

# Teck Resources announces US\$9 billion sale of Steelmaking Coal Business

April 24, 2019

On November 14, 2023, Teck Resources Limited (TSX: TECK.A and TECK.B, NYSE: TECK) (Teck) announced it has agreed to sell its entire interest in its steelmaking coal business, Elk Valley Resources (EVR), through a sale of a majority stake to Glencore plc (Glencore) for an implied enterprise value of US\$9.0 billion, and a sale of a minority stake to Nippon Steel Corporation (NSC) and POSCO, a South Korean steelmaking company.

Glencore has agreed to acquire 77% of EVR for US\$6.9 billion in cash, payable to Teck at closing of the Glencore transaction, subject to customary closing adjustments.

NSC has agreed to acquire a 20% interest in EVR in exchange for its current 2.5% interest in Elkview Operations plus US\$1.3 billion in cash payable to Teck at closing of the NSC transaction and US\$0.4 billion paid out of cash flows from EVR. NSC will also enter into a long-term steelmaking coal offtake rights arrangement at market terms, continuing NSC's long-standing commercial arrangement for the purchase of steelmaking coal from the Elk Valley. POSCO has agreed to exchange its current 2.5% interest in Elkview Operations and its 20% interest in the Greenhills joint venture, for a 3% interest in EVR. At closing of the Glencore transaction, Glencore will acquire from Teck any remaining receivable payable to Teck by EVR.

Teck will continue to operate the steelmaking coal business and will retain all cash flows from EVR until closing of the Glencore transaction, estimated to be US\$1 billion. Following the closing of that transaction, Teck will have no further financial interest in EVR.

Closing of the Glencore transaction is subject to customary conditions, including receipt of approvals under the Investment Canada Act and competition approvals in several jurisdictions, and is expected to occur in the third quarter of 2024. The NSC transaction is also subject to customary conditions, including receipt of certain competition approvals, and is expected to close in the first quarter of 2024. These transactions are not inter-conditional.

BLG is representing POSCO with a team led by [Fred R. Pletcher](#) that included [Sean Muggah](#), [Salvador Pimentel](#), [George Collister](#) and [Edmond Lo](#) (Mining and Commercial); and [Randy Morphy](#) and [Danielle Lewchuk](#) (Tax).

By

[Thoburn](#)

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### **BLG Offices**

#### **Calgary**

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### **Ottawa**

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### **Vancouver**

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### **Montréal**

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### **Toronto**

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

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