



Energy, Mines and Resources

Box 2703, Whitehorse, Yukon Y1A 2C6

July 18th, 2014

Peter Rozee, President
Sä Dena Hes Operating Corporation
c/o Teck Metals Ltd.
3300 – 550 Burrard Street
Vancouver, BC
V6C 0B3

Dear Mr. Rozee,

Re: Amendment to the Detailed Decommissioning and Reclamation Plan – Sä Dena Hes Mine Quartz Mining License QML-0004

On June 17, 2014 a letter from Robert Holmes to Peter Rozee was issued to amend the Detailed Decommissioning and Reclamation Plan (the "DDRP") for the Sa Dena Hes Mine Quartz Mining License QML-0004 (the "License"). After consultation with Michelle Unger (Environmental Scientist, Dormant Properties at Teck Resources) and for clarity on the items to be amended in the DDRP, I'm re-issuing the letter. Please be advised that the June 17th letter to Peter Rozee is no longer in effect.

On July 24, 2013 the License for the Sä Dena Hes Mine Site was amended to authorize the decommissioning and reclamation of the mine site. Section 6.2 of the License authorized initial activities to be completed in advance of detailed supporting studies. The detailed studies were required to inform the final human health and safety, water quality, and terrestrial objectives. Section 6.3 of the License required that these studies be submitted in the form of an update or addendum to the DDRP.

I received the geotechnical review, as required in 6.3(a) of the License, electronically on March 31, 2013. The Human Health and Ecological Risk Assessment, and the Water Quality Monitoring Program, as required in Section 6.3 (b) and (d) respectively, were received on April 15, 2014. The Water Quality Loading Assessment, as required in Section 6.3(c) of the License, has not been submitted and is an outstanding requirement of the Licensee.

The results of the studies were contained in the following documents:

- Sä Dena Hes Tailings Management Facility Decommissioning Design Report, dated March 2014 and prepared by SRK Consulting (Canada) Inc.;
- Sä Dena Hes – Potential for Evaporite Salt Formation on Tailings Cap, dated March 19, 2014 and prepared by SRK Consulting (Canada) Inc.;
- Sä Dena Hes Mine: Burnick and Jewelbox Crown Pillar Stability Assessment, dated March 27, 2014 and prepared by SRK Consulting (Canada) Inc.;
- Waste Rock Dump Stability Assessment, Sä Dena Hes Project, dated March 19, 2014 and prepared by SRK Consulting (Canada) Inc.;
- Sä Dena Hes Mine – Human Health Risk Assessment (HHRA), dated April 2014 and prepared by Azimuth Consulting Group Partnership;
- Sä Dena Hes Mine – Interim Result of the Ecological Risk Assessment (ERA) to Guide Closure Planning, Draft for Agency and Stakeholder Review, prepared by Azimuth Consulting Group Partnership;
- Sä Dena Hes Mine – Data Report in Support of the Human Health and Ecological Risk Assessment (HHERA) prepared by Azimuth Consulting Group Partnership;
- Sä Dena Hes – Water Quality Monitoring Plan and Data Summary Report, dated January 2014 and prepared by SRK Consulting (Canada) Inc.;
- Sä Dena Hes Mine Closure – 2013 Analytical Data Summary for Hydrogeological Assessment Work, dated April 9, 2014 and prepared by Golder Associates Ltd.;
- and
- Sä Dena Hes Mine Closure – 2013 Analytical Data Summary for Soil Assessment Work dated April 8, 2014 and prepared by Golder Associates Ltd.

A technical working group meeting was organized by Teck on May 7th to present the findings of these studies, and to discuss with reviewers the proposed changes to the DDRP, which address the study results. Representatives of Liard First Nation and Ross River Dena Council were among those who attended and provided feedback on the proposed closure options and changes to the DDRP. To assist in the review of the supporting studies, Yukon retained an independent third party reviewer to review the Ecological and Human Health Risk Assessments. The third party review identified areas of the DDRP that, in the reviewer's opinion, required amendments in order to address the findings of the studies; the results of this review (provided in a letter to Julie Houle from Hemmera dated May 22nd, 2014 and entitled "*Review of Sä Dena Hes Human Health and Ecological Risk Assessment Reports*") have been forwarded to you under separate cover. After review and consideration of all these matters, I am of the view that amendments to the DDRP are necessary. For clarity, items not described below shall be decommissioned as per the DDRP.

Therefore, Pursuant to section 7.1 of the Quartz Mining License QML-0004, I am requesting the DDRP be amended as follows:

- 1) In order to block direct or incidental ingestion, a cap must be applied to the following:
 - a. a minimum of 60 cm cap to the hydrocarbon backfilled areas located at the Jewelbox, the Burnick maintenance shop, the Drum Storage, the Golden Hill Shop, the Mill Site and the Ore Stockpile Area (as shown on Figure 3-12B attached);
 - b. a minimum of 50 cm cap to the Tailings management facility (including the North and South tailings); and
 - c. a minimum of 20 cm cap to the Mill Yard /Camp area (outside of the mill building footprint and ore stockpile area, as shown on the Figure 3-12B attached).

The extent or boundary of the cap must be as described in the DDRP, except for the areas where additional delineation is required to identify the extent of the cover, as identified in the table below.

Area		Additional Delineation Required for Cover Extent
Burnick Zone	<ul style="list-style-type: none">• Burnick maintenance shop residual hydrocarbons	Delineate hydrocarbon residuals
Mill Yard /Camp Area	<ul style="list-style-type: none">• The mill yard area (outside of the mill building footings), including accommodation and camp area	Delineate the 400 ppm lead boundary
	<ul style="list-style-type: none">• Hydrocarbon contaminated areas	Delineate hydrocarbon residuals

- 2) In order to prevent access to areas that present physical safety hazards, areas will be re-contoured to minimize the risks and a notification system such as signage, fencing or other type shall be established for any residual areas that have unstable rock faces or have the potential for surface subsidence area.
- 3) Waste rock from the Jewelbox and Main zone waste rock dumps shall be characterized for metal content after the waste rock dumps are re-contoured and stabilized, to determine final remediation measures required.

- 4) Further site characterization will be necessary for the Jewelbox 1380 Gully as the area has not been adequately characterized with regard to mining related or natural sources of metal/metalloids to the environment. Results of the characterization will be used to inform the risk management plan for the area.

Furthermore, the HHERA indicates that some parts of the site have not yet had soil sampling completed, including the Jewelbox haul road. Depending of the result of characterization of these areas, the HHRA may need to be updated for new data, unless risk management plans were modified to include newly identified areas with lead greater than 400 ppm.

By way of this letter, you are authorized to undertake the decommissioning and reclamation of the mine site as described in your DDRP with the above mentioned amendments. The DDRP must be amended to include the requested changes; this amendment must be submitted no later than November 1, 2014.

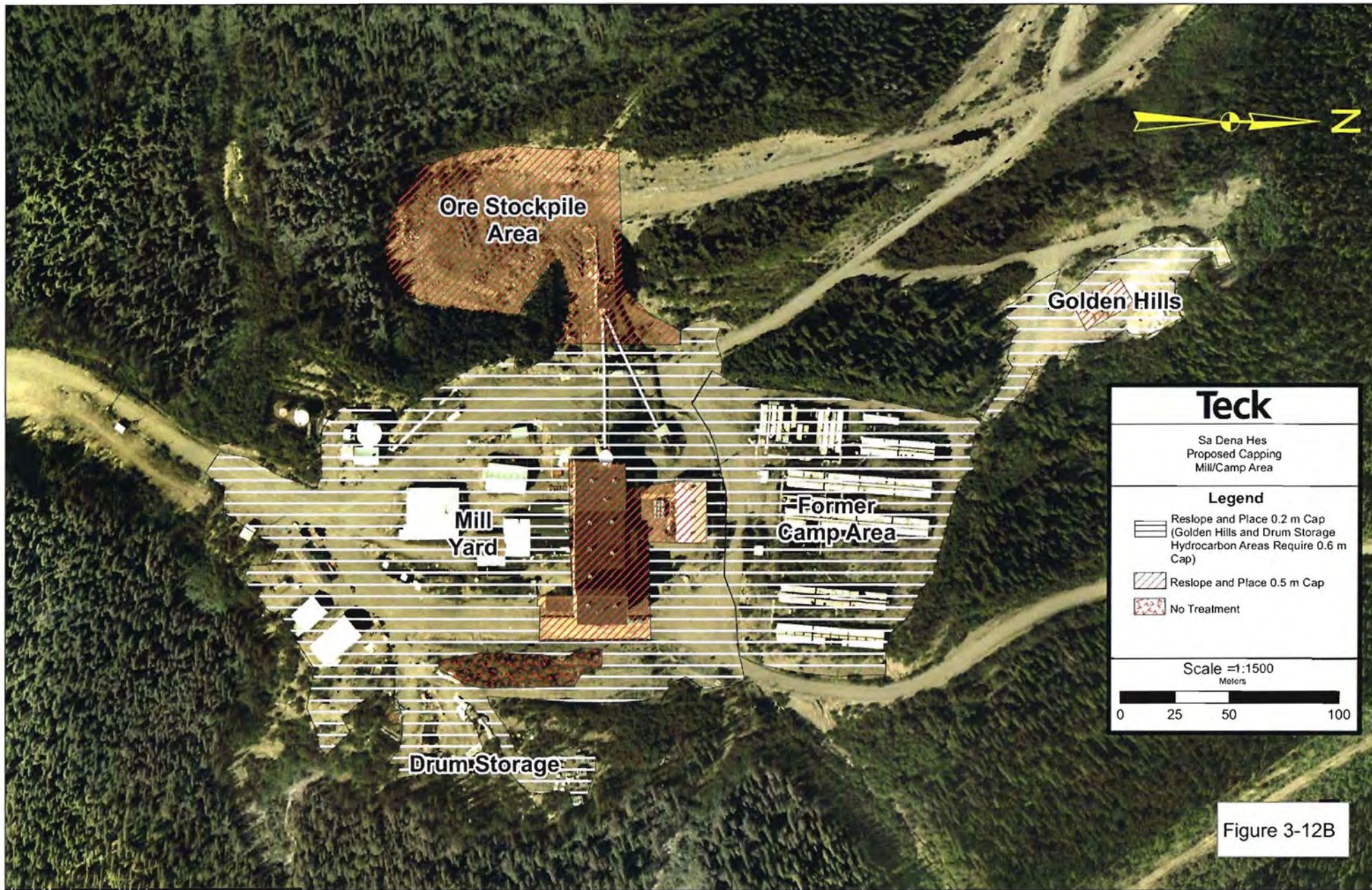
Please do not hesitate to contact me at (867) 667-3126 if you have any questions or wish to discuss.

Sincerely,



Robert Holmes
Director, Mineral Resources




cc: Bruce Donald, Reclamation Manager, Environment & Corporate Affairs
Chief Daniel Morris, Liard First Nation
Chief Brian Ladue, Ross River Dena Council
Justin Hooper, Natural Resources Officer, Whitehorse



Teck

Sa Dena Hes
Proposed Capping
Mill/Camp Area

Legend

-  Reslope and Place 0.2 m Cap
(Golden Hills and Drum Storage
Hydrocarbon Areas Require 0.6 m
Cap)
-  Reslope and Place 0.5 m Cap
-  No Treatment

Scale = 1:1500
Meters

0 25 50 100

Figure 3-12B