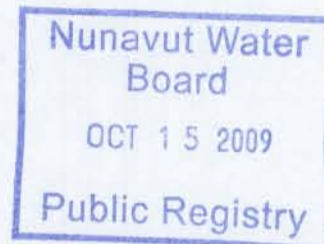


Teck

October 8, 2009

Ian Rumbolt, Acting Manager of Water Resources
Indian and Northern Affairs Canada
Building 918 Box 100
Iqalut, Nunavut
X0A 0H0



Subject: Polaris Mine, Nunavut - Return of Letter of Credit re: Modification to License 1AR-POL0311

Dear Mr. Rumbolt:

Teck recently received confirmation that the required financial security under License 1AR –POL0311 for the Polaris Mine has been modified (reduced) to \$3,539,000 (see copy of attached letter of August 27, 2009).

Indian and Northern Affairs Canada (INAC) are currently holding financial security consisting of three letters of credit totaling \$18,000,000 (copies attached):

\$1, 000,000 (Bank of Montreal) Beneficiary Dept. of Indian Affairs and Northern Development,
\$14,300,000 (Royal) Bank) Beneficiary Receiver General for Canada/ Nunavut Water Board
\$2,700,000 (Bank of Montreal) Beneficiary Receiver General for Canada/ Nunavut Water Board

Teck requests the two letters of credit issued to the Receiver General for Canada/Nunavut Water Board be returned along with a letter from the Beneficiary requesting their cancellation. Please send the letters to:

Irene Bohjalian
Royal Bank of Canada
1025 W. Georgia
Level R2
International Trade Centre
Vancouver, B.C.
V6E 3N9
Ref: LC P311142V02286

Alice Garabedian
Bank of Montreal
Global Trade Services
234 Simcoe Street
Toronto, Ontario
M5T 1T4
Ref: LC 858584/169470

Teck will request an amendment to have the \$1,000,000 letter of credit issued to the Dept. of Indian Affairs and Northern Development increased to \$3,539,000.

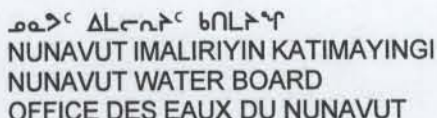
I would appreciate your prompt attention to this matter and request a copy of the cancellation letter sent to my attention once complete.

Sincerely,



Scott Wilson, Treasurer, Teck Resources Limited

CC: Andrea Cull, Water Management Specialist, INAC
Michael Nadler, Regional Director General, Nunavut
Security Division, Public Works and Government Services Canada
T. Kabloona, Chair, Nunavut Water Board
B. Donald, Teck Resources Limited
G. Wahl, Teck Resources Limited
A. Murdock, Teck Resources Limited
M. Edwards, Teck Resources Limited
M. Filion, Teck Resources Limited



File No: 1AR-POL0311

Subject: Modification to License 1AR-POL0311 – Polaris Mine, Nunavut

The Board made this decision to reduce the security on the basis that \$3,539,000 fairly represents the estimated remaining aggregate costs of abandonment, site restoration, and ongoing measures that remain to be taken after the abandonment of the undertaking; and that there are no known outstanding issues of compensation pursuant to the *Nunavut Waters and Surface Rights Tribunal Act* (NWNRTA). The Board notes that under Part B, Item 4 of the Licence, Teck may request a further reduction in security as post closure monitoring results become available.

Item 2: The Licensee shall post and maintain security in the amount of \$33.7 million in the form required by the Minister of Indian and Northern Affairs Canada, to be paid in accordance with the following schedule:

- a. Within 90 days of issuance of the license a total amount of \$3.7 million;
- b. Subject to Part B, Item 3 and 4, a total amount of \$18 million due December 31, 2003; and
- c. Subject to Part B, Item 3 and 4, a total amount of \$12 million due December 31, 2004.

Item 4: The Board reserves the right at any time to modify the amount and schedule of payments of security upon the submission of any party. The decision to advance or change security amounts or schedules remains within the discretion of the Board and must be based upon proof of evidence that the Licensee has failed for whatever reason to perform reclamation of the undertaking as stated in this License.

In addition, I would like to advise the Minister of the Board's concern that while \$33.7 million of security was originally required pursuant to Part B, Item 2 of the Licence, during the review of this application it came to the Board's attention that, in contravention of the Licence, only \$18 million of security was actually held by Indian and Northern Affairs Canada (INAC).

In this particular case, the Board has little choice but to accept INAC's May 15, 2009, submission that "...although Teck has technically contravened Part B, Item 2 of the Water License by not providing the full \$33.7 million dollars it seems moot to consider that Teck should provide this amount at this point in time". However, in future the Board hopes that INAC will work more closely with licensees and provide ongoing assurance to the Board that the full security ordered through a water licence is in fact furnished to the Minister.

A further Licence compliance issue brought to the Board's attention while considering this application is that Teck is unable to fully comply with the conditions of the Licence which require the submission of as built drawings stamped and signed by a "professional engineer" as defined in the Licence.² The Board understands that Teck is unable to comply with this condition because an engineer registered in Nunavut did not either carry out or sufficiently supervise the engineering work to sign off on final drawings.

Thank you for your ongoing support of the NWB.

Sincerely,



Thomas Kabloona
Chair

Cc: TeckCominco Limited
Polaris Distribution List

² See letter from TeckCominco Limited to the Nunavut Water Board and INAC Lands Administration, dated March 5, 2009, available at <ftp://nunavutwaterboard.org/PRUC/1%20INDUSTRIAL/1A/1AR%20-%20Remediation/1AR-POL0311/3%20TECH/2%20SECURITY/2008/>



RBC
Royal Bank

NON-NEGOTIABLE

202.4

PAGE: 1

INT'L TRADE CENTRE BC
34TH FLOOR
1055 WEST GEORGIA STREET
VANCOUVER BC V6E 3S5
CANADA

DATE OF ISSUE: DECEMBER 17, 2003

OUR REFERENCE NUMBER:
P311142V02286

DATE OF EXPIRY: DECEMBER 16, 2004
PLACE OF EXPIRY: TORONTO, ONTARIO

BENEFICIARY:
RECEIVER GENERAL FOR CANADA
C/O CHIEF ADMINISTRATIVE OFFICER
NUNAVUT WATER BOARD, P.O. BOX 119
BUILDING NO. 1 (SEE BELOW)

APPLICANT:
TECK COMINCO LIMITED
SUITE #600
200 BARRARD STREET
VANCOUVER, B.C. V6C 3L9

AMOUNT: CAD 14,300,000.00
FOURTEEN MILLION THREE HUNDRED THOUSAND
AND 00/100'S CANADIAN DOLLARS

BENEFICIARY'S ADDRESS CONTINUED:
MAIN STREET
GJOA HAVEN, NU X0B 1J0

IRREVOCABLE STANDBY LETTER OF CREDIT NO. P311142V02286.

WE, ROYAL BANK OF CANADA, INTERNATIONAL TRADE CENTRE-B.C., 34TH FLOOR, ROYAL CENTRE TOWER, 1055 WEST GEORGIA STREET, VANCOUVER, B.C. V6E 3S5, HEREBY ESTABLISH IN YOUR FAVOUR THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "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.

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

DATE OF ISSUE: JANUARY 20, 1994
IRREVOCABLE
DOCUMENTARY CREDIT
IMBC/3143/S/179152

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 1 (ATTACHED)

YOUR SIGNED CERTIFICATE STATING THAT COMINCO LTD. HAS DEFAULTED IN THE
PERFORMANCE OF ITS OBLIGATIONS IN CONNECTION WITH WATER LICENCE
N4L2 0202 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

4 Copy for:
Applicant/File by Beneficiary/Diary/Tracer
Donneur d'ordre-dossier des bénéficiaires/
Rappel/Avis de sort

Banque de Montréal

PAGE: 1

IMDC/TDR/S/858584

INTERNATIONAL OPERATIONS, CENTRAL
234 SIMCOE STREET, 3RD FLOOR
TORONTO, ONTARIO

MST 174

TELEX: MCI 62960

SWIFT: BOMFCAT2

PHONE: 416-867-5552

FAX: (416) 867-7152

DATE OF ISSUE: JULY 18, 2003
IRREVOCABLE STANDBY LETTER OF CREDIT

IMDC/TDR/S/858584

APPLICANT:

COMINCO LTD.

DP

200 BARRARD STREET

VANCOUVER, B.C. V6C 3L7

BENEFICIARY:

RECEIVER GENERAL FOR CANADA

C/O CHIEF ADMINISTRATIVE OFFICER

NUNAVUT WATER BOARD, P.O. BOX 119

GJOA HAVEN, NU X0E 1J0

AMOUNT: 2,700,000.00 CAD
TWO MILLION SEVEN HUNDRED THOUSAND AND
00/100'S CANADIAN DOLLARS

WE, BANK OF MONTREAL, GLOBAL TRADE SERVICES, HEREBY ESTABLISH IN YOUR FAVOUR THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "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.

- YOUR SIGNED CERTIFICATE STATING THAT TECK COMINCO METALS LTD. HAS DEFAULTED IN THE PERFORMANCE OF ITS OBLIGATIONS IN CONNECTION WITH WATER LICENCE NWB:POLO311 EFFECTIVE JULY 24, 2003, AT THE POLARIS OPERATIONS OF TECK COMINCO METALS LTD.

- THIS ORIGINAL CREDIT INSTRUMENT.

PARTIAL DRAWINGS ARE ALLOWED.

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

THIS CREDIT EXPIRES ON JULY 22, 2004 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 AT LEAST THIRTY (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, 111 RUELLE D'ELLINGTON AND D'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).

Handwritten signature

Handwritten signature

Copy / copie