

Teck

**Sä Dena Hes Mine
2010 Annual Report
Yukon Production Licence QML - 0004**



24.6.2003

Prepared by
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March 2011

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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 2010. 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 was under 'Temporary Closure' status throughout 2010.

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 2010.

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 Mine Reclamation Plan was submitted as required. This plan was updated and submitted early in 2010. The plan is currently under review.

6.2 Revegetation Studies

The Reclamation Plan 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 since 2000. A 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 has also been 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%. Metal analysis of both twigs and leaves will be carried out in 2011. A planting of willow stakes is also planned for 2011.

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 2010 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. There were no wastes placed into the current permitted landfills in 2010.

The site is in Temporary Closure with one person living on-site. All putrescible waste is been stored in animal proof containers prior to disposal.

7.3 Hydrocarbon Contaminated Soils

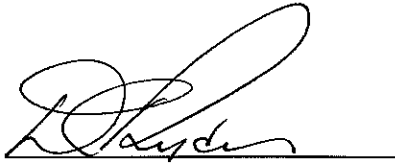
There are several areas on the minesite where spills of hydrocarbons either during mine operations or from subsequent storage of hydrocarbons have contaminated soils. In 2006, soil analysis indicated that the soils are "Special Waste" which has complicated planning for clean up. Further sampling was 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. 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 will be conducted in 2011 to further characterize the material and volume of material to be treated.

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 2011

At year end there were no production plans announced for 2011. The "Temporary Closure" clause in the current Production Licence expires at the end of January 2013.

A handwritten signature in black ink, appearing to read 'D. Ryder', is written over a solid horizontal line.

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

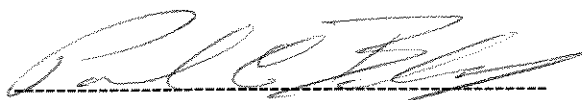
Re: Sa Dena Hes Resources – December 31, 2007

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 2010 WILDLIFE SIGHTINGS AT THE MINE SITE

SA DENA HES MINE SITE - WILDLIFE SIGHTINGS - 2010

ARCTIC LOONS

BEAVER

BEAR

| | | |
|--------|---|---|
| 7-Jun | 1 | Black bear at garbage dump |
| 17-Jun | 2 | Black bear and cub at Reclaim Pond |
| 10-Jul | 1 | Black bear at KM 10 |
| August | 1 | Glizzly bear at KM 5 after a calf moose |

GEESE

GOLDEN EAGLE

GROUSE

LYNX

MOOSE

| | | |
|--------|---|--|
| 17-Apr | 2 | Moose cow and calf killed by wolves on South dam |
| 2-Jun | 2 | Moose cow and calf on Reclaim Pond |
| 8-Sep | 1 | Bull moose shot behind Jewel Box |

OSPREY

OTTER

PORCUPINE

WOLF

| | | |
|----------|----|--|
| 16-Feb | | Wolves at Hurry Junction |
| November | | Wolves hanging around the mine, chasing after dogs |
| 14-Dec | 12 | Wolves at KM 12 |

WOLVERINE