



Energy, Mines and Resources

Box 2703, Whitehorse, Yukon Y1A 2C6

October 21st, 2013

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: Sä Dena Hes Mine – Quartz Mining License QML-0004 Decommissioning Site Audit and Financial Security Requirement

I am writing to follow up on the status of the site audit and financial security for the Sä Dena Hes Mine.

Status of 2013 Audit

The requirement for a site audit was outlined in the July 24th, 2013 letter to you from myself entitled "*Request for Amendments to Quartz Mining License QML-0004 for the Sä Dena Hes Mine*". As set out in this letter, a site audit was to be undertaken by October 15th to assess the need for an increase or reduction to the financial security held under Quartz Mining License QML-0004 (the "License"). However, it is our understanding that Sä Dena Hes Operating Corporation ("SHD") has not performed the site closure work to the extent originally planned in 2013 and therefore we have determined that a site audit will not be required for 2013. However, I would like to be informed of the work that has been completed so far in advancing site closure in a written report.

Status of Financial Security

SDH has currently furnished financial security with Yukon Government for the Sä Dena Hes Mine in the amount of \$15,912,000. In my letter to you of July 24th, I noted that although the site liability is higher than the amount currently held as security, I was of the view that additional security was not needed at that time given that significant closure work was planned for 2013. However, given that site closure work has not occurred in 2013 as planned and as a result of my review of the estimate of reclamation and closure costs

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provided by the Licensee, I would like to review the current status of financial security in light of the closure work remaining to be done at the site.

Therefore, please provide the following information as a notice to the Chief by November 30, 2013:

- a decommissioning and reclamation status report, describing all activities towards site closure that have been completed during the 2013 field season; and
- an estimate of the remaining cost to implement the detailed decommissioning and closure plan.

Once I have received this information, financial security will be reviewed and a notice will be sent, pursuant to paragraph 8.3 of the License, regarding whether any additional security must be posted.

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 Liard McMillan, Liard First Nation
Chief Brian Ladue, Ross River Dena Council
Jon Bowen, Director, Water Resources
Sevn Bohnet, Senior Natural Resources Officer