

QUARTZ MINING LICENSE QML- 0004

This License is issued pursuant to s.135(2) of the Quartz Mining Act, S.Y. 2003, c.14

Mining License No: QML-0004

Issued to: Sä Dena Hes Operating Corporation
c/o Teck Metals Ltd.
3300-550 Burrard Street
Vancouver, British Columbia
V6C 0B3

Project Name: Sä Dena Hes Mine


Location: NTS 105A/7, 10;
Latitude: 60° 35'N, Longitude: 128° 53'W
Watson Lake Mining District

Effective Date: The date upon which the signature of the Minister is affixed

Expiry Date: December 31, 2015

Scope of Authorization: Reclamation, remediation and closure of the Sä Dena Hes Mine Site

Dated this 24 day of July, 2013



Director, Mineral Resources
Energy, Mines and Resources

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PART I GENERAL PROVISIONS

1.0 Definitions

1.1 In this License,

“Act” means the *Quartz Mining Act*, S.Y. 2003, c.14;

“Director” means the person in the public service appointed as Director, Mineral Resources Branch, Department of Energy, Mines and Resources;

“engineer” means a professional engineer as defined in the *Engineering Professions Act*, R.S.Y. 2002, c.75;

“License” means Quartz Mining License QML-0004;

“Licensee” means the person to whom this Licence is issued;

“Minister” is the Minister of Energy, Mines and Resources;

“Detailed Decommissioning and Reclamation Plan” (the “DDRP”) means the Detailed Decommissioning and Reclamation Plan, Sä Dena Hes Mine, March 2013 Update-Final, prepared by Teck Resources Limited, dated July 15, 2013, or an updated version which is approved in writing by the Director;

“site” means the area where the Undertaking is taking place;

“Undertaking” means all reclamation and closure activities authorized by this License to be carried out on the mineral claims identified in Schedule A;

1.2 Any term not defined in this License that is defined in the Act has the same meaning as in the Act.

1.3 Schedule A forms part of this License.

1.4 Unless otherwise specified by the Director, all plans and reports required to be submitted under this Licence shall be submitted in the form of two bound copies and one electronic copy.

2.0 Coming into Effect

2.1 The authorizations, obligations, and requirements set out in this License come into effect on the Effective Date.

PART II PERMANENT CLOSURE AND FINANCIAL SECURITY

6.0 Implementation of DDRP

- 6.1 The Licensee must carry out the Undertaking in accordance with the DDRP and the conditions of this Licence prior to the expiry of the License.
- 6.2 Subject to 7.2, effective immediately, the Licensee is authorized to carry out the following activities related to the Undertaking:
- (a) sealing of portals and contouring of waste dumps as described in section 3.2 of the DDRP;
 - (b) decommission the south dam and related reclamation activities as described in section 3.3 of the DDRP;
 - (c) removal of infrastructure at the site as described in section 3.4 of the DDRP;
 - (d) removal of hazardous building materials, industrial reagents and wastes as described in section 3.5 of the DDRP; and
 - (e) Excavation/capping of metals contaminated sediment ponds as described in section 3.7.2.5.
- 6.3 The Licensee must carry out the following studies in support of the Undertaking in 2013 and report the results of the studies in the form of an update or addendum to the DDRP by January 1, 2014:
- (a) a geotechnical review of all engineered structures at the site as described in section 3.2 and 5.0 of the DDRP;
 - (b) a human health and ecological risk assessment as described in section 3.6 of the DDRP;
 - (c) a water quality loading assessment as described in section 3.6 of the DDRP; and
 - (d) a water quality monitoring program to provide data to support the human health and ecological risk assessment, water quality loading assessment, and post reclamation monitoring.
- 6.4 The Licensee is authorized to carry out the activities – other than those listed in 6.2 – identified in the DDRP to complete the Undertaking upon the written approval of the Director.

7.0 Plans

- 7.1 If the Director directs in writing that the DDRP be amended, the Licensee must prepare the required amendment and submit it to the Director within the time period specified by the Director.
- 7.2 The Licensee must submit to the Director the designs and plans for the construction or removal of all engineered structures, works and installations related to the Undertaking prior to construction or removal of the structure, work or installation. All plans must be prepared under the stamp or seal of an engineer.

8.0 Financial Security

- 8.1 The Licensee must furnish and maintain security with the Minister in the amount of \$15,912,000 immediately on the effective date of this License.
- 8.2 The amount of security to be furnished and maintained may be reviewed and adjusted by the Minister, no less than once per year, in accordance with the *Security Regulation*, OIC 2007/77.
- 8.3 If the Minister determines that additional security must be provided during the term of this Licence, the Licensee must furnish and maintain the additional amount of security required within 90 days of receiving written notice from the Minister.
- 8.4 The Licensee acknowledges that the written notice of the Minister referred to in paragraph 8.3 of this License will, upon issuance, amend paragraph 8.1 of this License with respect to the amount of security and subject to paragraph 8.3, the requirement to furnish and maintain security in accordance with the payment schedule included in the notice will be considered a requirement of this License as of the date of the notice.

PART III REPORTING, MONITORING AND INSPECTIONS

9.0 Annual Inspections

- 9.1 Annually in 2013 and 2014, but no later than September 30th in each year, the Licensee must ensure that all engineered structures, works and installations located at the site are inspected for physical stability and integrity by an engineer.
- 9.2 Within 90 days of the inspections referred to in paragraph 9.1 of this License, the Licensee must submit to the Director a written report prepared by the engineer that conducted the annual inspection documenting the results of the inspection, including a
- (a) summary of the stability, integrity and status of all of the inspected structures, works, and installations; and
 - (b) any recommendations for remedial actions made as a result of these investigations and evaluations.
- 9.3 The Licensee must implement the recommendations for remedial action identified in paragraph 9.2(b) and include with the report referred to in paragraph 9.2 a schedule detailing how and when the Licensee will implement each of the recommendations for remedial action.

10.0 Reporting and Monitoring

- 10.1 In 2013 and 2014, before March 31st of each year, the Licensee must submit a written report to the Director documenting
- (a) all decommissioning and reclamation activities undertaken in the previous year;
 - (b) the effectiveness of the remediation measures implemented by the Licensee;
 - (c) the results of studies and monitoring programs detailed in the DDRP and subsequent updates; and
 - (d) summary of decommissioning and reclamation activities planned for the upcoming year.
- 10.2 No later than July 15, 2015, the Licensee must report to the Director on the progress of the Undertaking and detailing the schedule of activities for completing the Undertaking by the expiry of this Licence.

11.0 Production and Development

- 11.1 The Licensee is not authorized to carry out production and development as part of the Undertaking.

SCHEDULE A
CLAIMS COVERING THE MINE AND MINE FACILITIES

Quartz Claims:

GRANT NUMBER	CLAIM NAME	GRANT NUMBER	CLAIM NAME
YA35951-YA35968	CIMA 13-30	YA71556-YA71560	HUN 107-111
YA45288-YA45296	CIMA 31-39	YA73504-YA73511	HUN 112-119
YA45689-YA45690	CIMA 42-43	YA73680-YA73687	HUN 120-127
YA45631-YA45638	CIMA 44-51	YA73688-YA73695	HUN 129-136
YA45691-YA45692	CIMA 52-53	YA90244-YA90269	HUN 137-162
YA46141-YA46157	CIMA 54-70	YA90777-YA90802	HUN 163-188
YA46246-YA46253	CIMA 71-78	YA90803-YA90824	HUN 191-212
YA46158-YA46179	CIMA 79-100	YA91033-YA91040	HUN 213-220
YA46180	CIMA 101	YA90997-YA91010	HUN 221-234
YA46181	CIMA 102	YA91041-YA91070	HUN 235-264
YB16163-YB16192	EAGLE 1-30	YA91027-YA91030	HUN 265-268
YB92377-YB92380	EAGLE 31-34	YA91011-YA91026	HUN 269-284
YB16200-YB16261	EAGLE 38-99	YA91071-YA91078	HUN 285-292
YB16262-YB16283	EAGLE 100-121	YA91093-YA91100	HUN 293-300
YB16685-YB16688	EAGLE 122-125	YA91147-YA91154	HUN 301-308
YB16713-YB16725	EAGLE 126-138	YB01714-YB01723	HUN 309-318
YB33093-YB33098	EAGLE 139-144	YB14151-YB14160	HUN 319-328
YB15876-YB15877	GMN 23-24	YB33542-YB33627	HUN 329-414
YB15879	GMN 26	YB33634-YB33641	HUN 415-422
YB16310-YB16317	HAWK 1-8	YA00412-YA00415	MICA 1-4
YA71386-YA71465	HUN 1-80	YA35947-YA35950	MICA 9-12
YA71503-YA71510	HUN 81-88	YA45297-YA45298	MICA 40-41
YA71466-YA71481	HUN 89-104	YB16288-YB16309	THUNDER 1-22
YA73512-YA73513	HUN 105-106		

Quartz Leases:

GRANT NUMBER	CLAIM NAME	LEASE LOT NUMBER
YA00416	MICA 5	3513
YA00417	MICA 6	3514
YA00418	MICA 7	3515
YA00419	MICA 8	3516