#911

SCHEDULE C

PROVINCE OF BRITISH COLUMBIA

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

TITLE PAGE OF ASSESSMENT REPORT

GENERAL NATURE OF WORK

Exploration

TOTAL COST

$4,136,000.00

Author of Landsman _____ Signature (s) _____

B. Musil (P. Geo.)

Date Report Filed _____ Year of Work 2011

Property Name Fording River Operations

Coal Type (if applicable) Medium to High Volatile Bituminous

Mining Division Fort Steele Longitude 114□ 52'

Latitude 50°12'

Coal License Numbers; Coal Leases; Freehold BC Coal Lease #17, 18

Coal License, #389282, 389285, 389311
D.L. #3423, 3424

Owner (s)
(1) Teck Coal Limited
PO Box 100, Elkford, BC, V0b 1H0

Operator (s)
(a) Same

References to Previous Work
Annual Assessment Reports Since 1970

Fording River Operations

Summary Report

2011 Exploration Program

Teck

Appendix 2 contains coal quality data and remains confidential under the terms of the *Coal Act Regulation*, Section 2(1). It has been removed from the public version.

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/10_251_2004#section2

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Statements of Author's Academic and Professional Qualifications

CERTIFICATE OF QUALIFIED PERSON

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I, Barry Musil, P.Geo, am employed as a Senior Geologist, Supervisor at Fording River Operations. This certificate applies to the report titled "Fording River Operations, Summary Report, 2011 Exploration Program". I graduated from the University of British Columbia with a Bachelor of Science Degree in Geology, 1984. I am a member of the Association of Professional Engineers and Geoscientists of British Columbia (# 19361). Since 1986 I have been involved with coal mining projects at Fording River Operations. As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101).

Barry F. Musil, P.Geo.

Fording River Operations
Summary Report
2011 Exploration Program

I. Introduction

1. General Geography and History

The Fording River Coal property is located in the Fording River and Upper Elk Valleys, approximately 25 kilometers north of Elkford, BC. Access is by paved road north from Elkford along the Fording River Valley, or north along the Elk River Valley via the Forestry Service gravel road or the Kan-Elk Powerline road.

The Fording River minesite is situated within the front range of the southern Canadian Rocky Mountains. At least ten major coal seams, generally greater than four meters thick, are contained in the Mist Mountain Formation of the Kootenay Group.

The Elk River portion of the property was actively explored by the Canadian Pacific Railway Company in the period 1902-1908. Until 1947, the property was comprised of 10,276 hectares in 40 Crown Granted Lots. In that year, the holdings were reduced to 2,979 hectares in 15 Crown Granted Lots. In 1967 and 1968, Canadian Pacific Oil and Gas reacquired part of the coal lands which had been abandoned in 1947. An additional nine Coal Licenses located at the south end of the property were acquired in 2001. At the present time, the Fording River Property consists of 22, 635 hectares, held on seven Coal Leases, 9 Coal Licenses, and 15 Crown Granted Lots.

Mining operations, which commenced in 1971, have produced more than 215 million tonnes of clean metallurgical and thermal coal for markets in North and South America, Africa, Europe, and Asia.

Reference:

i) Illustration No. 1A: Index Map – Coal Properties

2. ***Geology***

i) Stratigraphy

The general stratigraphic succession on the Fording River Property is summarized in the following table:

Table 1 - Fording River Stratigraphy

Period	Litho-Stratigraphic Units			Principal Rock Types
Recent				Colluvium
Quaternary				Clay, silt, sand, gravel, cobbles
Lower Cretaceous	Blairmore Group			Massive bedded sandstones and conglomerates
Lower Cretaceous to Upper Jurassic	KOOTENAY GROUP		Elk Formation	Sandstone, siltstone, shale, mudstones, chert pebble conglomerate, minor coal
			Mist Mountain Formation	Sandstone, siltstone, shale, mudstones, thick coal seams
		MORRISSEY FORMATION	Moose Mountain Member	Medium to coarse-grained quartz-chert sandstone
			Weary Ridge Member	Fine to coarse-grained, slight ferruginous quartz-chert sandstone
Jurassic	Fernie Formation			Shale, siltstone, fine-grained sandstone
Triassic	Spray River Formation			Sandy shale, shale quartzite
	Rocky Mountain Formation			Quartzite
Mississippian	Rundle Group			Limestone

The oldest rocks present on the Fording River property are the Rundle Group limestone, located on the west bank of the Fording River, near the southern property boundary. They are in faulted contact with the Kootenay Group to the west, and unconformable contact with Rocky Mountain Formation quartzites to the north. The latter are best exposed on the eastern slope of the Brownie Creek valley.

The Fernie Formation shales occur throughout the area, generally along the sides of the valleys on the lower flanks of the mountains. The shales are recessive and, generally poorly exposed. However there are some good exposures of Fernie Formation strata on the lower western slopes of Eagle Mountain in some creek drainages. The Fernie Formation is in conformable contact with the Morrissey through the "Passage Beds," which are a transitional zone from marine to non-marine sedimentation.

The Morrissey Formation, which is the "basal sandstone" of the Kootenay Group, is a prominent cliff-forming marker horizon in many locations. On the Fording River property, the top of the Moose Mountain member (Morrissey Formation) is in sharp contact with 010 seam, the lowermost bed of the Mist Mountain Formation.

The Mist Mountain Formation contains all of the economic coal seams, and is the most widely occurring formation on the Fording River property. This economically important formation is an interbedded sequence of sandstones, siltstones, silty shales, mudstones, and medium to high volatile bituminous coal seams. The volatile content of the coal increases up section, with decreasing rank. Lenticular sandstones comprise about 1/3 of the Mist Mountain sediments at Fording River, but very few laterally extensive sandstone beds exist.

The sandstone above and below seam 040 and above 090, are the most persistent units, and are often cliff-forming marker horizons.

The Mist Mountain Formation is generally overlain conformably by strata of the Elk Formation. On the Fording property, this formation is commonly a succession of sandstones, siltstones, shales, mudstones, chert pebble conglomerates, and sporadic, thin, high volatile bituminous coal seams. The coal seams are characterized by high alginate content and referred to as "Needle" coal. The Elk Formation is observed near the tops of the mountains, mainly on the east side of the Elk Valley on the Greenhills Range, and northward to the Mount Tuxford areas.

The top of the Elk Formation marks the upper boundary of the Kootenay Group, which is uncomformably overlain by the basal member of the Blairmore Group. This thick bedded,

cliff-forming sandstone and conglomerate unit is observed on the upper slopes of Mount Tuxford.

ii) Structure

Subsequent to deposition, the sediments were involved in the mountain building movements of the late Cretaceous to early Tertiary Laramide orogeny. The major structural features of the Fording River property are the north-south trending synclines with near horizontal to steep westerly dipping thrust faults, and a few high angle normal faults. Some of the thrust faults were probably folded late in the tectonic cycle.

The formation of the major fold structures began early in the tectonic cycle. In the current mining area, two asymmetric synclines are evident: the Greenhills Syncline to the west, and the Alexander Creek Syncline to the east of the Fording River.

The thrust faulting (ie: the Ewin Pass and Brownie Ridge Thrusts), was probably contemporaneous with the later stages of folding. The intervening anticline was subsequently faulted (Erickson Fault), then eroded.

The Alexander Creek Syncline can be traced from the southern property boundary on Castle Mountain to the northern end of the property on Weary Ridge. The strata of the west limb, on the west face of Eagle Mountain, dip easterly at 20 to 25^0, decreasing gradually to zero as the axis is approached. The east limb, however, attains a 20^0 westerly dip within a much shorter (500m) distance of the axis. This asymmetry is possibly due, at least in part, to the influence of the Ewin Pass Thrust which subcrops 600 to 800 meters east of the synclinal axis.

Further to the east, on Brownie Ridge, the strata dip westerly at a mean dip of 42^0. The Brownie Ridge Thrust, which subcrops near the crest of the ridge, probably contributes to this steepening.

Within the mining area, the axis of the Alexander Creek Syncline plunges to the north at an average of 4^0. Turnbull Mountain exhibits a localized series of en echelon fold structure, plunging both to the north and to the south. These subsidiary folds may be related to

thrust faulting. From the south end of Mount Tuxford, the synclinal axis continues north-northwest along the base of Mount Veits and into the Elk River Valley near Aldridge Creek.

On Mount Tuxford, the beds exposed are those of the Elk Formation and the overlying (non-coal bearing) Cadomin Formation. The area has not been extensively explored. The stratigraphic sequence of the east limb, in the more extensively explored Mist Mountain strata near Aldridge Creek (Elco property), closely resembles the east limb strata found on Henretta Ridge, ten kilometers to the south.

On the northwest corner of Eagle Mountain, the lower Kootenay-upper Fernie section is the locus for a zone of near horizontal thrust faulting. The effect is to cause a double repetition of the lower coal seams and basal sandstone on the west synclinal limb. This fault zone is synclinal in form and continuous with the Ewin Pass Thrust zone found in the east limb.

The Greenhills Syncline in the mining area is essentially a "mirror-image" of the Alexander Creek structure. The east limb of the asymmetric syncline dips westerly at 15 to 25^0, except in areas near the Erickson Fault, where 45 to 55^0 dips are common. The west limb exhibits much steeper dips, commonly in the 35 to 45^0 range. The Greenhills Syncline plunges northward (340 to 350^0), at less than 5^0, and then appears to die out to the north in the area of the Osborne Creek Depression.

The Erickson Fault, which locally runs along the base of the Greenhills Range, west of the Fording River, is one of the major regional faults. From south to north, this westerly dipping (40 to 70^0) normal fault, brings Mist Mountain strata progressively into contact with Rundle, Rock Mountain, Spray River, Fernie, and Morrissey strata. The downthrown block is to the west.

Near the south end of Lake Mountain, the Erickson Faults begins to "splay" into two zones. The main fault runs along the eastern margin of Lake Mountain, and the subsidiary fault runs to the west and appears to "die out" northward. The steep northward dip exhibited in the Lake Mountain strata could be due to influence from these flanking "splays" of the fault. The flat lying region to the north of Lake Mountain (Osborne Creek Depression area)

is completely void of outcrop, and the Erickson Fault has not been traced either through or to the north of this area.

Reference:

i) Illustration No. 1B: General Geology Map

3. Summary of Work Done in 2011

A total of 80 reverse circulation drill holes were completed in the Swift area for a total of 34,454.8 meters; 59 holes within the C3 boundary and 21 Reserves times two (RX2) holes outside the C3. Rotary drilling was completed by NorthWest Sequoia (Crossfield, AB) and JR Drilling Ltd. (Cranbrook, BC) with DR-24HD rigs. All holes were geophysically logged through the drill pipe using the gamma-neutron method. Holes that remained open after the removal of the pipe were logged for down hole deviation, and gamma-density. The Geophysical logs were acquired by Century Wireline (Penhold, AB). Management of the Swift project was handled by Fording River Operations' Geology department. Due to lack of resources, management of the RX2 project was contracted out to Moose Mountain Technical Services Ltd (Fernie, BC).

Coal seams intersected by rotary drilling were sampled in 0.5m intervals. Representative composite samples for each coal seam intersected were prepared at Fording River Operation's process plant laboratory. Each seam composite was tested for raw coal proximate analysis. Samples from selected seam composites were sent to GWIL Laboratories (Calgary, Alb) for single gravity wash and clean proximate analysis: SG, Ash, VM, RM, Sulphur, FSI and P_2O_5. A split of each composite sample was sent to David E. Pearson and Associates (Victoria, B.C.) for petrographic analysis.

In the Swift area, access roads and drillsite locations were laid out by Fording River surveyors and environmental crews. Road and drillsite construction was completed by Nohels Contracting Ltd (Sparwood BC).

In the RX2 phase, Silenus Environmental (subcontracted by Moose Mountain) laid out the access roads and drillsite locations. Pre-logging was carried out by Trucut Logging

(Sparwood BC). Road and drillsite construction was done by Nohels Contracting Ltd. Fording surveyors provided the required survey control and drillhole pickups for all Swift sites.

The twenty-one RX2 drillholes were located outside Fording River Operations permitted C3 boundary. Results from these holes will be discussed in further detail in section II of this exploration report.

The following table shows the drillhole locations with respect to Coal Lease and License boundaries:

Table 2 – RX2 Drillhole Locations

Coal Lease / License	Drillholes
Coal Lease #389282	RH # 3149, 3151, 3178, 3179, 3181
Coal Lease #389285	RH # 3184
Coal Lease # 389311	RH # 3175
District Lot # 3423	RH # 3142, 3143, 3145, 3150
District Lot # 3424	RH # 3147, 3148, 3152, 3154, 3156, 3157, 3158, 3159, 3165, 3193

Reference:

i. Illustration No. 1a. Index Map - Coal Properties
ii. Illustration No. 2A: 2010 Completed Exploration – Swift Area

II. Individual Area Programs

1. ***Reserves Times Two (RX2) project***

i) *Objective*

The objective of the 2011 RX2 and Swift RC drilling, in continuation of the 2010 program, was to significantly increase Fording River Operations' reserves both inside and outside the permitted C3 boundary. Drilling was completed outside the C3 boundary to improve resource confidence and increase reserves. In order to increase the mine's reserves, seam locations, thickness, and quality data needed to be verified with tighter drill spacing's. The Swift Pit was actively mined until the early 1990s, at which point it was decommissioned in favor of mining at Eagle Mountain. Fording River Operations plans to recommence mining in Swift pit in late 2013.

ii) *Summary of Work Done*

In 2011, twenty-one reverse circulation rotary drillholes were completed as a part of the RX2 program, for a total of 12,712.6 meters. All holes were located outside the C3 boundary, nineteen to the west of the pre-existing Swift pit, one to the north west and one to the north east.

All drillholes were geophysically logged through the drill pipe using a gamma-neutron method. After the drill pipe was removed the holes that remained open were logged for gamma-density data and down hole deviation. Geophysical Logs for the twenty-one holes outside of the C3 boundary will be included (Appendix 1 ii). Geophysical logs of drill holes inside the C3 boundary are available upon request.

iii) Results

The 2011 RX2 drilling program goal was to increase reserves at Fording River Operations. The RX2 program concentrated west of the Swift pit, defined by UTM coordinates 11N 647500 5590000 – 651000 5565000. Targeting 090 seam, the majority of holes intersected the entire stratigraphic section, from the Elk formation (190 seam) to the Mist Mountain Formation (040 seam). The Mist Mountain Formation in the Swift area contains four dominant coal seams (040, 050, 070, and 090 packages) which are consistently greater than five meters in thickness, and often significantly thicker. The remaining seams packages were intersected but are often thin (less than three meters) and can lack continuity.

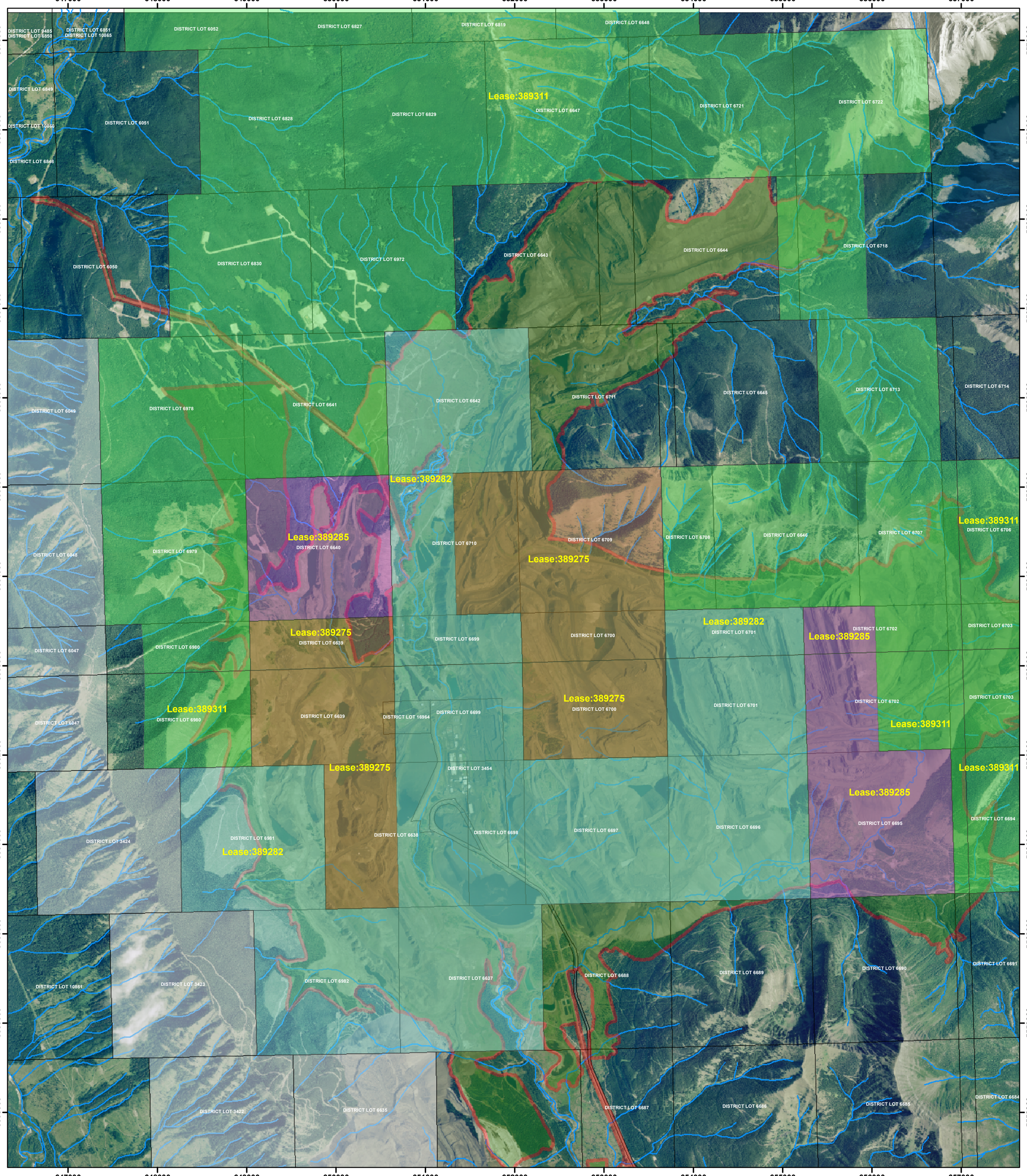
Swift is structurally dominated by the Greenhills syncline; primarily the east limb, with a number of the westernmost holes intersecting the relatively flat lying western limb of the syncline. Results from the 2011 drilling program have been incorporated into the Swift 3D Block Model.

The clean coal assay results from the composite samples will be added to the seam's qualities in the data base. Seam qualities increase the knowledge of the coal's marketability and assist the long term mine plan for the region.

iv) Conclusions

The 2010 and 2011 RX2 drilling programs have increased drill hole density outside the pre- existing Swift pits. The RX2 exploration program has allowed for greater confidence in the geological model by confirming the existence and continuity of all the coal seams in the package, while maintaining a strong coal quality.

Future drilling is recommended to move Swift's coal resources from speculative and inferred into the indicated and measured categories. The goal of the future drill programs will achieve 200m drill spacing west of the pre-existing pits. Large Diameter Reverse Flood (LDRF) sites are also recommended in the Swift area to confirm the coking qualities of the seams.



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Fording River Operations

Projection: UTM NAD 83 Zone 11
Date: Feb 3, 2010
Path: S:\Environmental\TeamFiles\GIS\NoticeofWork2010.mxd

0 700 1,400 2,800 4,200 5,600
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Legend

Coal Lease

- 389275
- 389282
- 389285
- 389311

GEOLOGY MAP — TECK COAL PROPERTY LINE

TECK COAL PROPERTY LINE

MOUNT MACLAREN
MOUNT CORNWELL
MOUNT BOLTON
COURCELETTE PEAK
MOUNT SHANKLAND
MOUNT VELTS
MOUNT TUXFORD
MOUNT BURKETT
HENRIETTA RIDGE
MOUNT TURNBULL
CASTLE MOUNTAIN
MOUNT ERICSON
GREENHILLS RIDGE

OSBORNE CREEK DEPRESSION
ALEXANDER CREEK SYNCLINE
BROWNE RIDGE THRUST FAULT
CASTLE MTN. THRUST FAULT
ALEXANDER CREEK SYNCLINE
ERICSON FAULT
GREENHILLS SYNCLINE
BORGEAUX (ELK RIVER) THRUST FAULT

Fording River
ELK RIVER
CANADIAN PACIFIC
TRANSMISSION LINE
SPOIL PILES
OUT LINE

50°20'
50°10'
114°48'
114°54'

30 850 E
30 000 E
27 500 E
25 000 E
22 500 E
20 000 E
17 200 E
167 500 N
165 000 N
162 500 N
160 000 N
157 500 N
155 000 N
152 500 N
150 000 N
147 500 N
145 000 N
142 500 N

LEGEND

BLAIRMORE GROUP	— B
KOOTENAY GROUP	— K
FERNIE FORMATION	— F
SPRAY RIVER FORMATION	— S
RUNDLE GROUP	— R

SYMBOLS

GEOLOGICAL CONTACT; DEF, APP
SYNCLINE; DEFINED, APPROX.
ANTICLINE; DEFINED, APPROX.
NORMAL FAULT; DEFINED, APPR.
THRUST FAULT, DEFINED, APPR.

Job No. 06333-7 Date Flown: August 1977
McELHANNEY SURVEYING & ENGINEERING LTD.
1:25 000

Function:
Activity:
Section:
Job:

Revisions				
1	GJD	JULY 28	PROPERTY BOUNDARY	
	KK	NOV 92	PROPERTY BOUNDARY	
No.	Made by	Date	Description	

Drawn by
Checked by
Design. Eng.
Proj. Eng. — Approved

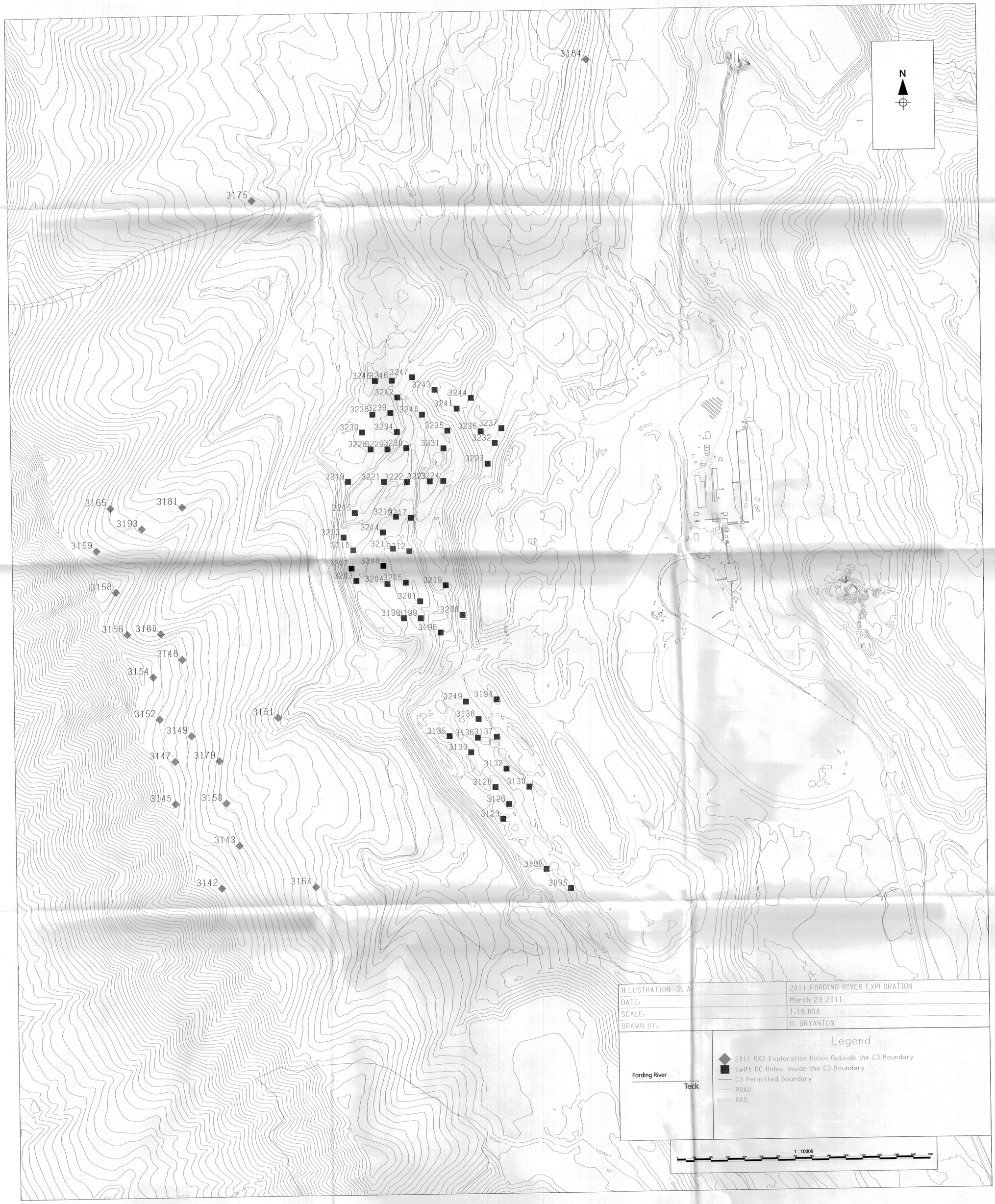
AS BUILT

ILLUSTRATION 18

ENGINEERING

Metric Scale 1:25000 — 200 0 400 800 1200

Co-ordinates and Elevations on this Map are in Metres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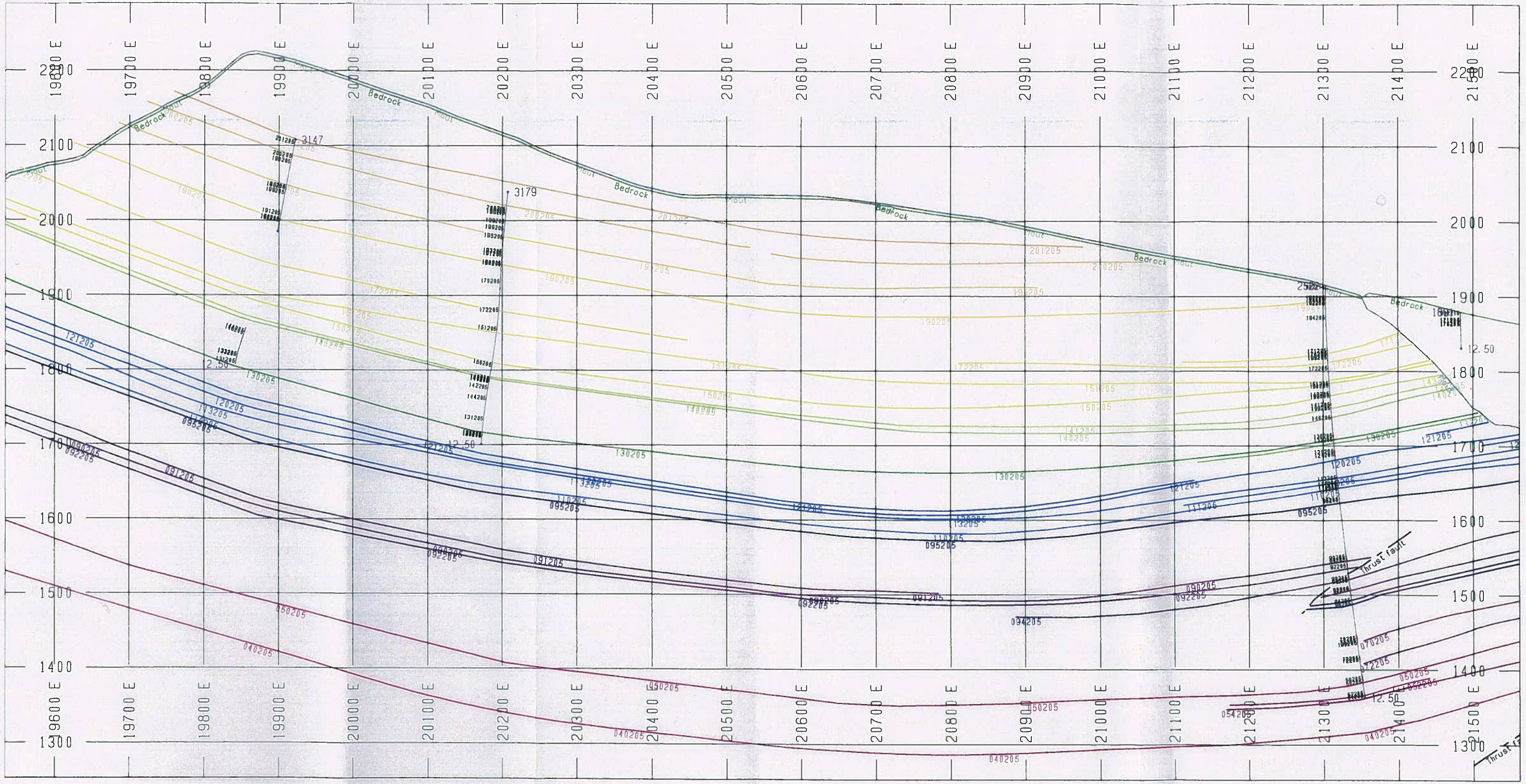
Fording River
Teck
ILLUSTRATION 2. A1
2011 FORDING RIVER EXPLORATION
DATE:
March 23 2011
SCALE:
1:10,000
DRAWN BY:
D. BRYANTON
Legend
2011 RX2 Exploration Holes Outside the C3 Boundary
Swift RC Holes Inside the C3 Boundary
C3 Permitted Boundary
ROAD
RAIL
1:10000



PROJECT:	SWIFT CROSS SECTION
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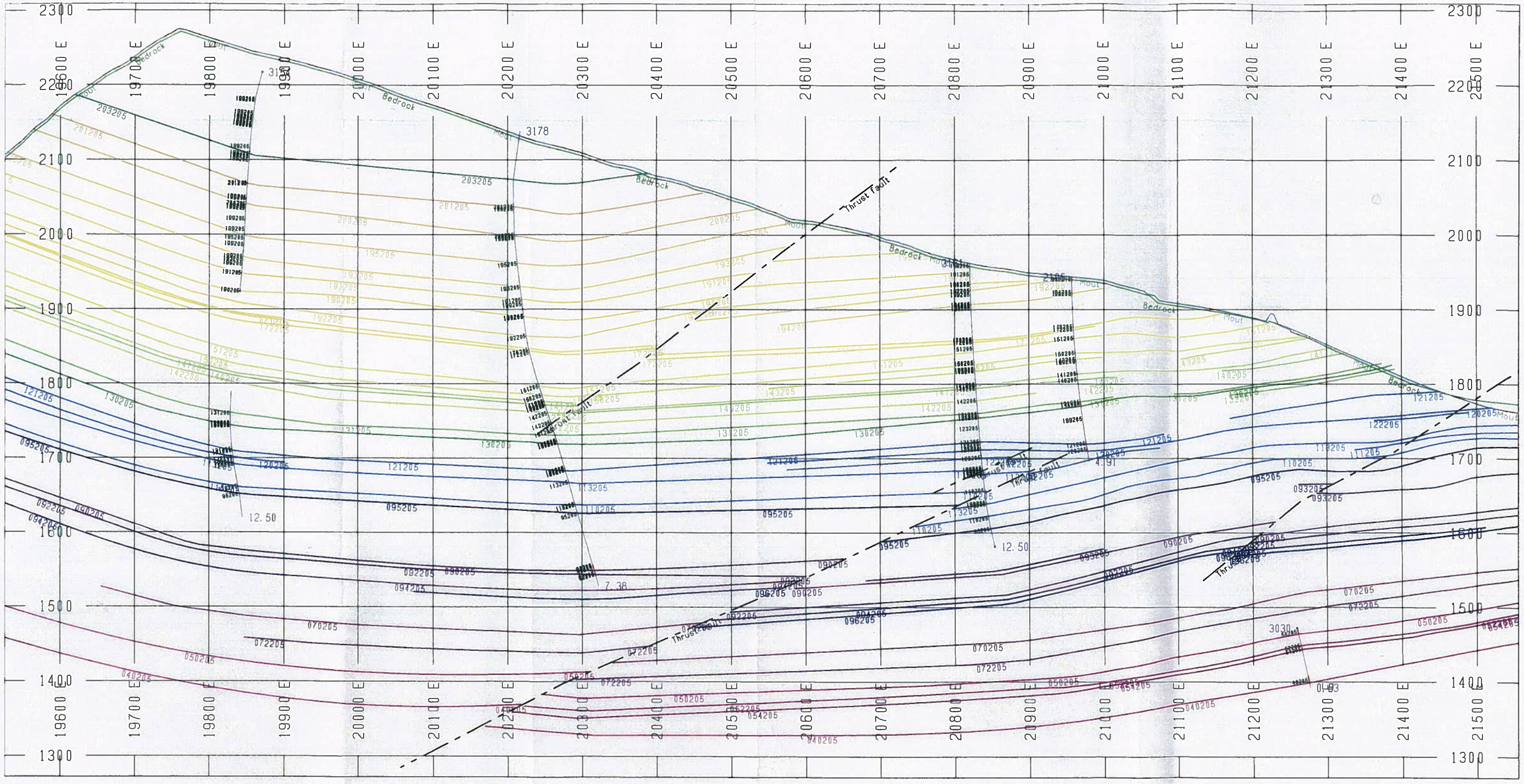
PLOTTED BY:	D. BRYANTON
SECTION:	147662.5 North



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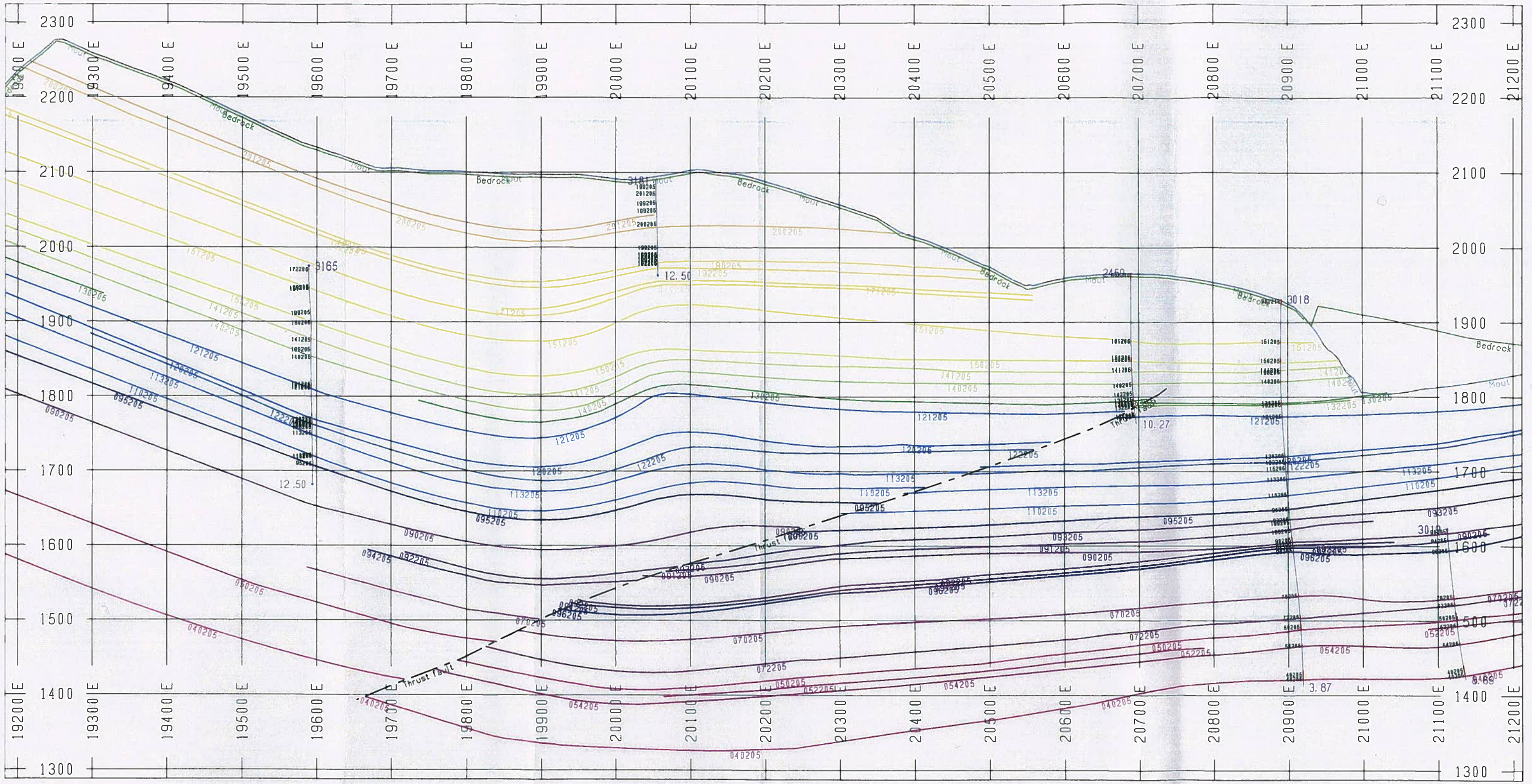

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SCALE:	X = 1mm : 5000mm
PLOTTED BY:	D. BRYANTON
SECTION:	149187.5 North

1. i) RX2 Hole Collor Survey

Drillhole Name	Mine Grid Coordinates		UTM (NAD 83) Coordinates		Elevation (m)	Elevation (ft)	Azimuth	Dip	TD of Hole	Drilling Company	Hole Depth (m)
	Easting	Northing	Easting	Northing							
3142	20220.41	146937.50	648512.913	5559498.054	2212.36	7258.40	230	-80	520	NWSD	673
3143	20328.75	147187.50	648613.455	5559751.166	2124.28	6969.42	230	-80	580	JR	540
3145	19953.25	147437.50	648230.592	5559989.375	2219.25	7281.00	230	-80	540	NWSD	591
3147	19953.75	147687.50	648223.391	5560239.165	2200.33	7218.93	230	-70	550	NWSD	739
3148	20003.75	148287.50	648254.865	5560840.165	2204.11	7231.33	230	-70	600	NWSD	684
3149	20053.75	147837.50	648318.681	5560392.110	2171.57	7124.57	230	-80	580	NWSD	650
3150	20255.00	147437.50	648532.071	5559998.669	2099.57	6888.35	230	-80	550	NWSD	565
3151	20567.50	147937.50	648828.888	5560507.844	1959.67	6429.36	0	-90	530	JR	609.6
3152	19866.25	147937.50	648128.270	5560486.245	2219.61	7282.19	230	-80	580	NWSD	683
3154	19830.00	148187.50	648084.352	5560734.903	2253.67	7393.93	230	-70	600	NWSD	703
3156	19680.00	148437.50	647926.787	5560980.058	2196.51	7206.40	230	-70	500	NWSD	703
3158	19616.25	148687.50	647855.394	5561227.869	2270.64	7449.61	230	-70	570	NWSD	646
3159	19505.00	148937.50	647736.544	5561474.217	2197.56	7209.84	230	-80	550	NWSD	601
3164	20778.75	146937.50	649070.750	5559515.252	2010.93	6597.54	230	-70	580	NWSD	587
3165	19591.25	149187.50	647815.015	5561726.649	2135.62	7006.63	230	-80	430	JR	488
3175	20453.75	150987.50	648621.296	5563551.594	1930.38	6333.27	0	-90	600	JR	698
3179	20216.25	147687.50	648485.655	5560247.250	2114.34	6936.81	230	-80	560	NWSD	615
3180	19878.75	148437.50	648125.358	5560986.179	2161.11	7090.26	0	-90	530	NWSD	652
3181	20016.25	149187.50	648239.633	5561739.739	2090.19	6857.58	0	-90	540	JR	548
3184	22446.6	151787.5	650587.710	5564412.257	1733.61	5687.70	0	-90	225	JR	280
3193	19775.2	149062.5	648002.650	5561607.427	2118.15	6949.29	0	-90	465	JR	457