BRITISH
COLUMBIA

August 11, 2014

Mr. Dale Reimer   Mine: 1101163
Mine Manager   ORCS: 19020-40
Mount Polley Mining Corporation
Box 12 Likely, BC V0L 1N0

By mail and email: dreimer@mountpolley.com; bkynoch@imperialmetals.com;
afrye@mountpolley.com; lmoger@mountpolley.com; jlove@imperialmetals.com;
dparsons@imperialmetals.com

Dear Mr. Reimer:

Re: Chief Inspector Orders in follow-up to site inspections of August 4-8, 2014

In follow-up to directions you may have received verbally and by email from mines inspectors
attending the Mount Polley Mine site between the dates of August 4 to 8, 2014, I wish to follow-up
with written orders and additional actions that are required to be undertaken by Mount Polley
Mining Corporation.

In response to the dam failure of August 4, 2014, you are reminded of your responsibility to
conduct a comprehensive investigation of the root cause(s) of the event.

(a) Pursuant to Part 1.7.1(4) of the Health, Safety and Reclamation Code for Mines in British
Columbia (Code), the Mine Manager shall ensure that the investigation is carried out by
persons knowledgeable in the type of work involved as well as the co-chairpersons of
the OHSC or their designates.

(b) Pursuant to Part 1.7.2 of the Code, on completion of the investigation the Mine Manager
shall prepare, for the Chief Inspector, a report that:

a.   to the extent practicable identifies the causes of the accident,
b.   identifies any unsafe conditions, acts, or procedures which contributed in any
manner to the accident,
c.   makes recommendations which may prevent similar accidents, and
d.   is forwarded to the OHSC.

(c) It is requested that the investigation report be submitted to the Chief Inspector no later
than January 15, 2015.

Mount Polley Mining Corporation is also reminded that the Chief Inspector will be conducting a
separate investigation of this incident. Pursuant to Section 15(7) of the *Mines Act*, and the Mine
Regulation, you will be required to provide full access to all areas of the mine site and all relevant
information.

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<u>Order 1</u>

Pursuant to Section 15(4)(d) of the *Mines Act* the Mine Manager shall undertake to remediate the dam failure in a manner that ensures future stability of the tailings storage facility and prevents further release of tailings.

<u>Order 2</u>

The current condition of the tailings impoundment since the dam breach of August 4, 2014, represents a significant departure from the approved work system and reclamation plans for the Mount Polley Mine. Thus, pursuant to Section 10.1.11 of the Health, Safety and Reclamation Code, the Mine Manager shall submit a *Mines Act* Permit Amendment Application for the remediation of the dam failure. The application, including detailed designs, must be submitted by May 31, 2015 to the Chief Inspector for review and approval.

It is requested that a status update on the remedial plan and a schedule for implementation of the remedial works be provided to the Chief Inspector by January 15, 2015.

Sincerely,

Al Hoffman, P.Eng.
Chief Inspector of Mines

Cc: Mr. David Morel, Assistant Deputy Minister, MEM
        Ms. Diane Howe, Deputy Chief Inspector of Mines, Permitting and Reclamation, MEM
        Mr. Rolly Thorpe, Deputy Chief Inspector of Mines, Health and Safety, MEM
        Ms. Heather Narynski, Senior Geotechnical Inspector, MEM
        Mr. Stephen Rothman, Senior Inspector of Mines, Kamloops, MEM
        Ms. Tania Demchuk, Senior Environmental Geoscientist, MEM
        Mr. George Warnock, Manager, Geotechnical Engineering, MEM
        Mr. Art Frye, Chief Operating Manager, Imperial Metals Corporation
        Mr. Jack Love, Environmental Superintendent, Imperial Metals Corporation
        Mr. Don Parsons, Chief Operating Officer, Imperial Metals Corporation
        Mr. Hubert Bunce, Environmental Protection, Mining Operations Director, MOE
        Ms. Gabi Matscha, Environmental Quality Section Head, MOE
        Ms. Jennifer McGuire, Executive Director, Environmental Protection Division, MOE