



Energy, Mines and Resources
Box 2703, Whitehorse, Yukon Y1A 2C6

July 3rd, 2012

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 Detailed Decommissioning & Reclamation Plan January 2012 Update and Determination of Financial Security

Background to this submission:

Pursuant to paragraph 15 of Quartz Mining License QML-0004 (the "License") for the Sä Dena Hes Mine, an updated Detailed Decommissioning and Reclamation Plan ("DDRP") was submitted to the Chief, Mining Land Use for review and approval. This Plan, entitled "*Sä Dena Hes Mine Detailed Decommissioning & Reclamation Plan January 2010 Update*" (the "2010 Update"), was prepared by Teck Metals Ltd. on behalf of Sä Dena Hes Operating Corporation.

The review process for the 2010 Update was initiated. At this time, discussions were initiated with the Licensee to better understand the intentions and future plans for the mine site. It was determined that, with no operating activities anticipated in the near future for the site and with another DDRP due in 2012, we would defer the 2010 review and focus on a review of the 2012 DDRP submission instead.

Pursuant to paragraph 15 of the License, an updated 2012 DDRP was prepared by Teck Metals Ltd. and submitted for review and approval. This document, entitled "*Sä Dena Hes Mine, Detailed Decommissioning & Reclamation Plan, January 2012 Update*" (the "2012 Update"), was received in my office on January 31st, 2012.

This 2012 Update states that it is the Licensee's intention to proceed with Permanent Closure commencing in 2013. The 2012 Update also indicates that additional engineering and environmental assessments and designs will be conducted in 2012 to provide the detailed project planning that is necessary to develop a more detailed reclamation and closure plan for implementation (the "Implementation Plan").

Determination by the Chief of 2012 Update and Financial Security:

Upon review of the 2012 Update and in light of the upcoming Implementation Plan, I have decided to defer the in-depth review at this time and have determined that:

An updated reclamation and closure plan for implementation, taking into consideration the results of the 2012 studies, must be submitted for review and approval on or before November 30th, 2012

It is our understanding that you are working with the First Nations' in the development of the Implementation Plan and I would like to offer the assistance of our First Nations' Liaison Officer with regard to First Nation or community relationships.

Pursuant to paragraph 19.2 of the License, as a result of my review of the decommissioning and closure costs detailed in the 2012 Update, I have determined that an adjustment to financial security is required to address all reasonable closure costs associated with the site.

Therefore, pursuant to paragraph 19.3 of the Quartz Mining License QML-0004, I am now providing you with written notice that the total security to be furnished and maintained by Să Dena Hes Operating Corporation is \$15,912,000. As per paragraph 19.4 of the License, this security must be provided within 60 days of receipt of this notice. This security must be in a form as provided under the Security Regulation OIC 2007/77.

As has been the case to date, the financial security to be furnished and maintained must continue to be held to the order of Government of Yukon, Minister of Energy, Mines and Resources, pursuant to Quartz Mining License QML-0004.

Thank you in advance for your attention to this matter. If you have any questions on the requirements or the process to be followed, please do not hesitate to contact me at (867) 667-3126.

Sincerely,



Robert Holmes
Director, Mineral Resources

cc: Bruce Donald, Reclamation Manager, Environment & Corporate Affairs
Chief Liard McMillan, Liard First Nation
Chief Jack Caesar, Ross River Dena Council
Jon Bowen, Director, Water Resources
Steve Beaulieu, Natural Resources Officer, Whitehorse