

DOUBLE REGISTERED MAIL

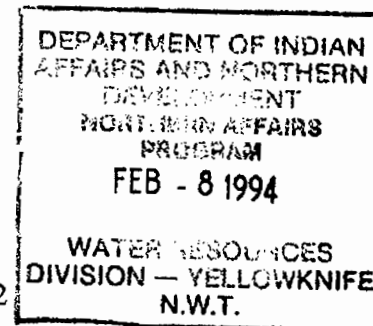
January 21, 1994

Water Resources Division
Department of Indian Affairs
and Northern Development
4914 - 50th Street
Yellowknife, N.W.T.
X1A 2R3

Attention: Ms. Yvette Morin
Administrative Supervisor

Dear Sirs:

Re: Security Deposit Under Water Licence N4L2-0262
Issued to Cominco Ltd., Polaris Operations



Further to our telephone conversation of Friday, January 7, 1993, I enclose a Promissory Note executed by Cominco Ltd. in the amount of \$1 million, accompanied by an Irrevocable Documentary Credit in the same amount issued by the Bank of Montreal. The Promissory Note and IDC are submitted in fulfilment of Part B, Item 2 of the above-mentioned water licence, which requires the posting and maintaining of security in this amount.

As noted in our conversation, the Department currently has a Promissory Note and Irrevocable Documentary Credit both in the amount of \$300,000, which were submitted as the security in the previous water licence which expired on December 31, 1993. We acknowledge, with thanks, a copy of your letter dated January 7, 1994, requesting the return of these documents from Ottawa. We therefore look forward to return of these documents as soon as possible, so that we can arrange for their cancellation.

Thank you for your assistance. Please let me know if anything further is required in this respect.

Yours truly,

M. J. Hardin

M.J. Hardin
Senior Counsel and Assistant Secretary

Enclosures

cc: Mrs. Pamela LeMouel, Executive Assistant (w/a)
Manager, Polaris Operations (JLK)

INTERNATIONAL OPERATIONS
595 BURNARD STREET, 7TH FLOOR FBT
P.O. BOX 49500, VANCOUVER
BRITISH COLUMBIA, CANADA, V7X 1L7
TELEX: MCI 62960
SWIFT: BOFMCA8V

DATE OF ISSUE: JANUARY 20, 1994
IRREVOCABLE
DOCUMENTARY CREDIT
IMDC/3143/S/179182

APPLICANT:
COMINCO LTD.
200 BURNARD STREET
VANCOUVER, B.C.
CANADA V6C 3L7

BENEFICIARY:
RECEIVER GENERAL FOR CANADA
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT
OTTAWA, ONTARIO K1A 0H4

AMOUNT: 1,000,000.00 CAD
MAXIMUM ONE MILLION AND 00/100'S CANADIAN
DOLLARS

WE HEREBY ESTABLISH IN YOUR FAVOUR THIS DOCUMENTARY CREDIT AVAILABLE WITH OURSELVES BY PAYMENT AGAINST PRESENTATION OF THE FOLLOWING DOCUMENT(S) DETAILED HEREIN AND OF YOUR DRAFT(S) AT SIGHT DRAWN ON OURSELVES. THE NUMBER, THE DATE OF THIS CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS PRESENTED.

- PROMISSORY NOTE FOR CAD 1,000,000.00 PAYABLE TO THE RECEIVER GENERAL FOR CANADA DATED JANUARY 1, 1994 AND SIGNED BY COMINCO LTD. IN THE FORM OF ANNEX I (ATTACHED).
- YOUR SIGNED CERTIFICATE STATING THAT COMINCO LTD. HAS DEFAULTED IN THE PERFORMANCE OF ITS OBLIGATIONS IN CONNECTION WITH WATER LICENCE N4L2-0262 EFFECTIVE JANUARY 1, 1994, AT THE POLARIS OPERATIONS OF COMINCO LTD.

PARTIAL DRAWINGS ARE ALLOWED.

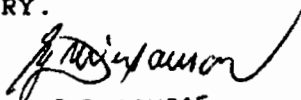
NEGOTIATION AND/OR PAYMENT UNDER THIS CREDIT IS RESTRICTED TO US ONLY.

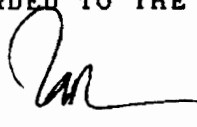
THIS CREDIT EXPIRES ON DECEMBER 31, 1994 AT OUR COUNTERS. HOWEVER, IT IS A CONDITION OF THIS CREDIT THAT IT SHALL BE DEEMED TO BE AUTOMATICALLY RENEWED WITHOUT AMENDMENT FOR SUCCESSIVE PERIODS OF ONE YEAR UNLESS 30 DAYS PRIOR TO THE THEN PRESENT EXPIRATION DATE, WE NOTIFY YOU BY COURIER OR REGISTERED MAIL THAT WE ELECT NOT TO CONSIDER THIS CREDIT EXTENDED FOR SUCH ADDITIONAL PERIOD.

DRAWING(S) UNDER THIS CREDIT MAY BE PRESENTED TO US THROUGH OUR MAIN BRANCH, WELLINGTON AND O'CONNOR STREET, OTTAWA, ONTARIO.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE, PARIS, FRANCE, PUBLICATION NO. 500).

THE ORIGINAL OF THIS CREDIT IS FORWARDED TO THE APPLICANT FOR DELIVERY TO THE BENEFICIARY.


E. L. SOUSAE


T. Nguyen

1 Copy for:
Beneficiary/Telex/First Mailing
Bénéficiaire/Télex/Premier envoi

ANNEX I

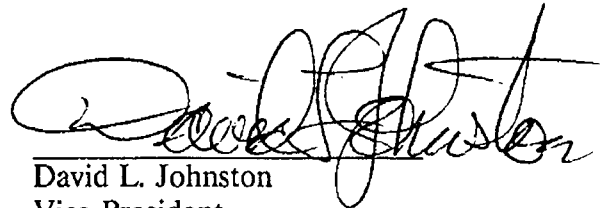
Vancouver, B.C.
January 1, 1994

PROMISSORY NOTE

ON DEMAND, Cominco Ltd. promises to pay to order of the Receiver General for Canada, at the Bank of Montreal, Main Branch, Wellington and O'Connor Streets, Ottawa, Ontario, the sum of ONE MILLION DOLLARS (\$1,000,000) not later than December 31, 2002.

Value Received.

COMINCO LTD.



David L. Johnston
Vice President,
Mine Operations



Michael J. Hardin
Senior Counsel and
Assistant Secretary

Reference: Water Licence N4L2-0262, effective January 1, 1994, a copy of which is attached to this Promissory Note as Schedule "A".