

# TECK

## RED DOG MINE – ACCESSING ROYALTIES AND PROFIT-SHARING MECHANISMS

**Teck's Red Dog Operations, located in Northwest Alaska, near the community of Kotzebue, is one of the world's largest zinc mines. Red Dog was developed in 1982 under an innovative operating agreement with NANA Regional Corporation (Nana), a Regional Alaska Native Corporation owned by the Iñupiat people of Northwest Alaska. The agreement granted Teck exclusive rights to build and operate the Red Dog and to market its metal production in exchange for royalties from production for Nana.**



Under the agreement, Nana received royalties of the net smelter return annually in the sum of 4.5 per cent until Teck's initial capital investment was recovered in late 2007. Nana then began receiving a share of the operation's net proceeds, beginning at 25 per cent, and increasing by 5 per cent every five years to a maximum of 50 per cent, at which point Nana and Teck will share equally in the profits. A total of C\$471 million in royalties has been paid to Nana since the agreement was signed.

The agreement also requires training and hiring of Nana's people, preservation of their culture and protection of the subsistence resources. Conditions of the agreement specifically include the establishment of an Employment Advisory Committee and a Subsistence Advisory Committee.

Red Dog has over 550 employees, over half of whom are Iñupiat. The Employment Advisory Committee, with members drawn equally from senior management and human resources personnel from both Teck and Nana, identifies opportunities to work towards the goal of hiring 100 per cent of Red Dog employees from the Nana community. To consider these issues, the committee meets routinely to discuss and formulate plans for improved hiring practices, workforce development, workforce retention and workplace satisfaction.

The Subsistence Advisory Committee of local indigenous hunters and elders was formed in the early 1980s to provide Red Dog with direction on environmental and subsistence matters. The committee meets on a quarterly basis and has a mandate to guide Red Dog's Management Committee to ensure potential environmental impacts are avoided or properly managed and that subsistence resources are protected. For example, the committee provides permission for the start of the shipping season in order to avoid conflict with the traditional hunting of marine mammals. It also provides guidance and direction for operation of Red Dog's 52-mile (84-kilometre) concentrate haul road to mitigate caribou migration impacts.

On 14 July 2014, Nana and Teck hosted a celebration to honour 25 years of Red Dog Operations. The event was attended by employees and a number of special guests, many of whom had worked to make the mine a reality and the economic engine it is today for Alaska and the Nana region.