



**Sä Dena Hes Mine
2011 Annual Report
Yukon Production Licence QML – 0004**



Prepared by
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1.0 SUMMARY

A Joint Venture consisting of Teck Resources Limited (25%), Teck Metals Ltd. (25%), and Pan-Pacific Metal Mining Corporation (50%) (a wholly owned subsidiary of Korea Zinc) formed the Sä Dena Hes Operating Corporation which purchased the Sä Dena Hes Mine from Coopers and Lybrand Ltd. the appointed Court Receiver, in March 1994. Teck Metals Ltd. manages the mine under an Agreement with the Joint Venture Partners. Full-time security and property management is provided by Teck Metals Ltd. through on-site personnel. The mine operation continued to be maintained on a 'Temporary Closure' basis throughout 2011. In 2001 Sä Dena Hes was granted a Yukon Quartz Mining Production Licence QML-0004 ('Production Licence'). This report is submitted in compliance with Section 13 of the Production Licence.

2.0 PRODUCTION DATA

The mine remained under 'Temporary Closure' status throughout 2011.

2.1 Ore & Waste Mined

Ore Produced 0 tonnes

Waste Produced 0 tonnes

2.2 Head Grades Processed

Zinc Grade N. A.

Lead Grade..... N. A.

2.3 Concentrate Production

Zinc Concentrate 0 tonnes

Lead Concentrate 0 tonnes

2.4 Stockpiles

Ore Stockpiles 0 tonnes

3.0 FORECAST MINE LIFE

Expected mine life is approximately 4 years based on current resources. The Mineral Resources have not been updated recently and are as follows (Appendix A – Memorandum from Paul Bankes, Director Reserve Evaluations to Bruce Donald, Re: Sä Dena Hes Resources March 6, 2008):

Mineral Resources

Indicated 2,190,000 tonnes

Zinc 10.4%

Lead 2.6%

4.0 BACKFILL PLACED UNDERGROUND

There was no backfill placed underground during 2011.

5.0 MINE PLANS

Mine plans and sections were submitted with the Production Licence 2001 Annual Report. They are not being resubmitted as there have been no changes since.

6.0 RECLAMATION

The site was in Temporary Closure throughout the year awaiting return of economic metal prices. Site reclamation activities were related to study activity.

6.1 Reclamation Plan

In January 2006 an updated Detailed Decommissioning and Reclamation Plan (DDRP) was submitted as required. This plan was updated and submitted early in 2010 and most recently in January 2011. Both plans are currently under review.

6.2 Revegetation Studies

The DDRP proposed Revegetation studies in Section 3.6 of the report. The Production Licence requires that the testing proposed in Section 3.6 and 3.6.2.1 be conducted.

In accordance with the February 2000 Detailed Decommissioning and Reclamation Plan for the site, a revegetation test program was initiated and has been on-going annually from 2000 until 2008. The 2008 review of the annual reports revealed that annual changes in vegetation response over the past several years were insignificant. As a result of these observations the decision was made to reduce the sampling period to every 3-5 years. It has also been observed that revegetation of linear disturbances is naturally occurring with native species. The high moisture regime of the mine site coupled with a large and local native seed source is resulting in very rapid establishment of erosion controlling vegetative cover in these areas.

It was also noted that volunteer native shrubs were becoming sparsely established over portions of the tailings pond. These plants were becoming established on areas with varying depths of till cover and had every indication of being very healthy i.e. color and growth. In August, 2009 a total of 1300 Alder (*Alnus* sp.) 410A plugs (1-0 stock) were planted on the tailings pond. Seed for this planting was obtained in 2009 from local sources on site and sent to a nursery in British Columbia for cleaning and growing. Six rows of plants were established running from the water's edge to the deepest section of the till cover. A 2010 assessment of success of the planting indicated a survival rate in excess of 95% and the 2011 assessment also showed that the high survival rate

was continuing. Metal analysis of both twigs and leaves was carried out in 2011. Samples were taken from plantings on tailings, till and also from an undisturbed area. Initial results indicate that Zinc is more readily taken up than Lead and that willow plants accumulate significantly more lead and zinc than alder, and that leaves accumulate more than twigs. Additional sampling and analysis is planned to be carried out in 2012 that will also include soil analysis from each area from which plant material is collected.

7.0 SOLID WASTE DISPOSAL

7.1 Solid Waste Disposal & Recycling

The site generates waste oil from onsite power generation and mobile equipment. This material is taken to Watson Lake for disposal. In 2011 no additional waste was removed from the site.

7.2 Inventory of Wastes Placed in the Landfill

In 2009 a solid waste permit (#81-020) was approved authorizing the disposal of solid waste material obtained from the demolition of the Jewel Box Shop that was destroyed by snow in the winter of 2006-2007. An amendment to this permit was received authorizing the disposal of additional shop waste that was generated as a result of the snow load destruction of the Golden Hills Shop in the 2009-2010 winter. Final demolition of the Jewel Box area was completed in 2011 that saw the demolition of remaining offices and the removal of salvageable material. All wooden debris was burned and the remaining solid wastes were placed in the landfill and buried.

The site is in Temporary Closure with one caretaker as a permanent resident. All putrescible waste is been stored in animal proof containers prior to disposal.

7.3 Hydrocarbon Contaminated Soils

There are several areas on the mine site where spills of hydrocarbons occurred either during mine operations or from subsequent storage of hydrocarbons have contaminated soils. In 2006, soil analysis indicated that some of the soils exceed the criteria for "Special Waste". Further sampling was conducted in 2007 and other service shop areas have identified additional areas of hydrocarbon contamination. Limited additional sampling in 2010 indicated some bioremediation was occurring. In August 2010 a meeting was held with the Yukon Contaminated Sites Coordinator with the intent of developing a plan for treatment of this material. A detailed sampling program was conducted in 2011 to further characterize the material and volume of material to be treated. This work was authorized under Special Waste Permit 41-247. Work is continuing in 2012 to finalize extent of contamination, quantify total volumes, evaluate remediation options and implement disposal activities.

8.0 WILDLIFE OBSERVATIONS

The Production Licence requires that sightings of wildlife at the mine site are reported on an annual basis. The caretaker who resides at the site records wildlife sightings in a log book retained at the site and a summary of this information has been compiled and is attached in Appendix B.

9.0 PRODUCTION PLANS FOR 2012

In January 2012, the decision was made that the operation would be permanently closed following the expiration of the current Licence. Work will continue in 2012, to implement the necessary studies and permit applications that would be necessary to implement the Closure Plan.

Dave E. Ryder
Senior Environmental Coordinator
Environment, Dormant Properties
Teck Resources Limited

APPENDIX A

**MEMORANDUM REGARDING
Sä DENA HES RESOURCES –
DATED MARCH 6, 2008**

MEMORANDUM

Memo To: Bruce Donald

Date: March 6, 2008

From: Paul Bankes, Director Reserve Evaluations

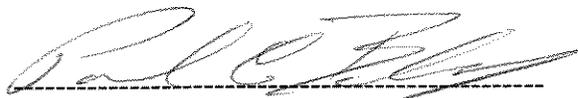
Re: Sa Dena Hes Resources – December 31, 2007

Sa Dena Hes

Indicated Historic Resources

Ore Body	Tonnes	% Zn	% Pb	g/t Ag
Burnick	1,170,000	10.4	0.6	40
Jewel Box	630,000	9.9	5.9	45
Attila	390,000	11.5	3.1	60
Total	2,190,000	10.4	2.6	45

This property was acquired from Curragh Inc. in 1994. Historic resources are contained in three ore zones Attila, Burnick and Jewel Box. Curragh had operated the mine until 1992 and prior to closure had mined 726,758 tonnes grading 11.7% Zn, 7.2% Pb from the Jewel Box ore body. Historic Reserve estimates, prepared prior to the adoption of NI – 43-101, are based on an 8% Pb plus Zn cut-off. Attila resource was calculated by Curragh in 1992 and confirmed by Cominco in 1995. The Burnick resource was calculated by Cominco in November 1995 following the completion of 5900 metres of drilling and development of a preliminary mine plan. The jewel Box resources were recalculated by Cominco in 2001.



Paul C. Bankes, P. Geo
Director Reserve Evaluations
Teck Cominco Limited.

APPENDIX B

LISTING OF 2011 WILDLIFE SIGHTINGS AT THE MINE SITE

SA DENA HES MINE SITE - WILDLIFE SIGHTINGS - 2011

ARCTIC LOONS

BEAVER

BEAR

6-May-11	1	first black bear seen this season at K-20
21-May-11	1	black bear at K-21
2-Jun-11	1	black bear at Reclaim Dam
5-Jun-11	1	black bear at garbage dump
17-Jun-11	1	black bear at Reclaim Dam
26-Jun-11	2	black bear at North Dam with last year's cub
2-Jul-11	3	black bear at North Dam with 2 new cubs
5-Jul-11	1	bear cub
9-Jul-11	1	black bear at mine gate
17-Jul-11	1	black bear at garbage dump
26-Jul-11	1	black bear at Reclaim Dam
4-Aug-11	2	large black bear with 1 cub at Km 1
16-Aug-11	1	large black bear at culverts
5-Nov-11	?	wolves crossing K-20 at night time

FOX

15-Oct-11	1	first time seeing a fox at pumphouse
13-Dec-11	1	trapper pulled trap with 1 fox

GEESE

GOLDEN EAGLE

GROUSE

LYNX

MARTIN

13-Dec-11	21	trapper pulled trap with 1 fox
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MOOSE

14-Apr-11	1	cow at K-6
13-Jun-11	1	moose at K-10
21-Jul-11	2	calves at North Dam
24-Aug-11	1	bull behind Jewel Box
27-Aug-11	2	cow with last year's calf at Reclaim Pond
23-Sep-11	2	cow and calf at K-21
16-Oct-11	1	3 yr old bull at Tailings Pond
8-Nov-11	1	trapper and son shot cow at K-13
4-Dec-11	2	cow and calf at Reclaim Pond
16-Dec-11	1	trapper shot bull at K-18

OSPREY

7-Sep-11	2	two osprey chicks; mother gone
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OTTER

PORCUPINE

SA DENA HES MINE SITE - WILDLIFE SIGHTINGS - 2011

WOLF

28-Jan-11	1	shot a wolf eating out of dog dish
15-Feb-11	?	wolves killed smaller dog
27-Feb-11	3	shot one wolf in the yard
13-Mar-11	2	wolves at K-13
17-Sep-11	2	wolves at K-13
18-Dec-11	?	wolves with moose kill
31-Dec-11	?	wolves at K-24 near mine gate

WOLVERINE

