



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

December 18th, 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 Determination of Financial Security**

A letter entitled "*Sä Dena Hes Decommissioning – November 2013 Site Audit and Financial Security Requirement*" to Robert Holmes from Bruce Donald, Manager Dormant Properties, dated November 28, 2013 and a report entitled "*Sa Dena Hes Mine Decommissioning and Reclamation Status Report – November 2013*" (the "Audit Report") prepared by Teck Resources Limited and dated November 28, 2013 were both received electronically in my office on November 28, 2013.

This letter and report were submitted to fulfil the requirements set out in a letter to Peter Rozee, President, Sä Dena Hes Operating Corporation ("SDH"), from Robert Holmes, dated October 21, 2013. The requirement was for a notice to be provided to the Chief containing a decommissioning and reclamation status report and an estimate of the remaining cost to implement the detailed decommissioning and closure plan.

The purpose of this requirement is to document the work completed towards the Sa Dena Hes decommissioning plan implementation in calendar year 2013 and to determine the remaining financial liability for outstanding work to be completed in subsequent years.

SDH has currently furnished financial security with the Yukon Government for the Sä Dena Hes Mine in the amount of \$15,912,000. Considering the remaining site liability

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provided in the Audit Report, and the amount currently held as security, I have determined that an adjustment to financial security is required to address all reasonable closure costs associated with the site.

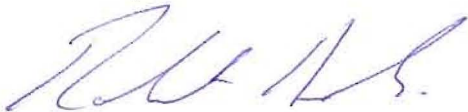
Therefore, pursuant to paragraph 8.3 of the Quartz Mining License QML-0004, I am providing you with written notice that the total security to be furnished and maintained by SDH is \$22,600,000. This security must be provided within 90 days of receipt of this notice. This security must be in a form as 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.

I appreciate that SDH plans to carry out substantial work towards implementing the SDH decommissioning plan in 2014 and 2015, and that this work will reduce the outstanding financial liability for site closure. In order to recognize and credit decommissioning work in a timely way, a site audit to assess the need for an increase or reduction to financial security is scheduled prior to October 15th 2014. This requirement was set out in my previous letter to Mr. Peter Rozee dated July 24, 2013. This audit should consider remediation activities that have been completed on site, the performance of closure measures, and results of monitoring programs.

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
Jon Bowen, Director, Water Resources
Sevn Bohnet, Senior Natural Resources Officer, Whitehorse