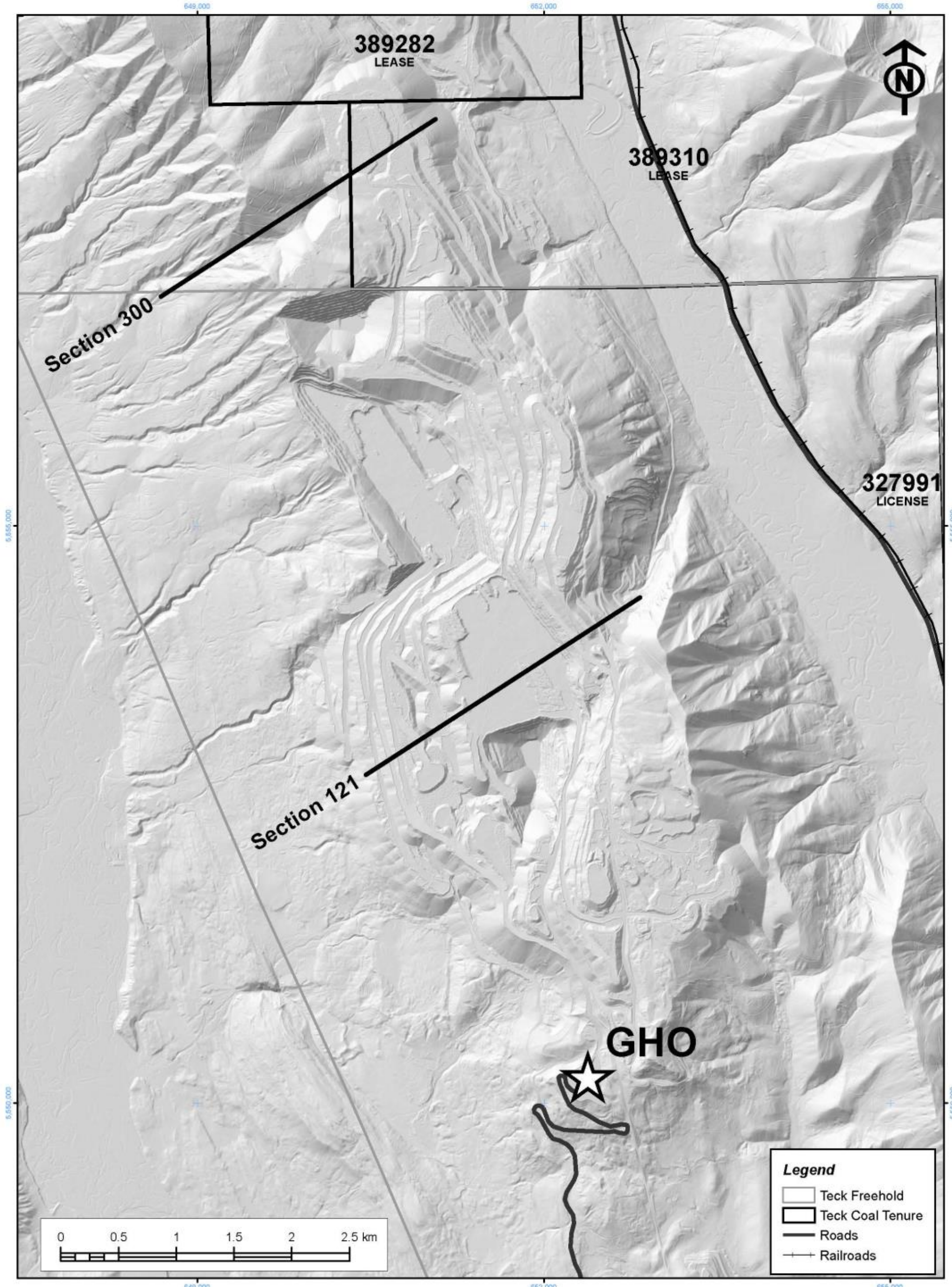

Figure 7: Plan map with location of typical cross sections

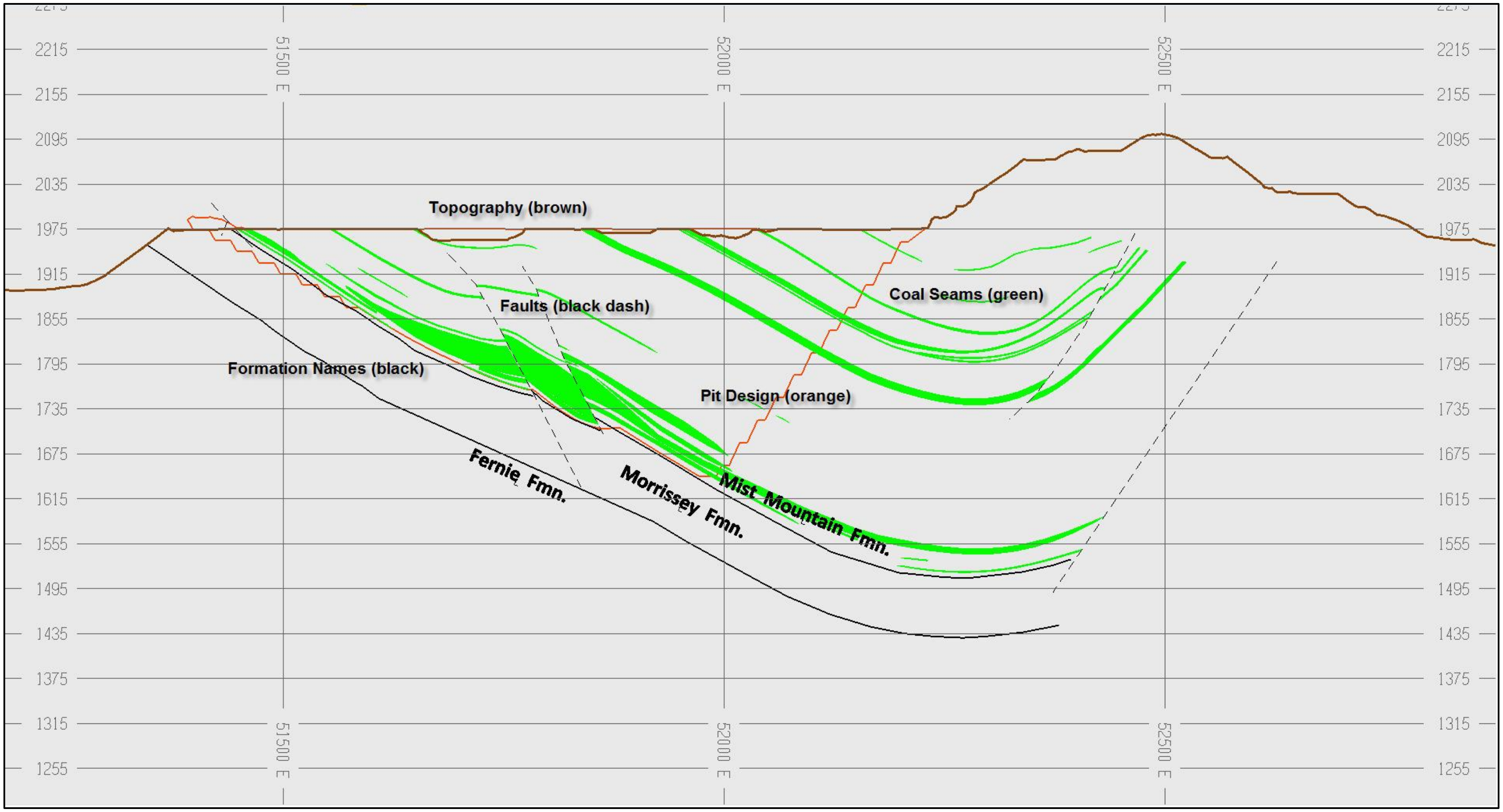

Figure 8: Typical Cougar Phase 4-5 cross section (#121) looking NNW. (Grid in metres)

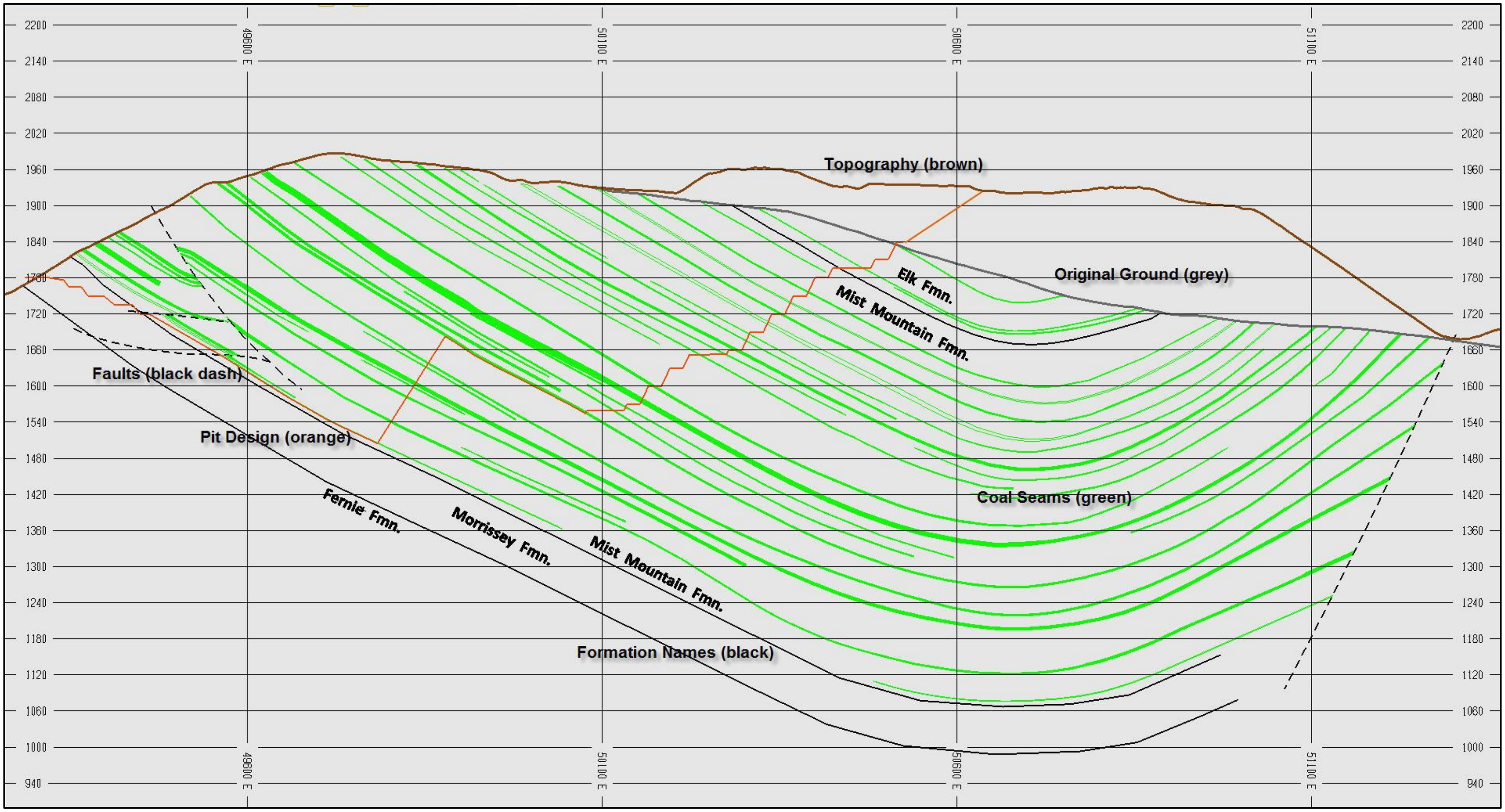

Figure 9: Typical Cougar Phase 7-9 cross section (#300) looking NNW. (Grid in metres)

7.2.3. Mineralization

The coal bearing section of the Mist Mountain formation is shown in Figure 10. The Mist Mountain Formation is approximately 500 m thick with the depth of burial ranging from surface exposures to greater than 1,500 m. The coal measures on the GHO property contain bituminous grade coal seams with varying volatile matter contents. The Mist Mountain Formation contains approximately 25 coal seams of economic interest, consisting of medium to high volatile bituminous coal.

The quality of the coal in the Mist Mountain Formation seams varies with depth of burial and location along the strike of the deposit. With standard coal washing processes to remove impurities, these seams will provide coking coal suitable for use in steel-making. Most coal products produced by GHO require a blend of coal mined from two or more seams, and possibly coal from different mining areas.

GHO uses the following categories to identify the different types of coal mined from the pits.

- Standard Coal:< 24.5% Volatile Matter (VM) includes lower seams.
- Premium Coals:26.5% to 28.5% VM includes all seams.
- Eagle Coals[2]:> 28.5% VM includes upper seams.

There are seams with Volatile Matter content near 25%, which GHO blends into both Standard and Premium categories.

[2] Eagle coals not currently mined. Eagle coals will be part of blend in 2020 based on LOM plan.

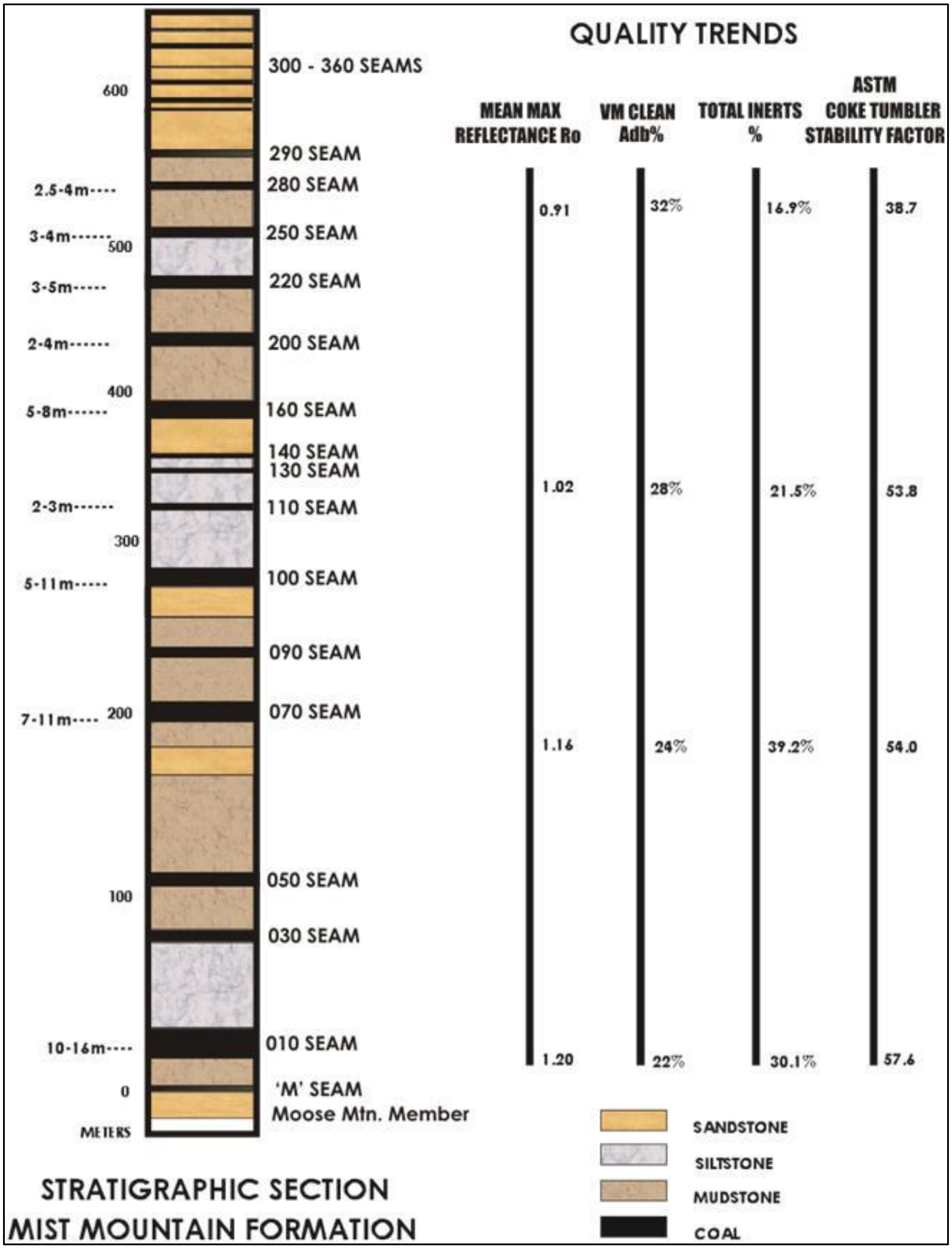

Figure 10: Stratigraphic and mineralogical details of the coal bearing section

8. Deposit Types

The definition of “Deposit Type” for coal properties is different from that applied to other types of geologic deposits. Criteria applied to coal deposits for the purposes of determination of coal resources and reserves include both “Geology Type” as well as “Deposit Type”. For coal deposits this is an important concept because the classification of a coal deposit as a particular type determines the range of limiting criteria that may be applied during the estimation of reserves and resources.

“Geology Type” for coal deposits is a parameter that is specified in Geological Survey of Canada (GSC) Paper 88-21, which is a reference for coal deposits as specified in NI 43-101. Coal “Geology Type” is a definition of the amount of geological complexity, usually imposed by the structural complexity of the area, and the classification of a coal deposit by “Geology Type” determines the approach to be used for the resource/reserve estimation methodology and the limits to be applied to certain key estimation criteria. The identification of a particular Geology Type for a coal property defines the confidence that can be placed in the extrapolation of data values away from a particular data point.

The classification scheme of GSC Paper 88-21 is similar to many other international coal reserve classification systems but it has one significant difference. This system is designed to accommodate differences in the degree of tectonic deformation of different coal deposits in Canada. Four classes are provided for that range from the first, “low”, which is for deposits of the Plains type with low tectonic disturbance, to the fourth, “severe”, which is for Rocky Mountains type deposits.

The coal deposits of GHO are typical of those for Inner Foothills and Rocky Mountain areas which have been subjected to a relatively high tectonic deformation. Coal deposits of this type are characterized by tight folds, some with steeply inclined or overturned limbs. Fault offsets are common but fault-bounded plates generally retain normal stratigraphic thicknesses. These characteristics suggest that the GHO coal deposits should be categorized as “Complex”, in accordance with the Geology Type descriptions given in GSC Paper 88-21.

“Deposit Type” as defined in GSC Paper 88-21 refers to the extraction method most suited to the coal deposit. There are four categories, which are “surface”, “underground”, “non-conventional”, and “sterilized”. GHO is a surface mineable Deposit Type.

9. Exploration

Exploration work done on the property has been extensive over the years. Outcrop mapping started in the mid-1970s and major seams were bulk sampled using the adit method. Some forty (40) adits were driven to obtain samples for various analyses including quality parameters, carbonization and wash curve predictions for wash plant design. This data was also valuable for the Marketing Group to develop a customer roster.

Once in production, exploration continued both outside and within the active pit areas. Knowledge gained allowed some resources to be re-categorized as reserves. Single seam and multi-seam blend washes were performed in the wash plant to better understand the clean coal characteristics.

A summary of all historical exploration activity, by type and by area, is listed in Table 7

Table 7: Exploration data points by area and type

Area	Adit	Trench	Outcrop	Total
Cougar Phase 4 - 6	19	192	24	**235**
Cougar Phase 7 - 11			42	**42**
Other Cougar	3	2		**5**
Ewin Creek	10		10	**20**
Crow Ridge	2	2		**4**
Total	**34**	**196**	**76**	**306**

GHO uses a UTM grid system with truncated coordinate values. All data is recorded with these truncated coordinates. All of the above data, including drill hole collar data, associated seam intercepts, seam quality and deviation survey data are stored in the acQuire® geological information management system.

10. Drilling

Through 2015, exploration drilling carried out on the property has been extensive, with over 3,500 holes totalling approximately 294,500 m drilled. Historically most of the exploration drilling has been with reverse circulation (RC) rotary drills along with a small amount of diamond core drilling. GHO has developed standardized procedures for designing and executing exploration programs, as well as for sampling the exploration drill holes. These set protocols for conducting this work meet or exceed industry standard practises.

Medium and long term exploration continues to focus on the Greenhills Range, to improve seam definition and coal quality predictions well in advance of mining. Exploration is also conducted on Cougar Ridge, Crow Ridge and Ewin Creek.

Currently most of the exploration and in-pit drilling is reverse circulation rotary drilling with centre sample return. Some core drilling for calibration and control or, geotechnical purposes is also conducted. All holes are geophysically logged, where possible, for gamma-neutron, gamma-density, caliper and hole deviation. Resistivity logs are run if available from the contractor.

Geophysical log data, sample data and driller's seam picks are used to determine seam intercepts. If geophysical logs are not available, the driller's picks are used, but with a lower assigned level of confidence. As is the case for design and execution of the exploration programs, GHO has a standardized practice for geophysical logging.

In 2008, Large Diameter Reverse Flood (LDRF) rotary drilling was first used on site to collect bulk samples of seams for coking characteristic analysis. All holes were geophysically logged for gamma-neutron, gamma-density and hole deviation, when required.

Table 8 shows the areas in which drilling was conducted and the number of holes completed in each area. Exploration drill holes include core, large diameter reverse flood and, RC holes.

Table 8: Drill holes by type and area

Area	Diamond Drill	Core	Reverse Circulation	Rotary	LDRF	Total
Cougar Phase 4 - 6		30	131	2,453	7	**2,621**
Cougar Phase 7 - 11	7	2	42	193	2	**246**
Other Cougar		17		595		**612**
Ewin Creek		2		4		**6**
Crow Ridge		11		45		**56**
Total	**7**	**62**	**173**	**3,290**	**9**	**3,541**

Medium and long term exploration drilling continues to focus on the Cougar Phase 7 -11 to improve seam definition and coal quality predictions well in advance of mining. More exploration will be conducted on Crow Ridge, and Ewin Creek prior to these areas being put into production.

All holes were geophysically logged for gamma-neutron and gamma-density; downhole deviation is only run if hole length is greater than 100 m. Logs such as acoustic televiewer and dipmeter are only performed if additional information is needed, generally for geotechnical purposes. Table 9 displays the amount of drilling, drill hole spacing and analysis performed within the respective mining areas at GHO.

Table 9: Drilling details by mining area

Zone/Area	Area (sq. m)	No. of Holes	Drill Hole Radius (m)	Average DH Spacing (m)	Coal Analysis	Labs Used
Cougar phase 4 - 6	10,370,102	3,233	50-200	57	*Mini-Wash + Full Analysis	Loring, Pearson, Gwil, Teck Coal Lab, ALS Group Lab
Cougar phase 7 - 11	7,803,918	246	100-350	178	*Mini-Wash + Full Analysis	Loring, Pearson, Gwil, Teck Coal Lab
Crow Ridge	4,468,647	56	100-400	282	*Mini-Wash + Full Analysis	Pearson, Gwil, Teck Coal Lab
Ewin Creek	1,105,070	6	200-500	429	*Mini-Wash + Full Analysis	Pearson, Gwil, Teck Coal Lab
Total	**23,747,737**	**3,541**		**82**		

Geophysical log data, sample data and driller's seam picks are used to determine seam intercepts. All of the drill hole collar data, associated seam intercepts, seam quality and deviation survey data are stored in the acQuire® database.

11. Sample Preparation, Analyses and Security

11.1. Sampling Method and Approach

The quality data for seams at depth are obtained primarily from samples gathered from RC rotary drill holes. The reverse circulation drilling method has been most widely used in the past decade. Previous exploration included test pits, adits, core holes and seam trench samples.

Collection of samples is carried out by the drill contractor and delivered directly to the GHO laboratory. Samples are stored outside of the mine site laboratory until analysis is complete or they are shipped to an external lab. The sampling interval for rotary drill holes is 0.5 m. All sample collection and processing is conducted according to ASTM standards and is evaluated regularly by staff geologists.

11.2. Sample Preparation, Analyses and Security

The GHO laboratory is certified under ISO 9001-2008. The GHO sample collection and processing procedures are documented in four (4) Quality Management System procedures and nine (9) internal standard practices and procedures. All procedures are conducted according to ASTM standards.

Prior to 2014, the RC samples were delivered to the GHO laboratory by the drill crew and the lab personnel processed the samples in the following manner:

- The sample intercepts are recorded from the sample tag in each bag. Each increment is weighed and recorded. These incremental weights will be used to calculate sample recovery.
- The samples are coned and quartered and an appropriate size sample is extracted. This portion is weighted wet, dried and weighed again to calculate moisture.
- The samples are riffled to quarter allotments. One quarter is pulverized and ash and FSI values are determined.
- The remainder is held in reserve for further analysis.

Based on these results the geologist determines the composite sample for the seam and the analysis to be performed. Since 2014, all samples have been sent to external laboratories where the same steps are being followed as listed above.

Proximate analysis, rheological testing and mineral ash analyses were conducted both at the GHO Laboratory and off-site contracted laboratories. These laboratories follow ISO and ASTM procedures. Annual laboratory comparisons are conducted to ensure the analysis is consistent with results from other laboratories. Petrographic analysis is carried out by an independent laboratory, typically Pearson & Associates Ltd. All of the data is maintained in the acQuire® geological database. This database forms the basis to predict seam qualities.

Density estimation and assignment to the model blocks from drill holes is completed using the Specific Gravity Formula. This formula estimates the SG value of coal based on the ash value results received from the lab. This formula has been verified for use at GHO through analysis of a number of samples that compared actual SG values determined in the laboratory against SG values determined using the SG formula.

11.3. Quality Assurance and Quality Control

GHO Procedures 1234 through 1243 refer to the methods to be used when preparing and analyzing samples in the laboratory. The primary sample sources for seams at depth are RC rotary drill holes.

The sampling interval for rotary drill holes is 0.5 m. Since 2010, the drill crew has been using a 325 mesh screen while recovering samples to maximize recovery. In the past coarser screens were used which resulted in sample loss. Samples are delivered to the GHO laboratory by the drill crew for storage until they have been shipped offsite. Since 2013, samples have been sent to an external laboratory. Samples from the 2013 and 2015 exploration programs were sent to Loring Laboratories and samples from the 2014 exploration programs were completed by Elk Valley Environmental Services. The sample intercepts are recorded from the sample tag in each bag. Each increment is weighed and the weight recorded. These incremental weights will be used to calculate sample recovery. The sample is coned and quartered and an appropriate size sample is extracted. This portion is weighed wet, dried and weighed again to calculate moisture. This sample is riffled to quarter allotments. One quarter used in the analysis is pulverized and analyzed for ash and FSI. The remainder is held in reserve for further analysis. Based on these results the geologist will determine the composite sample for the seam and decide on the analysis to be performed.

Sample recovery is a determining factor as to whether the sample is representative of the seam. Samples with greater than 20% recovery are assayed depending on the seam thickness and quality of recovery. A seam with a 20% sample recovery or lower will only have a raw assay suite completed. Typically a full assay suite is only carried out on samples with a recovery factor of 65% or higher.

11.4. Additional Comments Concerning Coal Quality

The GHO laboratory conducts all analyses according to ASTM standards. The sampling procedures are documented in the internal standard practice and procedure documents 1234 – 1236. Analyses contracted to outside commercial laboratories are also conducted according to ASTM standards, which have been reviewed and approved by Teck.

In coal work, additional special security methods for the shipping and storage of samples are not commonly employed, as coal is a relatively low value bulk commodity.

11.5. Authors Opinion on the Adequacy of Sample Preparation, Security and Procedures

Sample preparation, procedures and security are of utmost importance at GHO and at all the labs involved. Samples need to be reliable and repeatable in all analysis results. Everyone involved in the sample collection and analysis understands this and follows set procedures to ensure high quality results are obtained.

12. Data Verification

12.1. Procedures and Methodology

In 2011, Teck requested Norwest Corporation to review the procedures taken to verify the quality of data. A total of 24 representative exploration drill hole files, on four random cross-section lines, were selected to evaluate the quality of the geological data generated and the extent to which exploration information was interpreted and recorded from downhole sources. A random selection of geophysically-logged blast hole files were also examined.

Norwest conducted the work in accordance with the guidelines published in GSC Paper 88-21. As a result of this work, Norwest was in agreement with the quality of data collection, interpretations and reserve and resource reporting that were produced. Subsequent to this work, GHO revised the reserve and resource estimates to account for mine production and adjustments originating from additional exploration work.

The process used to ensure accurate geological data is covered in several training documents at GHO to ensure repeatability between the different geologists compiling the data. The data verification begins with a check of the collar coordinates of each hole against the planned location. Both the planned and actual locations are laid out and recorded with high precision GPS equipment in the field. Any deviation on holes is recoded on tools provided by Century Wireline Geophysical, the contract company generally used to produce the geophysical logs. Deviations are checked visually against surrounding holes later in the process, once the data is in the acQuire® database.

Once the locations are verified by the geologist the logs are picked following rigid standards. The rules regarding how a gamma-density log has the seam contacts picked are governed by documentation and training to ensure that all geologists are picking logs in the same manner. Once the coal contacts are picked on each geophysical log the contacts and collar data are entered into the acQuire® database by the geologist running the exploration program. Then the Senior Geologist, Supervisor reviews the coal contact picks for accuracy, both on paper and in the database. The interpretation of the new holes into the existing model is also double verified, again by the same two people mentioned above.

The assay data comes back from the labs over many weeks. As the data returns the analysis results are reviewed for anomalies and atypical results, generally using geostatistical software. Any data that appears erroneous is reanalyzed by the lab to check for accuracy. Data that has been verified is loaded to acQuire® which feeds the geological model. Data is loaded using set importing templates that will load the data directly from the MS Excel® worksheets sent by the labs. This minimizes any transcription errors. Random visual checks are then completed on screen comparing the lab data to what was imported into acQuire®. The same steps to choose composite samples and lab test are also followed with each hole.

An important step in data accuracy and repeatability is that the laboratories and the geologists are following the same procedures for each exploration hole. The procedures are written down in nine (9) different training documents for easy reference. The documents are updated as needed. There is also a large document with all the steps to build the geological model outlined in it in detail to again ensure separate model builds are accurate and comparable.

In the Qualified Person's opinion the adequacy of the data is sufficient for the purposes it is used for in this report. This is with respect to the drilling, assay, geophysical and geological data.

13. Mineral Processing and Metallurgical Testing

The equivalent terminology used in this report is “Coal Quality and Processing”.

The bituminous coal seams at GHO are blended to produce coal with consistent quality for the Eagle, Premium and Standard product vessels. Blending is accomplished at the breaker by combining coal from several stockpiles. Each stockpile contains coal from different seams with similar quality. The Standard (called Premium HA at GHO), Premium and Eagle products differ with respect to Volatile Matter content and ash targets. Fine coal forms 55% of the blend through 2020. The fine material, which is derived from the 1 Seam series coal, is blended into all products. Oxidized coal is stockpiled for consumption in the dryer. The 2015 Life-of-Mine (LOM) plan includes the use of coal of selected quality by block as it is released during the production schedule. This determines the overall quality of the products, and to account for changing quality of the coal as the mine advances. Items covered in the LOM include:

- Yearly Metallurgical Coal Release by Seam;
- Yearly Thermal Coal Release by Seam;
- Annual Coal Release by Pit;
- Met Coal Release;
- Met Coal Produced for Sale;
- Plant Yield;
- Fines Percent of Blend;
- Release and Resulting Blended Component Qualities.

13.1. Plant Yield

Predicted yields are continuously evaluated to more closely match the actual performance of the Plant. Cougar Phase 4-6 has a greater amount of the coal volume in thick seams than does the upper portion of Cougar Phase 7 – 11. Thin seams generally have lower yields than thick seams due to a higher proportion of dilution. This causes the drop in yield subsequent to 2027 as Cougar Phases 4-6 nears completion. Figure 11 is a prediction for plant yield for the 2015 LOM plan.

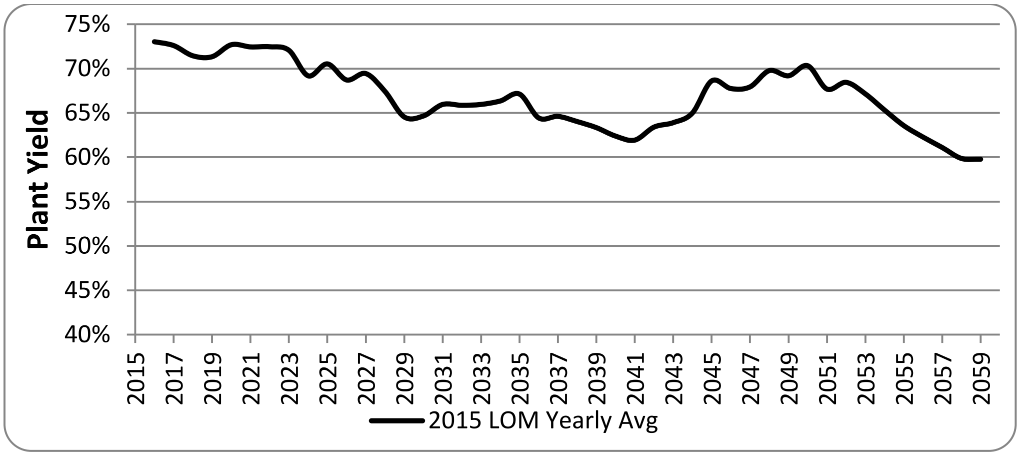

Figure 11: Plant Yield% from LOM Plan

13.2. Volatile Matter

An Eagle product coal will be produced starting in 2020 and will continue to the end of the LOM. It will be used to produce a high Volatile Matter product (VM range 26.5% - 28% in the first 10 years). After 2033, the Premium and Standard blends have Volatile Matter contents greater than the current Premium specification, as illustrated in Figure 12.

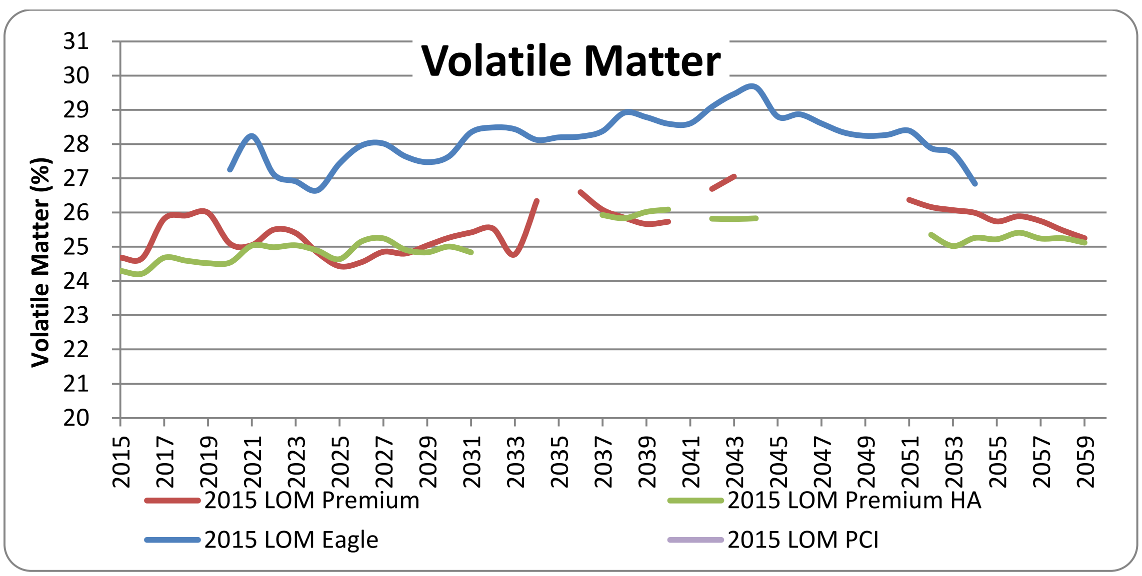

Figure 12: Predicted Volatile Matter content percent

13.3. Clean Ash Predictions

The clean ash is predicted to remain below targets through the entire LOM. The following target ash was used for blending in the life of mine:

- Premium 8.7%;
- Standard 9.5%;
- (Future Eagle Product) 8.5%.

13.4. Phosphorus Content

For Cougar Phases 4-6 pit, the main source of phosphorus in the product is the 070 Seam. Through 2035, the 070 Seam is only 30% of the Premium blend and approximately 40% of the Standard product. Phosphorus content forecasts for the 2015 LOM plan is shown in Figure 13.

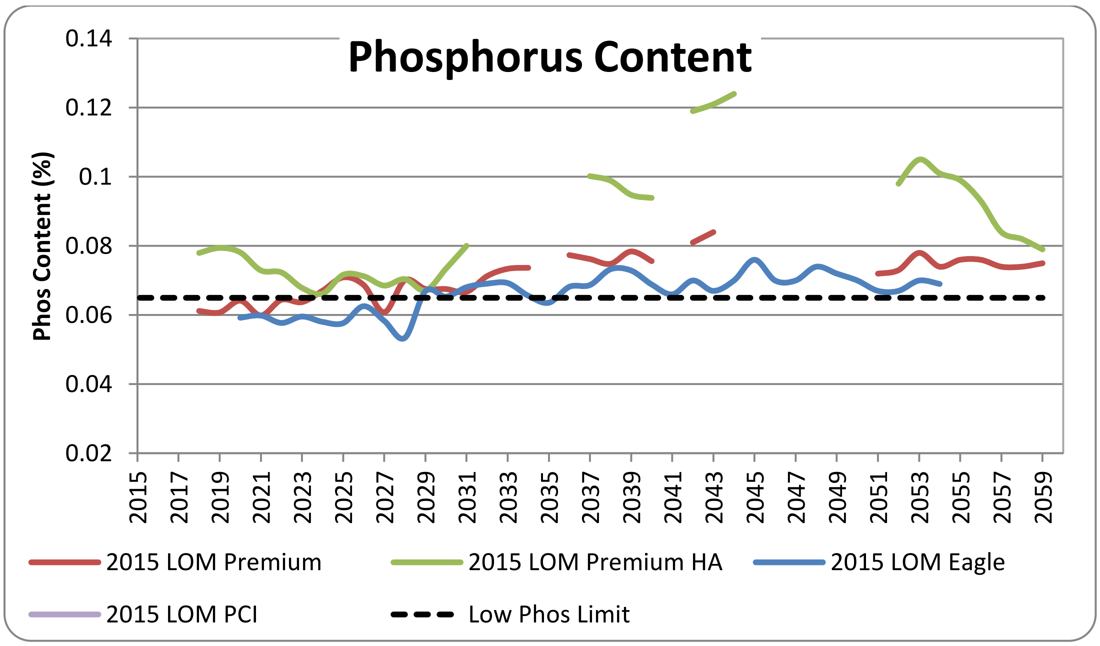

Figure 13: Predicted phosphorous in coal percent

13.5. Additional Comments

GHO performs a reconciliation of the modeled coal volume, ash content delivered to the wash plant and predicted yield based on an ash/yield curve. Reconciliations are performed quarterly and accumulated by year. GHO has taken adequate measures to account for the low coal recovery in the geological models and in the estimates of coal resources and reserves. GHO will continue to pay close attention to reconciliation of actual versus forecast coal tonnages and quality, to ensure that potential coal recovery issues are accounted for in the geological models and coal resource estimates.

14. Mineral Resource Estimates

The following is a discussion of the criteria and results obtained for coal resource estimation for the GHO. The estimates presented in this section of the report have been prepared in accordance with the requirements of NI 43-101 and the CIM Definition Standards. A Qualified Person, who is an employee of Teck, performed and/or supervised the data collection, validation, geological interpretation, the production of a computer based geological model and resource estimation. The certification for the Qualified Person is provided in this report.

14.1. Basis for Resource Determination

NI 43-101 specifies that the CIM Definition Standards are to be used for the identification of mineral resources. The definition standards state that: “Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.”

The CIM Definition of Resources is as follows: “A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Material of economic interest refers to diamonds, natural solid inorganic material, or natural fossilized organic material including base and precious metals, coal, and industrial minerals”.

The definition of mineral resources covers coal which has been identified and estimated through exploration and sampling and within which mineral reserves may be identified. The phrase ‘reasonable prospects for eventual economic extraction’ used in the CIM standard implies a judgment by the Qualified Person concerning which technical and economic factors will influence the success of a mine.. Assumptions should include estimates of geological continuity, coal recovery, product value, mining and processing methods and costs and, general and administrative costs.

The use of the word ‘eventual’ in this context varies depending on the commodity or mineral involved. For example, for bulk commodities such as coal, it may be reasonable to reference ‘eventual economic extraction’ as covering time periods in excess of 30 years.

These definitions and statements clearly show that coal material can only be considered to be a resource if there is the clear identification of the economic potential of the deposit. For coal deposits this means that the nature of the database, technology for mining and mine planning, some degree of practical recovery constraints and the economic potential in current markets have to be considered in order to identify a coal resource; while the strict conditions for the definition of a reserve may not be needed to identify a resource, consideration should be given to the same key issues.

14.2. Key Assumptions and Parameters Used

These issues have been considered for the determination of mineral material that qualifies as a resource. The key parameters and assumptions are:

- The geological Type is classified as "Complex" for all areas of the property addressed in this report.
- Thickness geological models were prepared for all seams in each resource area where appropriate.
- The resource estimate was made using a minimum true thickness of 1.0 m for a coal composite. This estimate was used to define potential surface mineable coal in the individual seams.
- The depth limit for the potential surface mineable resource was based on a pit shell with an incremental strip ratio limit of 15:1 m^3/tonne of raw coal. This is more conservative than the maximum requirement of GSC Paper 88-21.
- The data spacing is consistent with the standards of GSC Paper 88-21 requirements.
- Computer model-block specific SG values were used for the conversion of volumes of in-place coal to tonnes using the GHO Laboratory validated Specific Gravity Formula.

14.3. Methodology

Information from the various exploration drilling programs, along with topographic and other surface information, was used to construct a MineSight® 3-D Block Model. Using this model, various analyses are completed to evaluate potential mineability of a given area. Reserves and resources in this report are estimated using the 3D model building procedure as described below and in the next section of this report. The model was constructed using information generally concerning coal depth, thickness and quality.

The GHO coal resource estimates are based primarily on the results of RC drilling samples and downhole geophysical gamma and density logs. RC drilling samples taken every 0.5 m are analyzed for ash content. The results of the ash analyses are sent to a GHO geologist for review. The geologist usually selects contiguous samples within the coal seam sequence which contain raw ash of 45% on an air dried basis (adb) or less, and requests a composite analysis of these intervals which are then defined as "coal". The composite sample is analyzed for raw ash, volatile matter, inherent moisture, fixed carbon (by difference), FSI, sulphur and P_2O_5 on an air-dried basis.

The selected composite quality results are entered into the acQuire® database to provide an indicative value of the in-situ ash content of the coal, as defined by the geophysical logs. The composite sample raw quality results are matched to the geophysical log-corrected true seam thickness in the acQuire® database to be interpolated in the coal quality model. The ash content of the coal composite sample is applied to the geophysical log seam thickness and used to model the in-situ coal ash.

Evaluation of gamma, density and caliper geophysical logs by GHO geologists is an essential component of the modeling process. The coal seam tops and bottoms are measured primarily from the gamma density log and secondarily from the gamma neutron logs. It has been the experience at the mine that the gamma density log coal seam thickness closely represents the mineable coal seam thickness in the mine at the location of the drill hole. The geophysical log measurements of the coal depths are accepted as being correct, as is standard in the industry, and are used as the basis for the coal seam thickness in the geological model.

The 3D block models are based on volumes; the “Topo%” model item stores the volume percentage of the model block existing below topography. Separate model items list up to three waste types and two coal seams per block, as either metallurgical (met) or oxidized or weathered metallurgical coal (oxide). These items are stored as volumetric proportions of each block. Additional volumetric items that account for waste above or in front of a coal seam, rehandle material and unconsolidated overburden may also be included; as a quality assurance check, the sum of all the volumetric items in a block must never exceed the Topo% item. Additional model items for each coal parameter are: seam name, raw Ash, raw SG, raw Volatile Matter, run of mine (ROM) Ash, ROM SG, plant Yield, clean sulphur and clean phosphorous. Where quality information is not amenable to interpolation from drill composites, data is filled in statistically based on geographic location.

The 3D model is built using the drill intervals of complete seams from the acQuire® database. The seam dips and true thicknesses are calculated based on the drill hole data, and the seam polygons are then generated. The true thicknesses of the seams are interpolated using an inverse distance weighting.

14.4. Areas Addressed

The resource areas addressed in this report include:

- Cougar Phase 4-6.
- Cougar Phase 7-11.
- Crow Ridge.
- Ewin Creek.

The location of these resource areas is shown in Figure 14. Note that Cougar phase 3 was directly south of phase 4 and 5 but has been mined out and is now being backfilled.

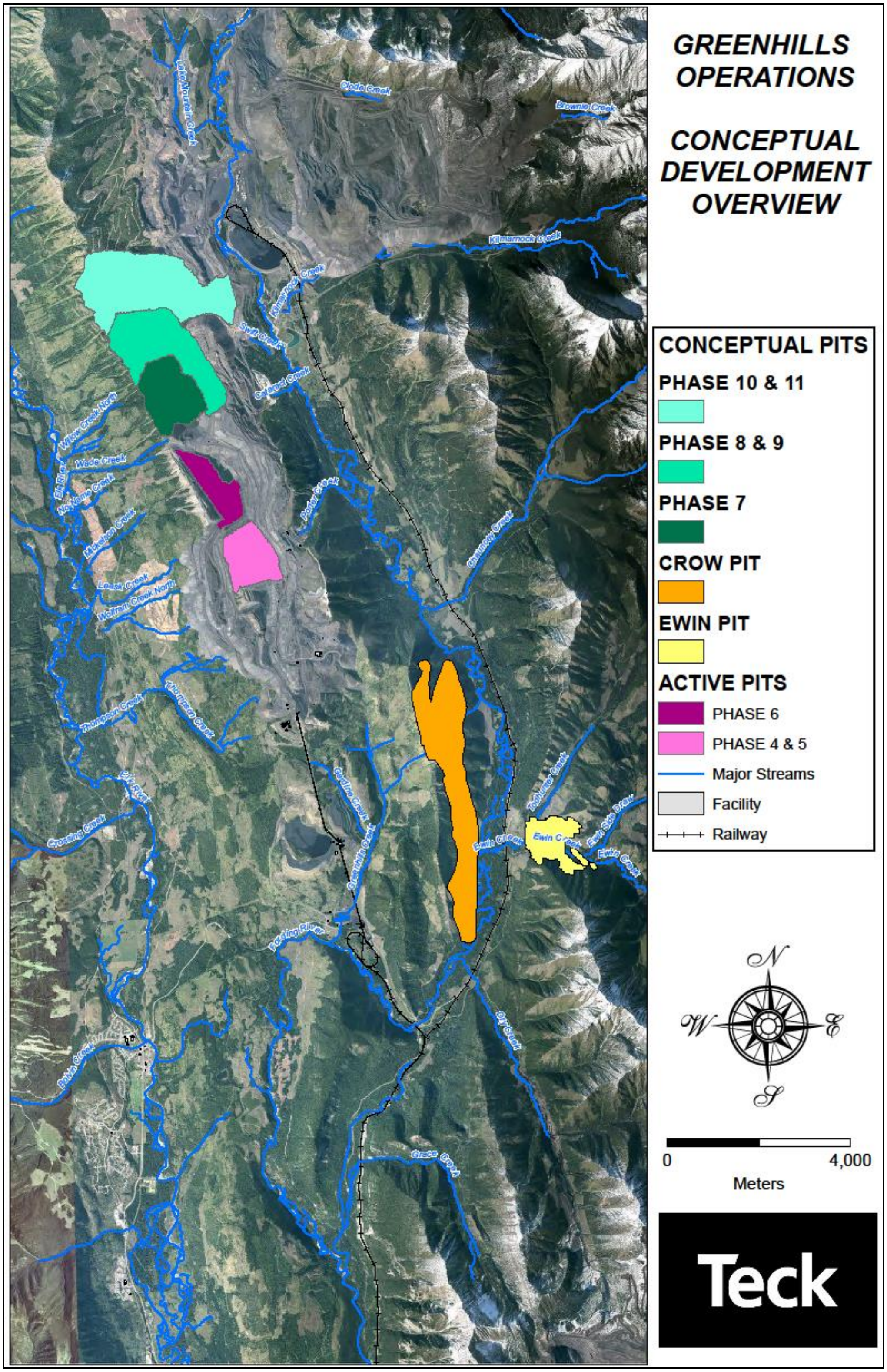

Figure 14: Current and future mine development areas

14.5. Classification

Reserves and resources are classified according to the confidence level that can be placed in each estimate. In accordance with the criteria of the CIM Definition Standards, which apply to coal deposits, resources are classified in Measured, Indicated and Inferred categories, proceeding from that with the highest confidence level to the lowest. Besides the reserve and resource classification scheme of the CIM Definition Standards, the NI 43-101 Companion Policy suggests that the criteria of GSC Paper 88-21 may be used as a guideline. The distinction between different classes of resources in GSC Paper 88-21 is based on the spacing of valid data points which, in this case, is coal drill holes. The concept is that the closer the holes are spaced, the higher the confidence that can be placed in the resource estimate.

The process of classification is completed in the computer model. Model blocks that contain coal are initially assigned a classification below the level of Inferred. Ellipsoid search envelopes with the distance from the centroid along the three axes equal to the distances are used to determine if the block is to be classified as Measured or Indicated. A minimum of three drill hole intercepts through an individual coal seam must fall within the associated ellipsoid to classify the block. The block is assigned the highest level of assurance that is supported by the data. Resources are then estimated and summarized based on the level of assurance classification in accordance with GSC Paper 88-21.

14.6. In-Place Coal Resource Estimation

In Table 10, the Measured and Indicated resource estimates are exclusive of the resources that have been used to estimate Proven and Probable reserves.

The accuracy of resource estimates is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data available at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that additional data and analysis available subsequent to the date of the estimates may necessitate revision. These revisions may be material.

Table 10: Resource estimates as of December 31, 2015

Pit/Area	Coal Type	Measured kTRC	Indicated kTRC	Total Measured and Indicated kTRC	Inferred kTRC
Cougar (Phase 4-6)	Met	60,142	68,218	128,360	36,563
	PCI	2,895	3,122	6,017	2,516
	Thermal	0	0	0	0
	Total	63,037	71,340	134,377	39,079
Cougar Phase 7-11	Met	40,309	94,229	134,538	68,612
	PCI	337	1,623	1,960	1,736
	Thermal	720	397	1,117	293
	Total	41,366	96,249	137,615	70,641
Crow Ridge	Met	14,446	25,171	39,617	36,329
	PCI	0	0	0	0
	Thermal	0	0	0	0
	Total	14,446	25,171	39,617	36,329
Ewin Creek	Met	0	2,005	2,005	7,009
	PCI	0	0	0	0
	Thermal	0	0	0	0
	Total	0	2,005	2,005	7,009
Total by Class	Met	114,897	189,623	304,520	148,513
	PCI	3,232	4,745	7,977	4,252
	Thermal	720	397	1,117	293
	Total Property	**118,849**	**194,765**	**313,614**	**153,058**

Resources are exclusive of reserves;

Met coals are Mid-Vol Bituminous in most pits;

Phases 7-11 will also contain significant High-Vol Bituminous coal;

PCI coal applies to three (3) specific seams that have above average inert content.

15. Mineral Reserve Estimates

The following is a discussion of the criteria and results obtained for coal reserve estimation for the GHO coal property. In accordance with NI 43-101 and the CIM Definition Standards, one or more Qualified Persons, employees of Teck, supervised the data validation and the reserve estimation and classification work. The certificates for the Qualified Person(s) are provided at the beginning of this report.

15.1. Approach

In accordance with NI 43-101, GHO has used the Canadian Institute of Mining, Metallurgy and Petroleum “Definition Standards on Mineral Resources and Reserves (CIM Definition Standards)” and referenced the Geological Survey of Canada Paper 88-21 "A Standardized Coal Resource/Reserve Reporting System for Canada (GSC Paper 88-21)” during the classification, estimation and reporting of reserves for GHO.

In order to facilitate the estimation of reserves on the property, a geological block model for the area was developed using MineSight® software. Key horizons or “surfaces” were modeled to provide the required inputs for block generation. The block model was used for the estimation of coal and waste volumes. Volumes were converted to tonnage by the application of density values representative of each coal seam mined.

15.2. Coal Reserve Definition

The CIM definition of a mineral reserve, which is also applicable to coal, states “A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

The reference point at which mineral reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.”

Further the CIM accompanying explanatory notes state that “Reference point’ refers to the mining or process point at which the Qualified Person prepares a mineral reserve. In the present report mineral reserve estimates are referred to as “Clean Coal Reserves” and are an estimate of the Saleable Coal Product. The reference point is the exit point of the coal product from the processing plant.

The CIM Definitions require that a preliminary feasibility study or feasibility study be completed as the basis for the definition of mineral reserve quantities. Preliminary feasibility studies and Feasibility Studies were completed as part of the process of Mine Implementation. Engineering studies and evaluations are ongoing activities for an operating mine like GHO. The level of detail in this work is at the same level and reliability or higher as that expected from Feasibility Studies. Thus the NI 43-101 requirements for reserve definition at GHO have been satisfied.

15.3. Coal Reserve Estimation Procedures

Coal reserves are based on pit designs and a long-range mine development plan prepared by GHO. Ultimate pit shells were created using long term product coal pricing and U.S. dollar to Canadian dollar exchange rates.

Waste haulage, waste storage and geotechnical issues were considered in the final pit design. The ultimate pit shell contains some Inferred Coal resources but that coal is not included in the reserves. Ongoing exploration will upgrade the Inferred resources to reserves well in advance of the actual production schedule.

15.4. Key Assumptions and Methodology

The basis for the model design was the GHO interpretation of the geological structures used in the development of its block model using the MineSight® geological and mine planning package software.

Three non-coal surfaces are incorporated into the model, namely current topography, mined-out surface and original ground. These surfaces are used to ensure that previously mined areas of coal and overburden are properly accounted for. All material between the topography and the mined-out surface is coded as rehandle and reported with a swell factor of 30%. Data for these surfaces comes from monthly surveys and periodic flyovers.

The current topography surface is used during the block model generation to identify valid blocks, assigned to existing blocks as Topo%, representing the total volume percentage of any given block remaining. The coal blocks are then rationalized so that the total volume is equal to Topo% times the block volume to ensure no block contains more coal than volumetrically allowed. If there is a discrepancy once waste is added into the block, the waste volume is adjusted until the total material volume matches Topo%. Coal volume is not adjusted.

Coal volumes used for reserves reporting are adjusted for mining factors such as loss and dilution as well as additional losses due to mining in highly faulted zones. These factors are mostly derived from many years of operating experience at GHO. Additional mining parameters for reserve estimation are as follows:

- Minimum mineable seam thickness: 1.00 m;
- Minimum removable parting thickness: 0.70 m;
- Dilution thickness: 0.01 m;
- Coal loss thickness: 0.02 m;
- Rock dilution ash: 80%;
- Rock dilution SG: 2.30;
- Parting dilution ash: 80%.

Specific gravity (SG) values for coal are based on empirical formulas, validated over the history of mining at GHO. SG converts modelled coal volumes to weight. To estimate the weight for reference point reporting of reserves, clean coal product, a plant yield factor is utilized. Basically, the yield is a ratio of the weight of coal product exiting the process plant over the weight of coal to enter (or delivered to) the process plant. Yield is based on a delivered ash relationship which is derived from historical plant performance. Clean coal quality information interpolated is as follows:

- Clean Moisture [CMOI];
- Clean VM [CVM];
- Clean Fixed Carbon [CFC];
- Clean Sulphur [CSUL];
- Clean FSI [CFSI];
- Clean phosphorus [%P].

With the exception of the Clean (Product) Coal tonnes, the coal tonnage figures and ash content are estimated in the model on an air-dried moisture content basis. They are not converted to an as-received moisture content basis during the modelling process used to determine in-situ and ROM (delivered) coal. This procedure allows the use of the GHO regression factors for project plant yield. These regressions are based on ROM tonnes and ash content, both expressed on an air-dried moisture content basis, and the regression curves account for additional moisture in the Clean (Product) Coal.

15.5. Coal Reserve Estimation

GHO mineral reserve estimates are shown in Table 11. Associated waste stripping requirements are estimated to total 2.3 billion bcm with an incremental strip ratio of 11.0 bcm waste/clean tonne of coal. The coal reserve tonnages are reported exclusive of resources, which are separately presented in Section 14.

Table 11: Reserves as of December 31, 2015

Pit/Area	Coal Type	Proven (kTCC)	Probable (kTCC)	Total Reserve (kTCC)	Strip Ratio
Cougar (Phase 4-6)	Met	21,245	16,857	38,102	
	PCI	668	1,624	2,292	
	Thermal	115	3	118	
	Total	22,028	18,484	40,512	6.1
Cougar Phase 7-11	Met		163,209	163,209	
	PCI		2,715	2,715	
	Thermal		2,549	2,549	
	Total	0	168,473	168,473	12.3
Total by Class	Met	21,245	180,066	201,311	
	PCI	668	4,339	5,007	
	Thermal	115	2,552	2,667	
	Total	**22,028**	**186,957**	**208,985**	**11.0**

Met coals are Mid-Vol Bituminous in most pits, Phases 7-11 will also contain significant High-Vol Bituminous coal. PCI coal applies to three (3) specific seams only that have above average inert content.

The accuracy of reserve estimates is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data available at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that additional data and analysis available subsequent to the date of the estimates may necessitate revision. These revisions may be material.

15.6. Discussion - Material Effects of Issues on Mineral Reserve Estimates

A basic assumption of this report is that the estimated Clean (Product) Coal Reserves for the GHO have a reasonable justification for extraction under existing circumstances and assuming a reasonable outlook for all issues that may materially affect the mineral reserve estimates.

Failure to achieve reasonable outcomes in the following areas could result in significant changes to reserves.

- GHO will continue to obtain customers and achieve the forecasted market price.
- GHO will continue to obtain the necessary mining and environmental permits to expand operations to the currently defined ultimate pits and add to or update infrastructure to support the expanded or continued operations.

Except as stated herein, the QP is not aware of any modifying factors exogenous to mining engineering considerations (i.e., competing interests, environmental concerns, socio-economic issues, legal issues, etc.) that would be of sufficient magnitude to warrant excluding reserve tonnage below design limitations.

16. Mining Methods

GHO is a truck and shovel operation and has been actively mined since 1983.

Electric cable-shovels are utilized to load overburden and interburden waste into a mixed fleet of 290 and 218 tonne capacity end dump trucks, exposing the steeply dipping coal seams in a series of benches. Before loading, the waste is subject to drilling and blasting, which fragments the rock so that it can be dug by the shovels. Mine waste is backfilled into the advancing mining pit whenever practical and to external spoils as required. The coal is loaded by front-end loaders, which receive assistance from bulldozers that push the coal into piles on the bench. The coal is delivered to a stockpile by the breaker by large haul trucks, where it is fed to a breaker then transported by conveyor to the processing plant. The completed pits and waste dumps are reclaimed in a manner that fulfills requirements set out by law in the Province of British Columbia.

As a result of delivery requirements and varying coal seam qualities it is necessary to have multiple coal seams exposed at any time. The ability to blend various coal seams to meet customer specifications is critical.

The GHO 2015 Life of Mine Plan (LOM) has a mine life of over 40 years, and will produce 209.3 mTCC for sale at a clean strip ratio of 11.6:1 bcm/tonne. Cougar Phases 4, 5, 6 are Proven and Probable Reserves while Cougar Phases 7 - 11 are entirely Probable Reserves. Figure 15 to Figure 19 outlines most of the LOM Mining Sequence.

Medium and long term exploration will continue to focus on the Cougar Phase 7-11, to improve seam definition and coal quality predictions well in advance of mining.

The 2015 LOM production rate is 5.2 to 5.3 mTCC through to 2024; with a production rate of 5.0 to 5.5 mTCC through to the end of reserves.

Figure 15: LOM sequencing for year 2016

Figure 16: LOM sequencing for year 2019

Figure 17: LOM sequencing for year 2029

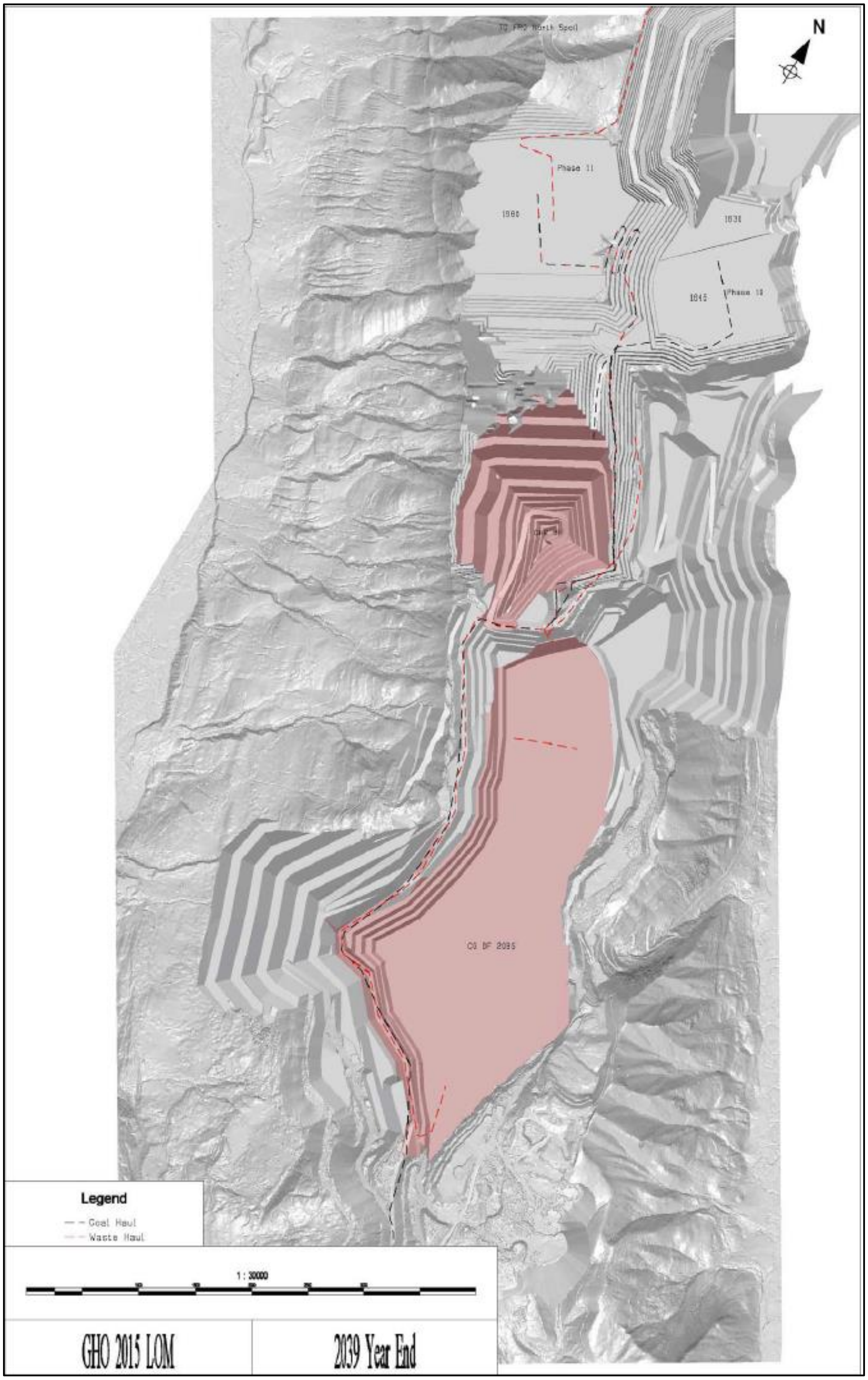

Figure 18: LOM sequencing for year 2039

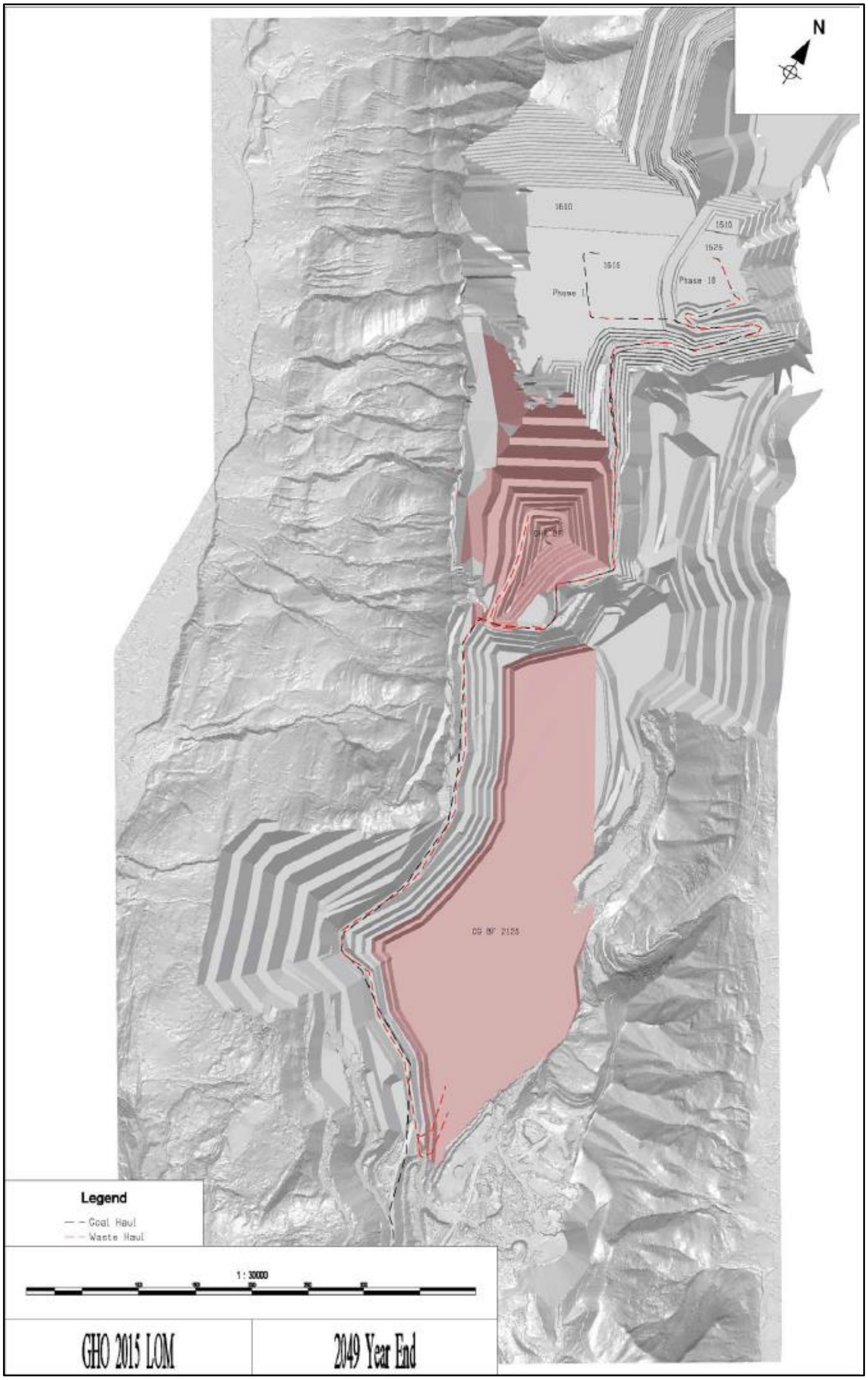

Figure 19: LOM sequencing for year 2049

Economic coal at GHO is primarily mined from 25 individual seams as discussed in Section 7. The minimum mineable true thickness of the coal is 1.00 m or 0.90 m with losses and dilution. Any coal less than the minimum thickness is treated as waste.

The current mining fleet is comprised of the following equipment with number of units in parenthesis:

- P&H 4100XPB electric cable shovel (1)
- P&H 4100XPC electric cable shovels (2)
- P&H 2800XPB electric cable shovel (1)
- LeTourneau L1850 front end loaders (1)
- Caterpillar 994 front end loaders (2)
- Komatsu WA 1200-3 front end loader (1)
- Bucyrus Erie 49R production drills (3)
- Caterpillar MD6640 production drill (1)
- Haulpak 830E waste/coal rear dump haul truck(8)
- Haulpak 930E rear dump haul truck (29)
- Bulldozers (10)
- Graders (5)
- Backhoes (3)
- Scrapers (1)
- Water trucks (1)

16.1. Relevant Geotechnical, Hydrological and other parameters.

To better quantify geotechnical and hydrological characteristics of the reserve, geotechnical exploration programs are conducted before development and during operation. These programs consist of oriented core drilling, to understand physical rock mass characteristics, along with both optical and acoustic televiewer studies to confirm structure orientations. Hydrogeological testing is also completed to estimate pore pressures within the rock mass and determine its effect on pit design stability.

The Cougar Phases 4-6 pit designs typically use bench heights of 15 m with a 65 degree face angle. The wall is typically double benched, with 10 m wide safety benches, resulting in an overall wall angle 51 degrees. Where walls come into contact with rehandle, a 10 m berm is left and the rehandle is sloped up at 37 degrees. Spoils are built with a swell factor of 1.3, and an inter-bench angle of 37 degrees.

For the Cougar Phases 7-11 pit designs, the selected design shell was a 40 degree overall highwall angle, with a 65 degree inter-bench angle. The choice of angle was based upon the height of the highwall and geotechnical guidance for rock mass failures of highwalls at these heights.

In-pit spoils are designed at 32 degrees, leaving approximately 10m of catchment every 30 m when above roads. Ex-pit spoils are typically designed in lifts that for an overall slope angle of 20 to 26 degrees.

Both pit walls and spoils are robustly monitored with a combination of prisms, GPS units, radar, wireline monitors, and piezometers. These systems are linked to near real time data collection and analysis software that has the capability for alarming when thresholds have been exceeded.

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17. Recovery Methods

17.1. Coal recovery from mining

Reconciliation between as-mined and projected volumes of waste and coal are completed monthly. The reconciliations confirm that the pit recovery factors being used are appropriate for the GHO.

17.2. Process plant

The basic operation of a coal processing plant is separation by gravity. Based on the difference in specific gravity of coal and rock, the coal can be separated to a desired specification. To assist gravity separation, mechanical means are also used.

At GHO, this is accomplished through vibrating screens, cyclones, spirals, and flotation cells. Each technique contributes to the recovery of clean coal from the raw coal feed.

A general overview of the process is outlined in the following sections. The processing flow sheet is shown in Figure 20 and the components in Table 12.

Breaker

Coal is fed to the breaker where rock that is greater than 2” is separated from the coal and any coal that is greater than 2” in size is broken and passed through perforated breaker plates. This is then fed to the raw coal silos. Rejects from the breaker are piled and hauled away using loaders and trucks supplied by the Operations Department

Wash Plant

GHO has two raw coal silos which can hold up to 1,800 tonnes each. The silos are used to store the raw coal before it is processed in the plant.

Deslime screens are large vibrating screens used to split the coal feed into different sizes. Material larger than 1.0 mm reports to the Coarse Circuit. Material smaller than 1.0 mm reports to the fines circuit.

Heavy media cyclones are used to separate coarse rock from coarse coal. Coarse coal goes out the top, while coarse rock goes out of the underflow. Vibrating screens used for cleaning and dewatering and excitors are used to “throw” the material across the deck.

Magnetite is used to control fluid density. Magnetite has a solid density of 5.1 but the process dilutes it with water to an SG range of 1.40 to 1.54. The higher density water/magnetite slurry helps more material “float”, meaning more ash (more rock), but also more coal, will be recovered in the product. Magnetite is expensive, so it is recovered through washing at the Reject and Clean Coal Screens and then passed over magnetic separators.

Flotation cells are used to separate the fine coal. Fine material from the cyclones is sent to the first stage or rougher flotation cells. Kerosene and methyl isobutyl cabinol (MIBC) are used to form bubbles when agitated, and the coal sticks to the bubbles and floats to the top. The rock sinks and goes out the underflow. The resulting concentrate goes to the clean coal thickener, and underflow goes to the scavenger flotation cells.

The scavenger cells are used as a second chance to float any coal that may have not floated in the rougher. Again the concentrate goes to clean coal thickener, and underflow goes to the refuse thickener. The thickeners rakes move thickened material to the Disc Filters which use vacuum pressure to extract the water out of the coal, making a filter cake.

Dryer

Discharge from Disk Filters (filter cake), fine coal centrifuges and Basket Centrifuges are combined to feed the dryer. The dryer is fueled with natural gas or thermal coal which is burned and the heat produced evaporates the moisture from the coal. The dryer takes coal from the plant at about 16% moisture and dries it to about 8% moisture.

Storage and Rail Loadout

GHO has two Clean Coal silos which can hold up to 14,000 tonnes each. The silos are used to store the clean coal before it is railed. GHO loads unit trains, which take up to 14,000 tonnes per train. The trains, operated by CP Rail, are gravity loaded from chutes coming off the bottom of the clean coal silos. During loading the cars are sprayed with a flocculent to prevent dusting during transportation.

Overall average predicted wash plant yield is 67% for the 2015 LOM. Predicted yields are continuously studied to better match the actual performance of the wash plant. In the short term, the plant is limited by the dryer capacity which is approximately 5.5 mTCC at current fines ratios. As yield decreases toward 60% as is planned, the plant itself may become the bottleneck.

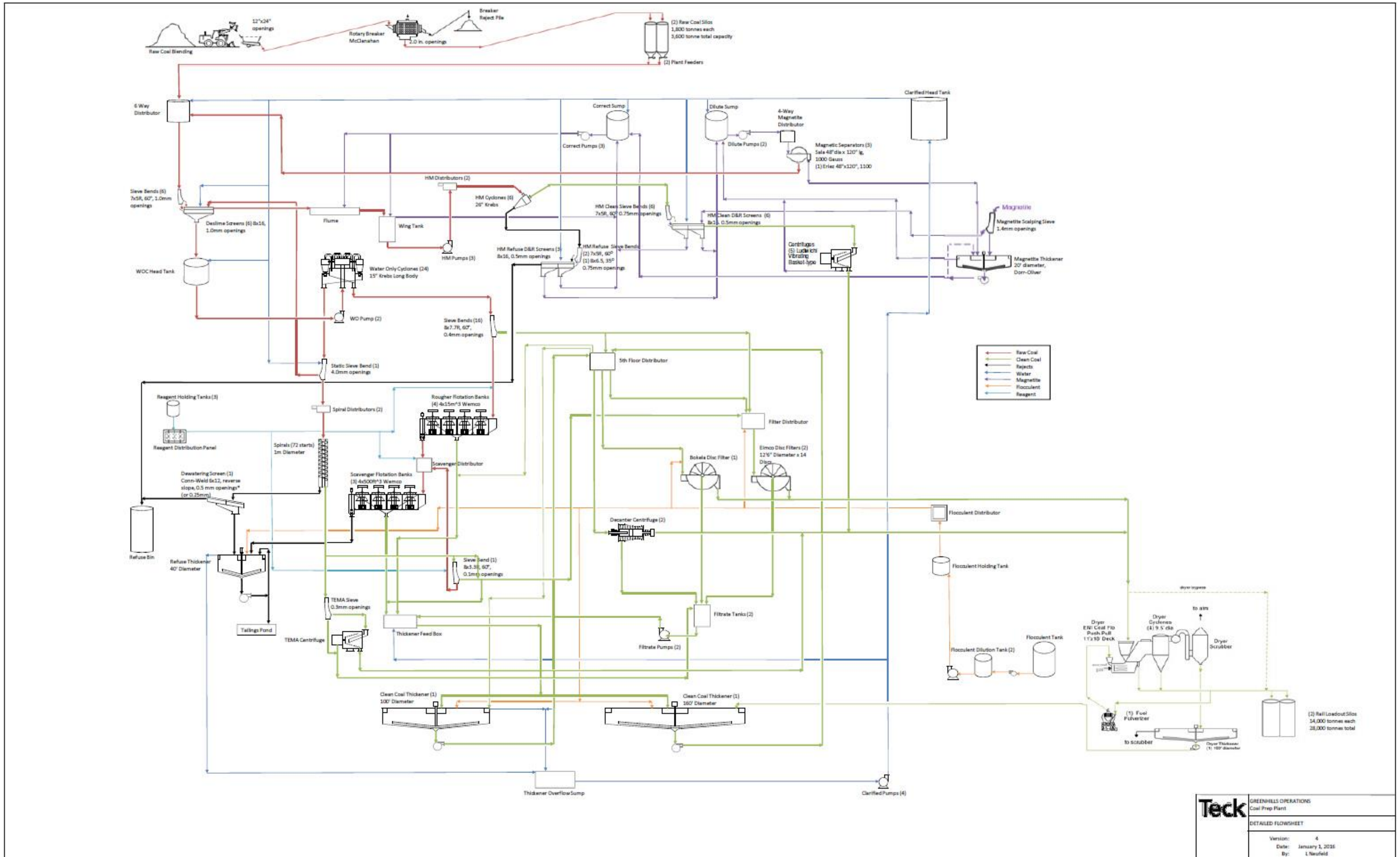

Figure 20: Coal processing flow sheet

Table 12: Plant components and specifications

Component	Design Capacity	GHO Feed (avg)
Deslime Sieves	N/A	1000 TPH
	6510 GPM (1478 m^3/h)	862 m^3/h
Deslime Screens	720tph (15 tph/ft of width)	750 TPH
HMC's	828 TPH raw	530 TPH
	2586 m3/hr volume	2586 m3/hr
Clean Coal Sieves	5250 gpm (1192m3/h)	1724 m3/h
Clean Coal Screens	480 tph	421 TPH
Magnetic Separators	**13% solids = 144gpm/ft = 5760gpm = 1308 m^3/h**	1295 m3/h (5700 gpm)
	20% solids = 76gpm/ft = 3040gpm = 690 m^3/h	
Centrifuges	1500 tph	421 TPH
Refuse Sieves	2625 gpm (596m3/h)	862 m3/h
Refuse Screens	288 tph	109 TPH
Mag Scalping Sieve	210 gpm/ft * 6ft = 1260 gpm = 286 m3/h	45.6 m3/h (201 gpm)
Mag Thickener (20')	616 m3/h	20 m3/h U/F (88gpm), 25 tph solids
WOC Tonnage	Min = 288tph, Max = 600tph	470tph
WOC Flow	Min = 2780m^3/h, Max = 3924m3/h	2300m^3/h
Spiral Feed Static Sieve	1500 GPM (250gpm/ft width) = 341m3/h	230m3/h
Spirals	2 -3 tph/ start (144 - 216tph)	188tph
	512 - 768 m^3/h	301m^3/h
High Frequency Screen	60 TPH, min 35% solids	88 tph
Refuse Thickener	38.6 mtph	144 mtph
(Delkor)	15 mins residence time.	2h residence time
Spiral Clean Static Sieve	50gpm/ft = 400 GPM = 91 m3/h	200 m3/h
Fine Coal Sieves	14080 (3200m3/h)	2070m3/h
Roughers	2304m^3/h	1760m^3/h
Scavengers	1632m^3/h	1200 m3/h
100' Thickener	336 TPH	116 tph
	4634 m3/h	461 m3/h
160' Thickener	480 TPH	325 tph
	11852 m3/h	1289 m3/h
Decanters	72 - 91tph	92 tph
	205 m3/h each	187 m3/h
Disk Filters (Eimco)	132tph dry	157 tph feed, 116.5 tph wet recovered(91 tph dry)
	312m3/h	320 m3/h
Reagent Distribution - Kerosene	4 GPM (15 LPM)	672 mL/min
Reagent Distribution - MIBC	4 GPM (15 LPM)	107 mL/min
Floc System	378 LPM	63 LPM
TEMA	35-60 TPH	100 tph

18. Project Infrastructure

The basic infrastructure at GHO is well established as would be expected for an operation in existence for 32 years. Equipment and other infrastructure are maintained and where necessary, upgraded. The major on-site infrastructure is shown in Figure 21. It includes but is not limited to: electrical power system, haul roads, coal conveyor system, coal preparation plants, rail loadout, maintenance shops, laboratory and all accessory facilities. Some new haul roads, waste dumps and environmental control systems will be required for future developments and are included in the planning and economics.

18.1. Coarse Coal refuse and Tailings

As a result of coal processing at the plant, including washing, two waste types are generated. The first type is known as coarse coal refuse (CCR). This material is composed of rocky shales, siltstones, mudstones and sandstones, and some coal. CCR is loaded from a bin onto haul trucks and hauled to one of the two main existing CCR storage areas. The second coal processing waste type from the plant is a finer waste material which includes silt, clay particles, and coal. The finer waste material is termed “tailings”. Tailings are pumped as slurry via a pipeline to the tailings facility, which comprises two earth-fill dams (the Main Tailings Dam and the smaller West Tailings Dam).

A new CCR storage facility is being planned by GHO, at a location referred to as “Site F”, as part of ongoing operations. Site F is located immediately north of the tailings facility, and adjacent to an existing CCR storage area. Geotechnical investigations and conceptual designs have been prepared for Site F.

The main and west tailings dams are currently being raised to 1,735 m elevation as part of ongoing operations at the tailings facility. The raise will provide tailings storage through to 2022. GHO is also in the process of updating a tailings strategy that considers alternative tailings management options. GHO anticipates that fine tailings dewatering is possible and that large volumes of fine refuse could therefore be combined with CCR in the existing storage site and Site F. By disposing of fine refuse with the CCR rather than with tailings, the overall storage capacity of the tailings facility will be extended to the current end of mine life.

Fine tailings dewatering is currently being used at Teck’s Line Creek and Coal Mountain Operations. If fine tailings dewatering is not feasible at GHO, then a dredge and pump system (such as used at Teck’s Fording River Operations) could be used to transfer tailings from the impoundment to a previously mined pit for disposal.

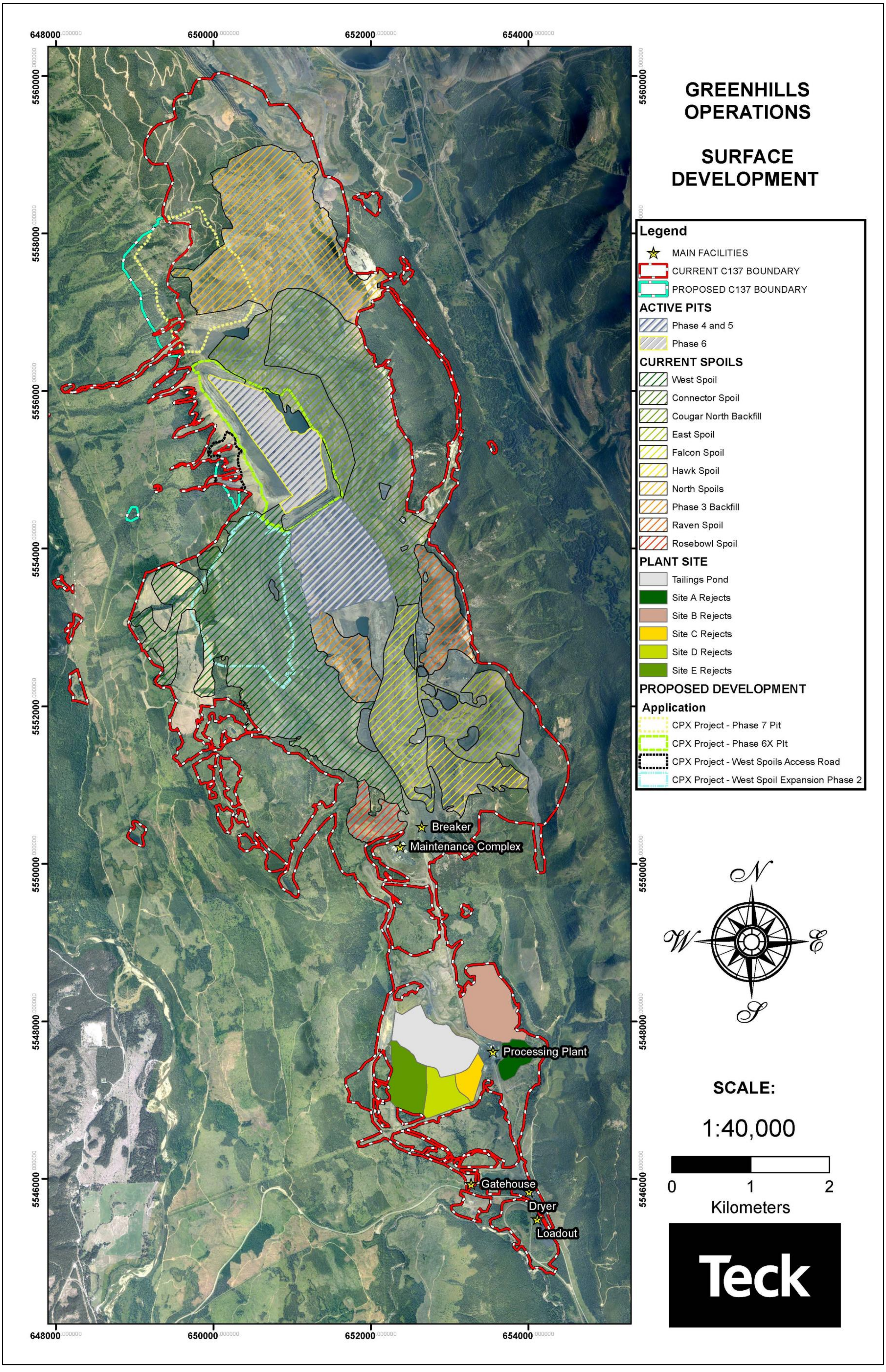

Figure 21: GHO project infrastructure map

19. Markets and Contracts

19.1. Markets for Greenhills

GHO produces metallurgical coal for the global steel industry. Several different final products utilize the coal produced at GHO and included Premium and Standard. GHO also produces a Pulverized Coal Injection (PCI) product and a thermal product, but these represent a very small portion of the mine's production. Markets for the metallurgical coal products include Asia, Europe, North and South American customers.

19.2. Contracts

GHO production is blended with the products produced from other Teck operations then sold by Teck. In export markets, metallurgical coal is typically priced on a quarterly basis. Prior to 2010, pricing was agreed to under an annual, and in some cases, longer term contracts. These typically include annual re-pricing mechanisms. This practice changed due to the market movement becoming more frequent, larger in magnitude and more difficult to predict. Quarterly pricing allows better alignment with market conditions and more predictable deliveries. Sales distribution of GHO products reflects overall geographic reach of Teck's diversified steel-making coal customers. The specifications for the two major products that GHO coal supports are listed in Table 13.

Table 13: Specifications of Teck coal product supported by GHO

Quality Parameter	Premium	Standard
Ash (Wt.% adb)	8.75	9.5
Phosphorus (Wt.% db)	0.070	0.065
Sulphur (Wt.% adb)	0.50	0.45
Volatile Matter (Wt.% adf)	25.5	23.5
RoMax (% Reflectivity)	1.14	1.20
Fluidity (ddpm)	350	200

GHO also produces a small amount of PCI and thermal products. These products are a blend of a number of the seams, and represents the oxidized (typically outside edge of the mountain) portion of the seams mined. Thermal coal is sold as product with an amount set aside for use in the coal dryer.

Contracts are in place with both Canadian Pacific Railways and Canadian National Railways to transport the coal from GHO 1,150 km by rail to either Westshore Terminals or to Neptune Bulk Terminals, in Vancouver, British Columbia. Contracts are in place with both terminal facilities to offload, stockpile, blend GHO coal to Teck's product specifications and, load bulk cargo vessels. Teck holds a 46% interest in Neptune Bulk Terminals. From the terminals, customers arrange for ocean going bulk carriers to transport the coal to their facilities for end use.

The QP's have reviewed the market studies, commodity price projections and product specifications and they support the assumptions in the report.

20. Environmental Studies, Permitting and Social or Community Impact

As of December 31, 2015, all necessary licences and permits and their subsequent amendments are in place for current operations at GHO. Monitoring requirements in these licences and permits are undertaken as part of an in-house Environmental Management System (EMS) administered by GHO. The registration of the GHO EMS to ISO 14001-2004, applies to all mining activities within the operations land base.

Engineered facilities at the mine site include water management infrastructure, waste rock spoils and tailings disposal areas. General guidance on the design of these facilities is as follows.

Water management infrastructure: Drainage systems must be designed to divert clean surface runoff from undisturbed areas around the mine area to minimize the amount of water in contact with mine processes. Drainage systems must also be in place to collect and to treat mine water from the mine pits and dump areas before the water is released to receiving streams. Inflow design of permanent water management infrastructure must be established based on the consequences on human life, the environment and the economy from the failure of that infrastructure (example of guidance is given in Canadian Dam Association (CDA) 2007).

Waste rock spoils: Design of layouts for waste rock spoils must include considerations for spoil slope stability and selenium (Se) management strategies. Selenium management strategies follow guidelines contained in the report issued by the Strategic Advisory Panel on Selenium Management (SAPSM 2010). The geotechnical assessment of spoils must consider the requirements by the BC Mine Waste Rock Pile Research Committee (BCMWRPRC) Guidelines on investigation and design (BCMWRPRC, 1991a), operation and monitoring (BCMWRPRC, 1991b), review and evaluation of failure (BCMWRPRC, 1992), and rock drain research program (BCMWRPRC, 1999).

Tailings disposal areas: These facilities must be developed to contain tailings within an enclosed area. Water from the tailings pond release to the environment must be through a controlled discharge point and treated as needed. A framework for the management of tailings is presented in Mining Association of Canada (MAC) (1998). Containment structures such as dikes and dams must be designed for inflow and seismic criteria established based on the consequences on human life, the environment and the economy from the failure of these structures (see CDA 2007).

20.1. Permitting

Permits will be required for the following (for the indicated date):

- Site F Rejects Spoil; 2019. For construction start in 2021.
- Cougar Phase 7; by 2016.
- Cougar Phase 8 by 2021.
- Cougar Phases 9-11 by 2032.

20.2. Reclamation and Mine Closure

Teck aims to have a net positive impact (NPI) on biodiversity in the areas where Teck operates.

With this goal in mind, GHO plans to create landforms and establish self-sustaining, functioning, locally appropriate ecosystems, which in turn, will support a variety of end land use objectives. Post-reclamation ecosystems (e.g., closed and open forests, shrub lands, grasslands, riparian zones, and wetlands) would be similar to those that were present prior to mine disturbance and would support ecosystem services including First Nations' cultural use, recreation, wildlife habitat, and commercial forestry in some cases.

The approach to reclamation design and implementation is directed by GHO's overarching end land use and biodiversity objectives:

- Long term safety and stability of drainages, landforms, and features;
- Water quality that meets acceptable quality guidelines for safe release to the surrounding environment and use by local flora and fauna; and
- A net positive impact (NPI) on biodiversity by maintaining or re-establishing self-sustaining landscapes and ecosystems that leads to agreed, viable, long term and diverse land use objectives in areas where GHO operates.

GHO is committed to successfully returning areas disturbed by mining activities to a self-sustaining state by re-vegetating using native plant species and, if required, other mitigation options in the mitigation hierarchy. This involves identifying potential impacts, finding ways to avoid or minimize those impacts, and subsequently achieving gains through rehabilitation, offsets, and other conservation actions. GHO first tries to reduce impacts on biodiversity by avoiding areas of high biodiversity value (e.g., redesigning waste rock piles using a bottom up design to minimize the footprint and avoid future instabilities and additional disturbance). Following those mitigation efforts, attempts are made to minimize disturbance and reclaim disturbed areas as soon as feasible after mine activities are complete (i.e., progressive reclamation as facilities are no longer required for operations). In cases where impacts remain on the landscape after avoidance, minimization, and rehabilitation, restoration and/or averted loss, offsets would be designed and implemented to support Teck's goal of NPI.

Reclamation practices and prescriptions are based on established and innovative reclamation techniques, and on the history of successful reclamation conducted at GHO and other Teck mines to date. The anticipated outcome of this approach is the re-instatement of vegetation dynamics and successional trajectories such that, over time, the landscape is capable of providing ecosystems similar to those that existed prior to mine disturbance.

21. Capital And Operating Costs

GHO is an on-going operation with significant operating history. Annual budget plans, as well as long-range plans are developed on a regular basis. The plans forecast mine waste volumes and coal tonnage as well as project operating and capital mine expenditures on an annual basis. The plans are based on historical and projected equipment operating productivities and costs and are reviewed to ensure that the projected equipment and labour operating hours and associated costs are valid. Included in the planning process is an estimate of the future expected price of GHO coal, which is jointly provided by the marketing and finance departments of Teck. Also, as part of the long range planning process, sensitivity analyses are carried out to evaluate changes in operating and capital expenditures as well as variations in coal pricing and exchange rates.

All aspects of the mining process are included in the operating plans, including waste mining, processing and, logistical and reclamation activities. Indirect costs such as taxes, royalties, administration and overhead are also detailed on an annual basis. Capital expenditures for development of new mining areas and equipment acquisitions and replacements are developed and a schedule of the spending is prepared. Capital Expenditures are summarized in the Table 14.

Table 14: GHO Capital Expenditures 2016 to 2056

Capital Expenditures	(000'S CDN$)
Mining Equipment	$960,200
Plant & Infrastructure	$339,491
Infrastructure	$73,723
Pit Development	$152,522
Sustainability	$557,209
TOTAL CAPITAL	**$2,009,421**

Mining equipment includes capex required to purchase haul trucks, shovels, drills, loaders and support equipment. Plant & Infrastructure includes expenditures required to sustain plant operations and maintain the integrity of site utilities. Pit development includes permitting, access, pre-development work, and infrastructure costs for Cougar Pit Extension (CPX), which is the permitting name for Cougar phases 7-11 and Greenhills Ridge. Sustainability includes capex required for water treatment, reclamation, and infrastructure required to minimize environmental impacts.

Operating Costs are summarized in the Table 15:

Table 15: GHO Operating Costs 2016 to 2056

Operating Costs	(CDN$/tcc)
Mining & Processing	46.14
Transportation	36.15
Other	0.70
TOTAL CASH COSTS	**82.99**

Mining & processing costs include all labour, fuel, electrical power, consumables, repair parts and external services. Transportation costs include logistical costs related to the transport of clean coal products from site to customers. Other includes capital lease payments, exploration and head office allocations.

Mine Life

The current mine life is projected to be 2056. Based on the recently completed 2015 life-of-mine plan, annual production can be maintained close to the 2015 forecast production level of 5 million tonnes of clean, metallurgical coal.

22. Economic Analysis

No economic analysis is provided as the GHO is an operating producer.

23. Adjacent Properties

The GHO is one of six coal mining and processing operations owned by Teck. Five of these mine sites are in the East Kootenay coal fields in southeast British Columbia.

The GHO property is bounded to the north by the Fording River Operations (FRO) and to the south by the Line Creek Operations (LCO), both of which are owned by Teck. The adjacent properties immediately surrounding GHO are shown in Figure 22.

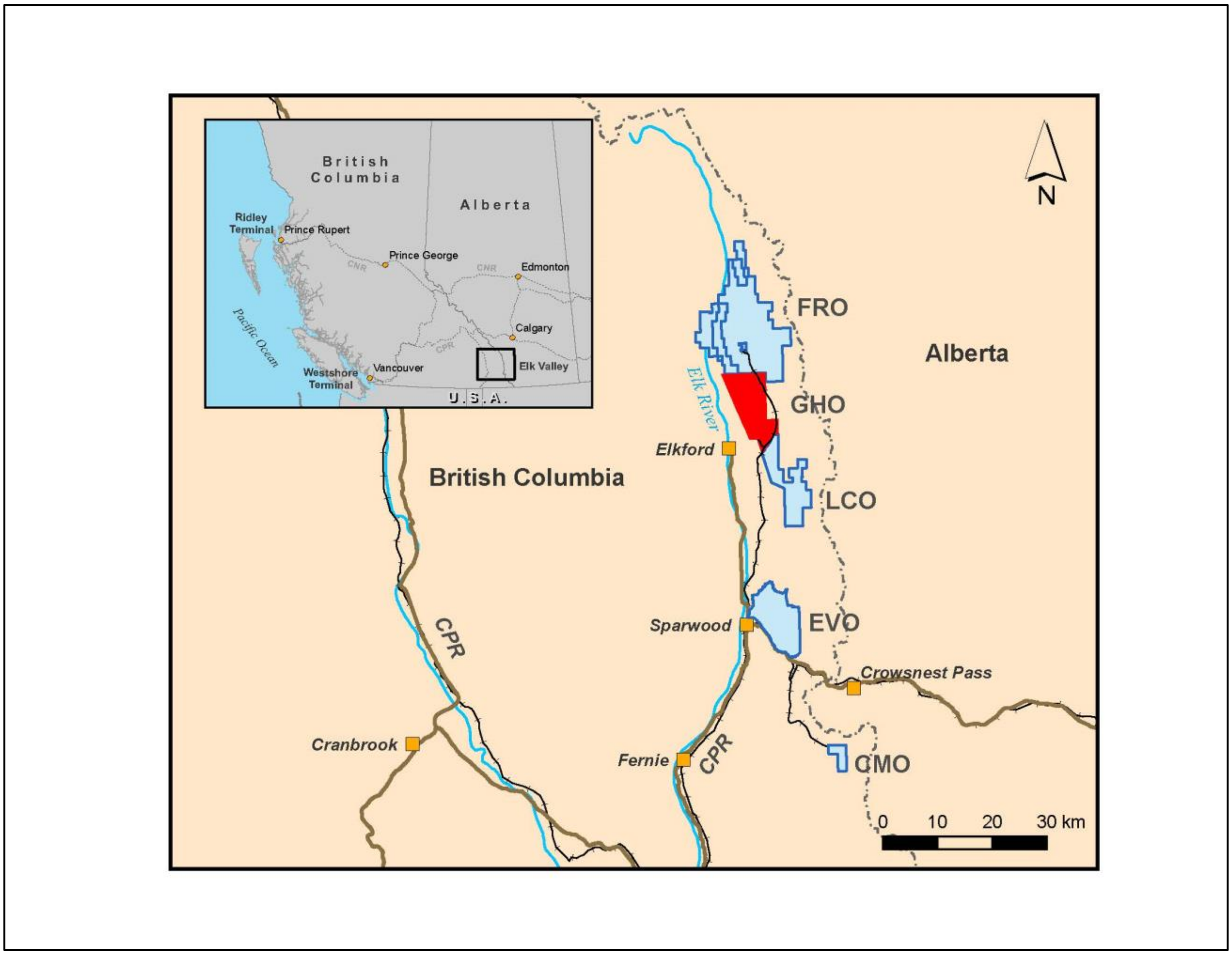

Figure 22: Adjacent properties to GHO

24. Other Relevant Data and Information

There is no other relevant data nor information applicable to this report.

25. Interpretation and Conclusions

The current GHO staff conducted the recent exploration and drilling activities on the GHO property and, to a significant degree, the previous exploration of the property. This was carried out on behalf of the Joint Venture owners. Verification of the historic records of the geology was achieved mainly by exploration drilling with supplementary. geologic mapping of natural and pit exposures. Further verification of the geology and its interpretation was achieved by data analysis and reviews and geological model construction. The Geology Type of the Property is classified as “complex” based on GSC Paper 88-21 criteria. The Deposit Type is classified as a Surface Mining type.

The density of drilling and other exploration data in the database allowed 313.6 mTRC of coal resources to be classified as “measured” and “indicated”. A further 153.1 mTRC is classified as “inferred”. These resource estimates apply to Cougar (phases 4-6), Cougar Phases 7-11, Crow Ridge and Ewin Creek of the property combined and are based on a minimum coal thickness cut-off of 1.0 m. An estimate of clean marketable coal reserves has also been made for the property, in the “proven” and “probable” categories. Combined; these total 209 mTCC.

The effective date for report is January 27, 2016 which is the date on which the last technical information to be included in the report, the coal reserve and resource estimates and classification are dated December 31, 2015. The principal source of data concerning geology, drilling, coal quality testing and many other technical aspects, were collected during the 2015 and various earlier field exploration programs. Data and information from various public sources was also used.

As with all mining operations there are “risks”, but in all cases for GHO these are judged by the QPs to be normal and manageable within on-going mine management and operations. These “risks” include those of a technical nature related to unexpected geological and coal quality variation but all of these are provided for in the interpretation of the technical assessments conducted to date. There are also economic “risks” related to coal pricing and costing but management believes that it is able to adequately control the impact of these economic factors. There are also “risks” related to environmental issues the most important of which is water quality maintenance. The GHO and Teck are dedicating a large amount of effort to address these issues and believe that the operation is adopting suitable measures to address this important issue in accordance with the requirements and regulations of the provincial government.

26. Recommendations

The GHO is a large producing coal mine that has been successfully operated by Teck Coal and its predecessors for many years and that has sold products into the international market throughout this time period. During this time the normal activity of the mine staff has included, but not been limited to, the collection of data by various means and to use that information for the preparation of the GHO Short, Medium and Long Range Plans. These activities have been customized as necessary from time-to-time to address changes to the coal product specifications and coal product demand as dictated by the international market place.

As a result, no specific program of exploration is recommended by the Qualified Persons and, thus, no summary of a Breakdown of Costs for one is given in this section. The Qualified Persons simply recommend that the GHO continue to perform those activities that have made the mine successful including the collection of data as needed for the changing requirements of mine planning and product preparation.

27. References

Canadian Institute of Mining, Metallurgy, and Petroleum (CIM). 2014. CIM Definition of Standards - For Mineral Resources and Mineral Reserves, 10 p.

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28. Date and Signature Page

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