



October 17, 2011

Ms. Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O Box 119
Gjoa Haven, NU
X0B 1J0

Dear Ms. Beaulieu,

Re: Expiry of Licence 1AR-POL0311 – Polaris Mine

I am writing in response to your letter of September 8, 2011 enquiring about Teck Metals Ltd.'s (Teck) plans regarding Water Licence 1AR-POL0311 (Water Licence) which pertains to the reclamation of the Polaris Mine site (Polaris). As you indicated in your letter, the Water Licence will expire December 31, 2011, and Teck is confident that the terms and conditions of the Water Licence have been met, and that Polaris is in an environmentally sound and stable state.

From Teck's recent conversations with representatives of both the Nunavut Water Board ("NWB") and the Department of Aboriginal Affairs and Northern Development Canada ("AANDC"), I understand that there is a preference for Teck to continue its involvement with the ongoing monitoring of Polaris, but that both the NWB and AANDC believe these monitoring requirements can be greatly reduced from those imposed under the current Type A Water Licence.

Teck strives to ensure all of its sites, past and present, are managed in an environmentally sound manner, and we believe our ongoing participation in the monitoring of Polaris will help to ensure its safekeeping. Our recent exchanges have indicated that while NWB and AANDC wish to see Teck's continue with some monitoring of Polaris, the current regulatory framework does not clearly require, nor provide an appropriate method to structure this activity.

Both NWB and AANDC have suggested that the continued use of a water licence would be the most appropriate means to structure Teck's continued monitoring of Polaris, as it would both legally require Teck to carry out monitoring, and it would also provide a viable means for maintaining reclamation security from Teck. While Teck appreciates these interests, and recognizes that a water licence may be the most appropriate regulatory method currently available to address these interests, we respectfully suggest that any ongoing monitoring activity of Polaris would neither involve the using of fresh water or depositing of a waste so as to fall within the licensing requirements of the *Nunavut Waters and Surface Rights Tribunal Act*.

Therefore, Teck submits that the use of a water licence to govern our monitoring of Polaris would only be appropriate as a temporary measure while the Nunavut and Federal Governments determine what further

regulatory instrument or policy would prudently address these circumstances. While any such action is within the sole purview of the Government, Teck would suggest developing another form of licence, permit or approval which governs the monitoring of development sites post closure and reclamation. Teck believes that a Type B Water Licence would be the most appropriate licence to hold, as the ongoing monitoring of Polaris does not trigger either of the regulatory thresholds noted above, and consequently it seems most suitable to rely on the water licence intended to address less significant undertakings.

Therefore, Teck suggests that it would be appropriate to cancel the existing Water Licence, and apply for a new Type B Water Licence in which the NWB can develop reasonable terms and conditions for Teck's monitoring of Polaris. Again, Teck anticipates that these monitoring requirements will be greatly reduced from the current conditions of the current Water Licence, and properly reflect the safe and stable condition of Polaris. Additionally, Teck suggests that any ongoing security requirements be set with due regard to Teck's continued responsibility for solely bearing the costs of this monitoring. Lastly, Teck suggests that the term of the Type B Water Licence be set with regard to the anticipated future development of a specific regulatory action which will address issues of closure and relinquishment.

Before pursuing this course of action, Teck would welcome the opportunity to discuss the matter further with yourself and other NWB representatives. As always, Teck will seek to work cooperatively with the NWB to ensure a mutually beneficial outcome, and looks forward to hearing your response.

Best Regards,



Bruce Donald
Manager, Dormant Properties, Environment

Cc: Jeff Mercer, AANDC
Ian Parsons, AANDC
Robin Sidsworth, Teck
Mark Edwards, Teck