

2012 BCSECCOM 138

April 20, 2012

Headnote

Multilateral Instrument 11-101 *Principal Regulator System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* - National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, s. 9.1 – Prohibition against including inferred resources in an economic analysis – An issuer wants to disclose the results of a study containing an economic evaluation using inferred mineral resources.– The economic analysis using inferred resources is reasonable from a technical point of view and is a material fact in the affairs of the issuer; the issuer will include appropriate cautionary language in all disclosure of the economic analysis using inferred resources; any such disclosure will be accompanied by disclosure of an economic analysis that does not include inferred resources

Applicable Legislative Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 2.3(1)(b) and 9.1

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Teck Resources Limited
(the Filer)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision (the Exemption Sought) under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer, pursuant to section 9.1(1) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101), from the

2012 BCSECCOM 138

prohibition in section 2.3(1)(b) of NI 43-101 against making disclosure of results of an economic analysis that includes or is based on inferred mineral resources.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:

The Filer

1. the Filer is a company continued under the *Canada Business Corporations Act* with its registered and principal offices located at Suite 3300, 550 Burrard Street, Vancouver, British Columbia, V6C 0B3;
2. the Filer's business is exploring for, developing and producing natural resources; its activities are organized into business units focused on copper, coal, zinc and energy; the Filer has interests in mining and processing operations in Canada, the United States, Peru and Chile, including the Quebrada Blanca copper mine in Chile;
3. the share capital of the Filer consists of an unlimited number of Class A common shares and Class B subordinate voting shares and an unlimited number of preference shares, issuable in series; as at March 31, 2012, the Filer had a total of 9,353,470 Class A common shares, 576,541,413 Class B

2012 BCSECCOM 138

subordinate voting shares and no preference shares issued and outstanding; the Class A common shares are listed on the Toronto Stock Exchange under the ticker symbol TCK.A; the Class B subordinate voting shares are listed on the Toronto Stock Exchange under the ticker symbol TCK.B and on the New York Stock Exchange under the symbol TCK;

4. the Filer is a reporting issuer or its equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of those jurisdictions;

Quebrada Blanca Mine and Hypogene Project

5. the Quebrada Blanca mine, located in northern Chile is owned by a Chilean private company, Compañía Minera Teck Quebrada Blanca S.A. (CMQB); the Filer owns 90% of the Series A shares of CMQB. Inversiones Mineras S.A., a Chilean private company, owns 10% of the Series A shares and 100% of the Series C shares of CMQB. Empresa Nacional de Minería, a Chilean government entity, owns 100% of the Series B shares of CMQB; when combined with the Series B and Series C shares of CMQB, the Filer's 90% holding of the Series A shares equates to a 76.5% interest in CMQB's total share equity;
6. Quebrada Blanca is an open pit mine that produces ore for both heap leach and lower grade dump leach production;
7. the Quebrada Blanca Phase 2 project involves studying the potential to mine the hypogene resource at Quebrada Blanca; in August 2008, the Filer filed a technical report in respect of the Quebrada Blanca hypogene project (the Quebrada Blanca Hypogene Project) entitled "*NI 43-101 TECHNICAL REPORT ON HYPOGENE MINERAL RESOURCE ESTIMATE AT DEC. 31, 2007 QUEBRADA BLANCA REGION I, CHILE*", prepared in accordance with NI 43-101, which disclosed an inferred mineral resource estimate; subsequently exploration was carried out to further define the hypogene mineralization and a further study was conducted to improve the confidence level associated with the hypogene resource and engineering to an internal pre-feasibility level;
8. the Filer commenced a feasibility study on the Quebrada Blanca Hypogene Project (the Feasibility Study) in 2010 and the draft report is undergoing internal review; the Feasibility Study was prepared under the supervision of qualified persons employed by the Filer or its affiliates;

2012 BCSECCOM 138

9. the mine pit design considered by the Feasibility Study was optimized on the basis of 1.436 billion tonnes of probable reserves; the mining schedule contemplates processing an additional 0.325 billion tonnes of inferred resources within the optimized pit; the Feasibility Study identifies a further 0.744 billion tonnes of indicated resources and 1.481 billion tonnes of inferred resources outside of the mine pit design, but within the resource shell; various factors restricted infill drilling of the hypogene deposit within the mine pit area; the Feasibility Study optimization, mine planning and financial analysis considered realistic mining conditions and the likely continuity of the ore body; the mine plan set out in the Feasibility Study contemplates a long-life operation of approximately 39 years; inferred resources constitute approximately 23% of the scheduled reserves and resources of 1.855 billion tonnes included in the mine pit design considered by the Feasibility Study (which includes a portion of the supergene resource not presently included in the supergene mine plan and associated low grade supergene material), and would largely be mined from the seventh year onwards;
10. the Filer intends to:
 - (a) disclose the results of the Feasibility Study on the Quebrada Blanca Hypogene Project after the Feasibility Study is complete and has undergone the Filer's internal review process; to the extent final results are available, the Filer expects to include discussion of them in the press release announcing the Filer's Q1 2012 financial results on April 24, 2012; otherwise the Filer may discuss the final results of the Feasibility Study in a subsequent press release or other document; the press release or other document first filed or made available to the public in a jurisdiction of Canada containing the results of the Feasibility Study is referred to as the "Initial Disclosure Document"; and
 - (b) file a technical report prepared in accordance with NI 43-101 with respect to the Feasibility Study (the Technical Report) within the time periods set out under section 4.2 of NI 43-101 following the Initial Disclosure Document;
11. both the Initial Disclosure Document and Technical Report may include disclosure of an economic analysis including or based on inferred mineral resources (the Development Case), in addition and as a supplement to the comparison "base case" economic analysis which excludes or is not based on inferred mineral resources (the Base Case);

2012 BCSECCOM 138

12. a mine plan including inferred resources within an optimized pit based on probable reserves, and the associated economic analysis, will form the basis of the Filer's investment decisions regarding the Quebrada Blanca Hypogene Project, including the decision on whether or not to commit funding for the project;
13. the Filer considers the inclusion of the Development Case economic analysis in the Technical Report that includes inferred resources, and the disclosure of the Development Case in the Initial Disclosure Document, in addition and as a supplement to the Base Case economic analysis that does not include inferred resources, to be reasonable from a technical point of view; and
14. the Development Case economic analysis is a material fact in the affairs of the Filer.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

- (a) the Filer includes in the Initial Disclosure Document and all other disclosure of the Development Case economic analysis a proximate cautionary statement to investors regarding the uncertainty associated with inferred resources, which addresses the substance of the cautionary language set out in section 2.3(3) of NI 43-101; and
- (b) any disclosure of the Development Case economic analysis is accompanied by disclosure of the Base Case economic analysis.

Andrew Richardson, CA
Acting Director, Corporate Finance
British Columbia Securities Commission