

Operation and Site Performance 2006

POGO MINE



Pogo Mine



Oversized ore being loaded at the Pogo mine



Doug Ruman, mill operator

Operational Overview

The Pogo mine, located in eastern Alaska, is expected to produce an average of 400,000 ounces of gold per annum over a 10-year mine life. Teck Cominco is the operator and holds a 40% interest. Subsidiaries of Sumitomo Metal Mining (51%) and Sumitomo Corp. (9%) hold the remaining 60% interest. The underground mine and surface mill began production in the first quarter of 2006. The mine continues to ramp up to commercial production, expected in the second quarter of 2007. At year-end 2006, 238 people were employed at Pogo.

Environmental Highlights

Pogo completed its first year of production utilizing 100% recycled process water. During the year, there were no water quality exceedances from the industrial water treatment plant used to treat underground mine drainage and excess site precipitation prior to discharge. A storm event occurred in the second quarter which resulted in the effluent turbidity exceeding permit limits for one day; however, this was a natural variation due to storm flooding. In the third quarter, operational challenges resulted in the dilution ratio being exceeded for several days. Additional process automation and operator

training was provided to improve process control. In the fourth quarter, the sewage treatment plant effluent exceeded permit limits for only one of several monitored biological parameters, fecal coliform, during two consecutive weekly samples. Review of plant operation failed to identify any operating deficiencies, and the effluent results returned to normal in subsequent weeks. In addition, there were several occasions when the tap water in the administration/camp complex exceeded regulatory guidance levels. The Alaska Department of Environmental Conservation has now approved Pogo's recommendation to add disodium orthophosphate to the drinking water to reduce corrosion in the drinking water plumbing system.

Community Sustainability

Teck Pogo Inc. continued to perform under a Payment in Lieu of Taxes Agreement with the community of Delta Junction. In accordance with this agreement, the operation will make payments of US\$1.25 million to the City of Delta Junction over a period of three years to support community services. If the area residents choose to form a larger borough government, payments will increase to a minimum of US\$2 million per year.



Geologist Kris Alvarez holding ore underground



Jumbo driller Neal Keithley Finn-holing at the face

In May 2006, Pogo staff met with interested parties, including members of the Pogo Stakeholders Group, to review mine operations and 2005 environmental compliance performance. The Pogo Stakeholders Group consists of local citizens who are briefed on the operations and environmental issues at the site.

Pogo continued to work with the Delta Mine Training Center to train local applicants for entry-level miner positions at Pogo. In order to improve the quality of applicants interested in these positions, Pogo offered to place the candidates on the payroll during the training program, with jobs at Pogo guaranteed upon successful completion of the training.

Safety and Health

Pogo mine and its contractors place a high priority on safe work practices, and 2006 performance is provided in the Performance Trends table.

Benefits Provided to Pogo Full-time, Part-time and Temporary Employees			
	FT	PT	TMP
Health Insurance	no	no	no
Extended Health/Medical (U.S.)	yes	no	no
Dental	yes	no	no
Health Spending Account	yes	no	no
Group Travel	no	no	no
Life	yes	no	no
Dependent Life	yes	no	no
Employee Optional Life	yes	no	no
Spousal Optional Life	yes	no	no
AD&D	yes	no	no
Employee Optional AD&D	yes	no	no
Spousal Optional AD&D	no	no	no
Short-Term Disability	yes	no	no
Long-Term Disability	yes	no	no
Maternity Leave	yes	no	no
Parental Leave	yes	no	no
Retirement Plan (pension, RRSP, 401K)	yes	no	no

FT = Full-time PT = Part-time TMP = Temporary

Spotlight

Pogo Mine is located in a remote part of Alaska. As a result, there have been many encounters with black bears and grizzly bears. Pogo's waste management practices and aggressive hazing efforts were successful in deterring the bears before they became accustomed to humans, and no bears were harmed.

Performance Trends—Pogo Mine			
	2006	2005	2004
Health & Safety Statistics			
Fatalities	0	0	0
Lost-time injuries	3	4	5
LTI frequency	0.71	0.64	1.32
Severity	33.92	28.2	1.84
Permit Compliance			
Number of excursions	25	2	n/a
Reportable Spills			
Number	76	66	n/a
Energy Use (Direct and Indirect)			
Total energy use (GJ)	514,084	312,622	n/a
Energy intensity in product (GJ/oz)	4.5	No production	n/a
GHG Emissions (Direct)			
CO ₂ equivalents (kt)	24	20	n/a
Carbon intensity (as CO ₂ e) in product (t/oz)	3.06	n/a	n/a
Production (oz)			
Gold	113,364	0	n/a
Recycling			
Total solid materials (tonnes)	13	0	0
Total liquid materials (m ³)	129	0	0
Total items counted (count)	195	0	0
Managed Wastes			
Total waste rock (000 tonnes)	187	n/a	n/a
Total tailings, dry weight (000 m ³)	159	n/a	n/a
Water Conservation			
Total groundwater withdrawal (m ³ /yr)	27,968	n/a	n/a
Total surface water withdrawal (m ³ /yr)	165,510	n/a	n/a
Water sources affected by withdrawal (name)	None	n/a	n/a
Total volume of water recycled/reused (m ³ /yr)	n/a	n/a	n/a
Total percentage water recycled/reused %	95	n/a	n/a
Reclamation			
Reclaimed land (ha)	0	0	n/a
Land to be reclaimed (ha)	180	180	n/a
Trees/shrubs planted (count)	0	0	n/a

n/a = Not available