

SA DENA HES PROPERTY

Teck

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Stock symbol: TCK.A (Toronto Stock Exchange)

PROJECT STATUS

Care and maintenance



Location

50 km northeast of Watson Lake

Ownership

Teck (50%),
Korea Zinc (50%)

Commodity

Lead, zinc, silver

Ore type

Sulphide

Mineral resource*

Resource: 2.190 million tonnes grading 10.4% Zn and 2.6% Pb

*Historical Resource; not NI 43-101 compliant, Teck Cominco Ltd. Annual Report, 2003

Mining method

Underground, 365 days per year

Processing method

Conventional mill, 365 days per year

Employees

100

Power

6.2 MW, on-site diesel generation

HISTORY

Mineralization was discovered on the Sa Dena Hes property in 1962 by the Frances River Syndicate. The property was worked on at various times by Atlas Explorations, Cima Resources, and Canamax Resources. Curragh Resources (80%) and Hillsborough Resources Limited (20%), as joint venture partners, acquired the property in 1989 from Canamax Resources. Between April, 1989 and August, 1990, the joint venture spent a further \$5.3 million on a field program of geological exploration and diamond drilling. Following completion of the detailed geological assessment, the joint venture decided to proceed with construction of the project and work commenced in October, 1990.

In early 1991, a socio-economic agreement was signed by the joint venture, the Kaska Dena First Nation, the Town of Watson Lake and the Yukon government. The objective of the agreement was to ensure that business and employment opportunities were available to local

residents on a preferential basis. In addition, an agreement between the joint venture and the Kaska extended business, employment and training opportunities to the Kaska, as well as an option to purchase a 10% interest in the mine.

The Sa Dena Hes mine began production in August, 1991 and ceased operations in December, 1992 because of low metal prices. In September, 1993, the Ontario Court appointed Coopers & Lybrand as the interim receiver acting for the Bank of Nova Scotia for the Sa Dena Hes and Stronsay (Cirque) assets.

The Sa Dena Hes and Stronsay (Cirque) lead-zinc properties were bought by Teck (25%), Cominco (25%), Korea Zinc (40%) and Samsung (10%) in December, 1993. The four partners paid an estimated \$43 million for the Sa Dena Hes and the Stronsay (Cirque) properties. There has been no production at Sa Dena Hes since closure in 1992. Teck and Cominco merged to form Teck Cominco Limited in 2001, now called Teck.

PROJECT SUMMARY

The Sa Dena Hes lead-zinc mine is located approximately 45 km north of Watson Lake. It is owned by Teck (50%) and Korea Zinc (50%). The property covers approximately 5600 hectares.

Production began at the Sa Dena Hes mine in August, 1991 and ceased operations in November, 1992 due to low zinc prices. During the 14 months of operation, the mine produced 607 500 tonnes of concentrate containing 374 400 tonnes of payable zinc and 290 200 tonnes lead. Infrastructure on site includes the underground mine, ore handling facilities, a 1500-tonne/day conventional mill, loadout facilities, tailings and reclamation system, shops, warehouse, security and first-aid office, a 200-person camp, administration building, and a 6.2 MW power plant.

Geology, mineralogy and ore reserves

The Indicated mineral resource on the property is 2 190 000 tonnes grading 10.4% Zn and 2.6% Pb.

Exploration and production plans

In August, 1997, Cominco announced that Sa Dena Hes might open in the second quarter of 1998. Pre-operational work, including contract tenders for road upgrading and underground rehabilitation, was initiated. Cominco, Teck and Korea Zinc upgraded the mine's infrastructure and prepared for the mid-1998 start. However, due to poor market conditions, the re-opening was cancelled in December, 1997.

At full production, the operation would produce 75 000 tonnes/year of zinc-lead concentrates. Output would be sold into Asian markets, with Korea Zinc the most likely smelter.

In October, 1997, Cominco and the Liard First Nation signed a socio-economic participation agreement related to the Sa Dena Hes mine.