THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Natural Resources
DIVISION OF MINING, LAND & WATER
Mining Section
550 West 7th Avenue, Suite 900B
Anchorage, Alaska 99501-3577
Minerals Property Management Main: 907.269.8642
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Coal Regulatory/Abandoned Mine Lands Main: 907.269.8631
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September 30, 2015

Teck Alaska Incorporated
Red Dog Operations
3105 Lakeshore Drive
Building A, Suite 101
Anchorage, AK 99517
Attention: Henri Letient

Subject: Extension of the Red Dog Mine Reclamation Plan Approval (F20099958)

Dear Mr. Letient:

On September 11, 2015 the Department of Natural Resources received a letter (copy enclosed) from Teck Alaska Incorporated (Teck) requesting an additional extension of the expiration date of the existing Reclamation Plan Approval (RPA) F20099958 for the Red Dog Mine, to allow for a continuation of operations until the review of the updated Reclamation and Closure Plan is complete. As a supporting document, Teck also submitted a reclamation closure cost estimate summary table with a proposed Red Dog financial assurance amount of $ 423,600,000.

On December 2, 2009, the Division of Mining, Land & Water (DMLW) signed RPA F20099958 for the Red Dog Mine, effective through December 2, 2014. On October 31, 2014 Teck submitted a renewal application that included an updated Reclamation and Closure Plan. At the request of Teck, an administrative extension of the RPA was issued December 1, 2014 extending the effective date through June 2, 2015 to allow for additional application review. State agency comments on the renewal application were provided to Teck on December 22, 2014.

A second request by Teck to administratively extend the RPA further was received on May 26, 2015 and issued on May 29, 2015, extending the effective date through September 30, 2015. This extension was necessary to allow Teck additional time to complete the significant changes required to revise the application documents. This second request for extension included a commitment by Teck to provide the revised documents by June 15, 2015, and a no-later-than submission date of September 30, 2015 established by DMLW.

On June 16, 2015 DMLW received a revised submission (Revision 1) of the Reclamation and Closure Plan and associated documents. The state agencies are currently in review of the Reclamation and Closure Plan Revision 1 comprised of thirteen technical documents and three associated cost estimates. DMLW has determined that additional information will be required to

satisfy the Reclamation and Closure Plan and costs estimates to determine adequate financial assurance.

Under Alaska Administrative Code 11 AAC 97.320, the commissioner of the Alaska Department of Natural Resources may approve a reclamation plan for any term not to exceed 10 years. Since the original term of the plan approval was for five years, the Division of Mining, Land & Water hereby administratively extends the current Red Dog Mine Reclamation Plan Approval F20099958 until September 30, 2016, or until a complete revised reclamation plan and associated cost estimate is approved by DMLW, whichever occurs first. This extension should be sufficient to allow for a thorough review of and resolution of any requests for information or updates to the plan and cost estimates, and to accommodate a coordinated public notice process.

DMLW will accept as an interim bond Teck's proposed Red Dog Financial Assurance Amount of $ 423,600,000 until the review is complete. As a condition of this extension Teck shall secure the interim bond amount by November 30, 2015, and finalize a revised financial assurance amount with agreement of the agencies by March 31, 2016. If an agreement is not reached by March 31, 2016, the agencies may establish a financial assurance amount to reflect the reasonable and probable costs of reclamation (AS 27.19.040 (a)).

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC .2.040(c) and (d), and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501, faxed to 907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to superior court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

If you have any questions regarding this approval, please contact Brent Martellaro at 907-451-2788.

Sincerely,

Marty Lentz

Marty Lentz
Mining Section Chief

Enclosure: Copy of September 11, 2015 Extension Request letter from Teck

cc: Brent Goodrum, ADNR
Brent Martellaro, ADNR
Stephanie Lovell, ADNR
Carolyn Curley, ADNR
Tim Pilon, ADEC
Al Ott, ADF&G
Jack Winters, ADF&G
Frank Bendrick, Teck

David Schade, ADNR
Charlie Cobb, ADNR
Kyle Moselle, ADNR

Rosie Barr, NANA
Lance Miller, NANA

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Teck

September 11, 2015

Mr. Kyle Moselle
Alaska Department of Natural Resources
Office of Project Management and Permitting
400 Willoughby St. Ste 400
Juneau, AK 99801-0101

Re: Extension Request for Red Dog Mine Reclamation and Closure Plan Approval (No. F20099958)

Dear Mr. Moselle:

On May 29, 2015 Teck Alaska Incorporated – Red Dog Mine (Teck) received an administrative extension approval from the Alaska Department of Natural Resource (ADNR) Division of Mining, Land, & Water (DMLW) which allowed the Red Dog Mine to continue operating under the existing Reclamation Plan Approval F20090058. The current extension is effective until September 30, 2015. Teck is requesting an additional extension for continued operation until a new Reclamation and Closure Plan has been issued by DMLW.

As requested, a revised reclamation closure cost estimate is proposed for $423,600,000. Closure cost estimate details are summarized in the attached table.

Should you have any questions regarding the extension request please contact Chris Eckert at 907-754-5139 of Jeff Clark at 907-754-5274.

Sincerely,
Teck Alaska Incorporated

Henri Letient
General Manager

Enclosure: Attachment 1: Closure Cost Estimate Summary

CC: Brent Martellaro, ADNR
Tim Pilon, ADEC
Stephanie Lovell, ADNR
Chris Eckert, Teck
Frank Bendrick, Teck

Attachment 1: Closure Cost Estimate Summary

Red Dog Financial Assurance Amount

Beginning of Year Premature Closure Scenario

Years	Suspension	Closure Earthwork and other Reclamation	Closure Water Treatment	Post-Closure	Cash Flows	Net Present Value
(after suspension of mining)	*(site maintenance & ongoing water treatment)*			*(perpetual annual water treatment)*		*(at a 4.3% estimated real rate of return)*
1	$15,500,000				$15,500,000	$432,500,000
2	$15,500,000				$15,500,000	
3	$15,500,000				$15,500,000	
4	$15,500,000				$15,500,000	
5	$15,500,000				$15,500,000	
6		$33,100,000	$14,380,000		$47,480,000	
7		$33,100,000	$14,380,000		$47,480,000	
8				$15,820,000	$383,726,977	
9 and thereafter				$15,820,000	$15,820,000	

Cash flow for year 8 equals the present value of an account that earns $15,820,000 annually in perpetuity plus first year post-closure expenses of $15,820,000.

Red Dog Financial Assurance Amount

End of Year Premature Closure Scenario

Years	Suspension	Closure Earthwork and other Reclamation	Closure Water Treatment	Post-Closure	Cash Flows	Net Present Value
(after suspension of mining)	*(site maintenance & ongoing water treatment)*			*(perpetual annual water treatment)*		*(at a 4.3% estimated real rate of return)*
1	$15,500,000				$15,500,000	$414,670,000
2	$15,500,000				$15,500,000	
3	$15,500,000				$15,500,000	
4	$15,500,000				$15,500,000	
5	$15,500,000				$15,500,000	
6		$33,100,000	$14,380,000		$47,480,000	
7		$33,100,000	$14,380,000		$47,480,000	
8				$15,820,000	$383,726,977	
9 and thereafter				$15,820,000	$15,820,000	

Cash flow for year 8 equals the present value of an account that earns $15,820,000 annually in perpetuity plus first year post-closure expenses of $15,820,000.

Mid Year Premature Closure Scenario

Average of Beginning and End NPVs = $423,600,000

Notes:

1. Values are subject to change, pending finalization of all closure estimates.
2. The Closure Earthwork and other Reclamation estimate has been adjusted to account for two errors identified in the draft closure cost estimate. The Red Dog Creek area was added into the cover requirements. The use of 50% of the existing water treatment plant infrastructure at closure had not been accounted for in the cost estimate spreadsheets.