



**Sä Dena Hes Mine
2007 Annual Report
Yukon Production Licence QML - 0004**



Prepared by
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1.0 SUMMARY

A Joint Venture consisting of Teck Cominco Limited (25%), Teck Cominco Metals Ltd. (25%), and Pan-Pacific Metal Mining Corporation (50%) (a wholly owned subsidiary of Korea Zinc) formed the Sä Dena Hes Operating Corporation which purchased the Sä Dena Hes Mine from Coopers and Lybrand Ltd. the appointed Court Receiver, in March 1994. Teck Cominco Ltd. operates the mine under an Agreement with the Joint Venture Partners. Full-time security and property management is provided by Teck Cominco Ltd. through on-site personnel. The mine operation continued to be maintained on a 'Temporary Closure' basis throughout 2007. In 2001 Sä Dena Hes was granted a Yukon Quartz Mining Production Licence QML-0004 ('Production Licence'). This report is submitted in compliance with Section 13 of the Production Licence.

2.0 PRODUCTION DATA

The mine was under 'Temporary Closure' status throughout 2007.

2.1 Ore & Waste Mined

Ore Produced	0 tonnes
Waste Produced	0 tonnes

2.2 Head Grades Processed

Zinc Grade	N. A.
Lead Grade.....	N. A.

2.3 Concentrate Production

Zinc Concentrate	0 tonnes
Lead Concentrate	0 tonnes

2.4 Stockpiles

Ore Stockpiles	0 tonnes
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3.0 FORECAST MINE LIFE

Expected mine life is approximately 4 years based on current resources. The Mineral Resources have not been updated recently and are as follows (Appendix A – Memorandum from Paul Bankes, Director Reserve Evaluations to Bruce Donald, Re: Sä Dena Hes Resources March 6, 2008):

Mineral Resources

Indicated	2,190,000 tonnes
Zinc	10.4%
Lead	2.6%

4.0 BACKFILL PLACED UNDERGROUND

There was no backfill placed underground during 2007.

5.0 MINE PLANS

Mine plans and sections were submitted with the Production Licence 2001 Annual Report. They are not being resubmitted as there have been no changes since.

6.0 RECLAMATION

The site was in Temporary Closure throughout the year awaiting return of economic metal prices. Site reclamation activities were related to study activity.

6.1 Reclamation Plan

In January 2006 an updated Mine Reclamation Plan was submitted as required. As part of the plan review by Teck Cominco, reclamation costs were increased primarily due to inflation. Discussions regarding the appropriate mechanism to revise the reclamation security are progressing slowly due to the overlap of security requirements with the Water Licence.

However, Teck Cominco has come to the conclusion that the logical solution is to obtain revisions to the terms in both the Production Licence and the Water Licence to accomplish this.

6.2 Revegetation Studies

The Reclamation Plan proposed Revegetation studies in Section 3.6 of the report. The Production Licence requires that the testing proposed in Section 3.6 and 3.6.2.1 be conducted.

In 2000, the initial work related to Revegetation was initiated to obtain basic information for use in designing the revegetation test work. On an annual basis since then, follow up work has occurred and has been reported. In 2007, Access Consulting continued with progress monitoring and results from this program are included in Appendix B.

7.0 SOLID WASTE DISPOSAL

7.1 Solid Waste Disposal & Recycling

The site is in Temporary Closure with one person living on-site. All putrescible waste has been stored in animal proof containers prior to disposal. The site generates waste oil from onsite power generation and mobile equipment. During Temporary Closure the

quantity of used oil generated is limited. The oil is held in storage containers on site pending proper disposal and/or recycling offsite.

7.2 Inventory of Wastes Placed in the Landfill

There were no wastes placed into the landfill in 2007. Putrescible wastes from the caretaker were taken to the local municipal landfill on a regular basis.

7.3 Hydrocarbon Contaminated Soils

There are several areas near the mill site where spills of hydrocarbons either during mine operations or from subsequent storage of hydrocarbons have contaminated soils. In 2006, soil analysis indicated that the soils are "Special Waste" which has complicated planning for clean up. Further sampling was conducted in other service shop areas that have identified additional areas of hydrocarbon contamination. As a result, plans to begin remediation have been delayed until 2008.

8.0 WILDLIFE OBSERVATIONS

The Production Licence requires that sightings of wildlife at the mine site are reported on an annual basis. The caretaker who resides at the site records wildlife sightings in a log book retained at the site and a summary of this information has been compiled and is attached in Appendix C.

9.0 PRODUCTION PLANS FOR 2008

At year end there were no production plans announced for 2008.

Bruce J. Donald, P. Eng. (B.C.)
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APPENDIX A

MEMORANDUM REGARDING SÄ DENA HES RESOURCES – DECEMBER 31ST, 2007

APPENDIX B

RESULTS SUMMARY OF PHASE II REVEGETATION TEST PROGRAM - 2007

APPENDIX C

LISTING OF

2007 WILDLIFE SIGHTINGS

AT THE MINE SITE