

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-200**

Mine No. 1101163

Issued to: **Mount Polley Mining Corporation**
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

Issue Date

Permit

August 3, 1995

Approving Work System

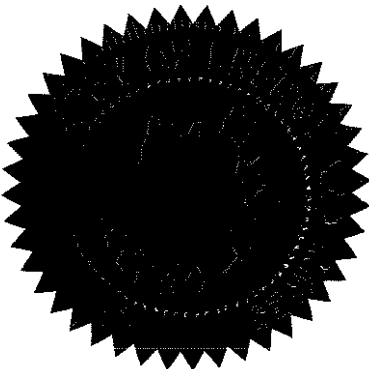
July 11, 1997


Amended Reclamation Permit, Approval to
Construct Open Pits and Waste Dumps and
Traffic Control Plan

Amendments

As listed on pages 2 and 3.

Amended at Victoria, British Columbia this 9th day of July in the year 2015.



for 

Al Hoffman, P.Eng.
Chief Inspector of Mines

Amendments

June 13, 1996	Name Change
September 23, 1996	Approval to Construct Tailings Storage Facility to Elevation 934m
July 11, 1997	Amended Reclamation Permit, Approval to Construct Open Pits and Waste Dumps, and Traffic Control Plan
April 7, 1998	Approval to Construct Tailings Storage Facility to Elevation 940 metres
June 13, 2000	Approval to Construct Tailings Storage Facility to Elevation 944 metres
August 2, 2000	Approving Tailings Storage Facility and Amended Metal Leaching and Acid Rock Drainage Conditions
May 30, 2001	Approval to Construct Tailings Storage Facility to Elevation 945 metres
February 16, 2004	Approving Milling of Ore and Tailings Deposition from the International Wayside Bulk Sample
November 1, 2004	Approving Mining and Reclamation Program for the Northeast Zone and Approving Mine Restart
May 25, 2005	Approving Tailings Storage Facility Stage 4 Construction
August 2, 2005	Approving Haulage Road Construction from Northeast Zone to TSF
November 24, 2005	Approving Mining of Southeast Zone
August 2, 2006	Approving Change of Name and Deletion of Requirement to Monitor Blasting
August 2, 2006	Approving Tailings Storage Facility Stage 5 Construction
March 29, 2007	Approving Northeast Zone Dump Extension
March 29, 2007	Approving Copper Oxide Test Heap Leach Facility
August 31, 2007	Approving Boundary Road
December 5, 2007	Approving Wight Pit High Wall Rehabilitation
February 19, 2008	Permit Approving Tailings Storage Facility Stage 6 Construction
March 6, 2008	Approving Transfer of Road Use, Maintenance and Reclamation Obligations
July 8, 2009	Permit Approving the Pond Zone
August 15, 2011	Approving Mining of the C2 and Boundary zone pits
June 29, 2012	Approving Tailings Storage Facility Stage 8 Construction
October 15, 2012	Approving Tailings Storage Facility Stage 8A Construction
March 25, 2013	Approving Boundary Zone Underground
April 22, 2013	Approving Processing of 15000 Tonnes of Ore from Dome Mountain
July 25, 2013	Approving Northwest PAG Dump Expansion and South Haul Road

August 9, 2013	Approving Tailings Storage Facility Stage 9 Construction
March 17, 2014	Approving Cariboo Phase 4 Expansion
March 27, 2014	Approving Change to Reclamation Security Schedule
June 24, 2014	Approving Waste Rock and Tailings Comingling Research Project
December 17, 2014	Approving TSF Breach Repair and Perimeter Embankment Buttress Design for 2015 Freshet
July 9, 2015	Approving Return to Restricted Restart of Operations

PERMIT AMENDMENT

APPROVING RETURN TO RESTRICTED RESTART OF OPERATIONS

Permit: **M-200**

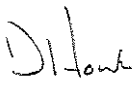
Mine No: **1101163**

Issued to: **Mount Polley Mining Corporation
P.O. Box 12
Likely, British Columbia
VOL 1N0**

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 9th day of July in the year 2015.

for 

Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

A report titled "Permit Amendment Application, Mount Polley Mine Return to Restricted Operations Revision 1" (Application), prepared by Mount Polley Mining Corporation, dated March 20, 2015 was submitted to the Chief Inspector of Mines (Chief Inspector) on March 20, 2015. The Ministry of Energy and Mines is amending the conditions of Permit M-200 in accordance with Section 10(7) of the *Mines Act*.

Information supporting the above referenced Application and required by the Chief Inspector was also filed with the Chief Inspector and forms part of the application as follows:

- Letter "Review of "Acid-Base Accounting of Ore Materials", prepared by SRK Consulting Inc, dated June 18, 2015.
- Report "Acid-Base Accounting of Ore Materials", prepared by Mount Polley Mining Corporation, dated June 18, 2015.
- Report "Ore Stockpile Characterization Plan, Mount Polley Mine", prepared by SRK Consulting Inc., dated May 2015
- Report "Closure Management Manual", prepared by Mount Polley Mining Corporation, dated May 27, 2015
- Report "Ore Stockpile Geochemical Characterization Program Update", prepared by Mount Polley Mining Corporation, dated May 23, 2015
- Procedure "Working Safely Around Water", prepared by Mount Polley Mining Corporation, dated May 21, 2015
- Report "Mine Plan Synopsis", prepared by Mount Polley Mining Corporation, dated May 21, 2015
- Technical Memorandum "Assessment of Groundwater Seepage Outflows from Springer Pit to Bootjack Lake at the Mount Polley Mine, BC", prepared by Golder Associates, dated May 8, 2015
- Report "Erosion and Sediment Control Management Plan", prepared by Mount Polley Mining Corporation, dated April 30, 2015

The Application and the supporting documents form the information provided for a restricted restart of mining and milling operations at the Mount Polley Mine following the tailings dam breach on August 4, 2014. A water treatment and discharge plan is required for this mine for the short- and long-term. A technical assessment report (TAR) that provides the basis for an acceptable short-term water treatment and discharge plan was provided on May 29, 2015. A long-term water treatment and discharge plan is currently under development and will be required for the mine. Remediation works related to the area impacted by the tailings dam breach are being carried out under the purview of the Ministry of Environment.

The Application was referred to the Cariboo Mine Development Review Committee (CMDRC) on March 30, 2015 in accordance with Part 10.3.1 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code). Two in-person meetings of the CMDRC were held to

review and discuss the application once it was received: an introduction to the application was provided in Williams Lake on March 31, and a meeting to review technical review responses on April 28. Additionally, there have been check-in calls with the committee on April 9 and June 5. During the review period there was a workshop to discuss options for the short-term water discharge permit application with a sub-group from the CMDRC on May 8 in Vancouver. A public comment period was held from March 31 to May 2, with community meetings in Likely, Williams Lake and Sugar Cane on April 1, 22, and 23 respectively.

This permit contains the requirements of the Ministry of Energy and Mines. It is also compatible, to the extent possible, with the requirements of other provincial ministries. Nothing in this permit limits the authority of other provincial ministries to set other conditions, or to act independently, under their respective permits and legislation.

Decisions made pursuant to this permit by staff of the Ministry of Energy and Mines will be made following consultation with the Williams Lake Indian Band, Xat'sull First Nation (Soda Creek Indian Band), other provincial ministries and federal departments and agencies, as appropriate, within reasonable timeframes.

Pursuant to Section 9 of the *Mines Act*, the CMDRC will serve as the ongoing advisory committee to the Chief Inspector. The Committee Chair is appointed by the Chief Inspector pursuant to Section 9 of the *Mines Act*. Terms of Reference and Operating Procedures for the CMDRC are established by the Committee Chair in consultation with the Committee members. The Committee will include representatives from the Ministry of Energy and Mines, Ministry of Environment, Ministry of Forests, Lands, and Natural Resources Operations, Williams Lake Indian Band, Xat'sull First Nation, local government (Cariboo Regional District and City of Williams Lake), the Community of Likely, and other government agencies. The Permittee and other agencies will be invited to participate as appropriate. The Committee Chair will be responsible for maintaining an up-to-date contact list for Committee members and providing this to the Permittee as required.

The mine is located in the asserted traditional territory of the Williams Lake Indian Band and Xat'sull First Nation. Representatives of the Williams Lake Indian Band and Xat'sull First Nation participated in the CMDRC meetings and discussions of the application.

CONDITIONS

The Chief Inspector hereby approves the application for a restricted restart of operations as submitted subject to compliance with the following conditions:

A. General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia (Code) and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from either the plan of the work system or the program for the protection and reclamation of the surface of the land and watercourses to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

3. Limitations of Approval

- (a) This permit authorizes a restart of mining and milling operations for up to one year from date of permit issuance, and processing of up to four million tonnes of ore.
- (b) This permit does not authorize use of the tailings storage facility (TSF).
- (c) The Springer Pit Lake shall be maintained below an elevation of 1030 m asl.
- (d) Mining and milling operations shall cease and the Chief Inspector of Mines and Ministry of Environment shall be immediately notified if the Springer Pit Lake elevation reaches 1030 m asl.

4. Permit

This permit is not transferrable or assignable.

5. Sharing of *Mines Act* permit condition deliverables

Unless otherwise requested, the Permittee shall provide the Williams Lake Indian Band, Xat'sull First Nation, Cariboo Regional District, and the Community of Likely with all deliverables that are required to be submitted to the Chief Inspector under conditions of this M-200 permit.

B. Health and Safety

1. Ventilation

- (a) The crusher shall not be operated until an adequate exposure control plan for respirable particulate matter and silica is implemented. The Permittee shall develop an exposure control to be submitted to the Chief Inspector for review by July 31, 2015. The exposure control plan shall ensure employees are not exposed to unacceptable levels of respirable-size dust or silica in the crusher building.
- (b) The Permittee shall ensure adequate exposure control plan(s) for welding activities are in place and submitted to the Chief Inspector of Mines for review. The exposure control plan shall ensure employees are not exposed to unacceptable levels of chemical or physical hazards from welding activities.
- (c) Adequate exposure control plans shall be developed by professional occupational hygienists such as a Certified Industrial Hygienists, or Registered Occupational Hygienists (CIH or ROH). To ensure employees are not overexposed to occupational health hazards exposure plans shall include, at a minimum:
 - An outline of the responsibilities of those involved
 - Risk identification;
 - Risk assessment;
 - Risk control:
 - The hierarchy of controls must be applied when determining control measures.
 - A description of the education and training required to implement the plan effectively;
 - A schedule for implementation;
 - Safe work procedures;
 - A program for maintenance and monitoring, including occupational hygiene monitoring and medical surveillance;
 - Documentation including monitoring data which must be kept for the life of the mine, training curricula, and training records; and,
 - Signed mine manager's commitment.
- (d) The Permittee shall ensure appropriately engineered ventilation controls are provided at hydraulic hose cutters to ensure employees are not exposed to unacceptable levels of chemical hazards.
- (e) The Permittee shall ensure an adequate respiratory protection program is implemented. Respiratory protection programs shall be developed by a

professional occupational hygienist such as a CIH or ROH that at minimum ensures:

- workers are provided with appropriate respiratory protection with an acceptable assigned protection factor, and have been instructed in its use and maintenance, the reasons for it, and equipment location and limitations; and,
- every employee required to wear respiratory protection is fit tested by a certified fit tester. Records of fit testing shall be maintained on site and available for review by an inspector on request.

C. Protection of Land and Watercourses

1. Metal Leaching (ML) and Acid Rock Drainage (ARD)

All materials with the potential to generate ML/ARD shall be placed in a manner that minimizes the production and release of metals and contaminants to levels that assure protection of environmental quality.

(a) General

- i. No changes shall be made to the criteria for ML/ARD definition, waste handling procedures, mitigation strategies, or materials monitoring program without the approval of the Chief Inspector.
- ii. No changes may be made to the sampling and analytical parameters outlined in the ML/ARD Material Monitoring, Characterization and Management Program, dated February 2005 and the Mount Polley ABA Sampling Procedure, revision date March 4, 2013 without the written permission of the Chief Inspector.

(b) Mined Materials Stockpiles

- i. The stockpile referred to as a high grade ore stockpile in the July 25, 2013 permit amendment shall now be referred to as the Cariboo Stockpile.
- ii. This permit approves the addition of up to 1,000,000 tonnes of low grade ore in the Cariboo Stockpile to a maximum authorized mass of 3,000,000 tonnes.
- iii. This permit approves the addition of up to 2,500,000 tonnes of PAG rock in the northwest PAG stockpile to a maximum authorized mass of 18,500,000 tonnes.

(c) Monitoring and Geochemical Characterization Program

- i. Geochemical characterization of all existing ore stockpiles shall be conducted in accordance with the "Ore Stockpile Characterization Plan" prepared by SRK Consulting Inc., dated May, 2015. Ongoing monitoring associated with this plan shall be incorporated into the MP/ARD Material Monitoring, Characterization and Management Program.
- ii. The ML/ARD Material Monitoring, Characterization and Management Program shall be reviewed and updated by a registered professional with experience in the design and implementation of such programs prior to restart of mining. The program shall be designed to ensure adequate characterization, tracking and reporting of all mined materials. The updated monitoring program shall be filed with the Chief Inspector of Mines.
- iii. Geochemical characterization and monitoring of all mined materials shall be in accordance with the updated ML/ARD Material Monitoring, Characterization and Management Program.

2. Mine Site Water Management

- (a) The Permittee shall submit an updated and finalized Operations, Maintenance and Surveillance Manual with mine site water management plans to the Chief Inspector within 30 days of permit issuance.
- (b) The Permittee shall provide a revised Water Management Plan for the mine site, developed by a qualified professional, including a review of the design criteria and operational requirements of the diversion and collection ditch, pipe and pumping system, and its ongoing maintenance requirements to ensure that there is sufficient capacity in the water management system to convey designed peak flows to specified locations without overflow or unauthorized discharge to the receiving environment. This plan shall provide recommendations for upgrading water management structures to improve passive capacity and physical integrity (i.e., erosion control) when the assessed configurations do not meet provincial conveyance standards and where additional sediment controls are required (i.e., water clarity is can be improved in transit), and submitted to the Chief Inspector by December 31, 2015.

3. Reporting

- (a) The Permittee shall provide a weekly report of Springer Pit Lake water level elevation to the Chief Inspector of Mines and Ministry of Environment until such time that a permitted water discharge is established.

- (b) The Permittee shall submit a report of the results of the ore stockpile characterization program referenced in condition C.1.(c)i by October 31, 2015. The report shall be prepared by a professional with experience in developing and implementing geochemical characterization programs for mined materials and shall include recommendations for management of the characterized materials.
- (c) Results of analytical data collected in accordance with ML/ARD Material Monitoring, Characterization and Management Program shall be reported in the annual reclamation report each year. The results shall be summarized and any significant changes or trends shall be discussed, and implications for materials handling shall be identified.

4. Erosion and Sediment Control

- (a) The Permittee shall ensure that the Erosion and Sediment Control Management Plan, dated April 30, 2015, is implemented. This plan shall be reviewed at least annually and updated to reflect results of effectiveness monitoring and learning with respect to contingency needs, changing site conditions, and site-specific freshet-related considerations. Annual updates shall be reported in the Annual Reclamation Report. Substantive changes shall be provided to the Chief Inspector prior to implementation.
- (b) The Permittee shall ensure that instances of sediment-laden water released from the authorized water management system shall be adequately characterized and reported to the Chief Inspector, Ministry of Environment, Williams Lake Indian Band and Soda Creek Indian Band.

D. Reclamation and Closure Program

1. Reclamation Security

- (b) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Six Million One Hundred Twenty Nine Thousand Six Hundred Twenty Dollars (\$6,129,620.00) bringing the total security for this permit to Twenty Five Million One Hundred Seventy Nine Thousand Six Hundred Twenty Dollars (\$25,179,620.00). The security will be held by the Minister of Finance for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector. The Permittee shall deposit the additional security on an installment schedule of \$510,800.00 on the 30th of every month for twelve months. The first installment shall be paid prior to commencement of tailings deposition into the Springer Pit:

	<u>Cumulative \$</u>
Balance (as of July 9, 2015)	\$19,050,011.00
30 th of every month	\$510,800.00
By June 30, 2016	<u>\$25,179,620.00</u>

- (b) Over the life of the mine the security will be adjusted to cover all the costs associated with carrying out all the conditions of this permit. Upon application by the Permittee, the amount of security in condition D.1.(a) may be reduced if initial mining or development work will create less disturbance and liability, or to reflect reduced liability due to reclamation work completed.
- (c) The Permittee shall complete construction of required pipelines and diffusers, and procurement of required water treatment infrastructure prior to October 30, 2015. If this work has not been completed, the Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Eight Million Six Hundred Thousand dollars (\$8,600,000.00) bringing the total security for this permit to Thirty Three Million Seven Hundred Seventy Nine Thousand Six Hundred Twenty dollars (\$33,779,620.00).
- (d) The Permittee shall submit updated reclamation liability costs for the mine site as a whole with the updated Five Year Mine Plan and Reclamation Plan due on September 30, 2015. These costs shall include a fulsome assessment of the reclamation liability under the 5-year mine plan and life of mine plan including but not limited to: conventional reclamation, building demolition, hazardous materials assessment, stockpile rehandling, long-term water treatment capital and operating costs, and post-closure site monitoring and maintenance. An updated assessment of the assets included under the asset security agreement shall be provided. If this information is not provided on time for review, the Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Three Million Three Hundred Seventy Thousand dollars (\$3,370,000), which is the amount of the asset security agreement plus 25 percent of the conventional reclamation liability, by October 15, 2015.

2. Five Year Mine Plan and Reclamation Plan

On or before September 30, 2015, and every five (5) years thereafter, the Permittee shall submit an updated site-wide Reclamation and Closure Plan, providing:

- the current status of the mine plan and reclamation obligations,
- a compilation and interpretation of all monitoring including ML/ARD prediction, pit lake water quality predictions, observed and predicted water quality and quantity for the site,

- a groundwater characterization and monitoring plan for closure, including a contingency plan for groundwater remediation,
- mitigation plans as required for long-term materials, surface water and groundwater management,
- closure and maintenance activities,
- any changes to the reclamation program that affect long-term mitigation,
- reclamation research program,
- contingency plans,
- schedule for completion of reclamation works, and
- a breakdown of outstanding liabilities and associated costs by mine component.

3. Springer Pit

- (a) The Permittee shall conduct an assessment of potential impact of groundwater water on slope stability between Springer Pit and Bootjack Lake when Springer Pit is at closure elevation. The assessment report shall be submitted to the Chief Inspector with the September 30, 2015 Five Year Mine Plan and Reclamation Plan.
- (b) The Permittee shall develop and submit to the Chief Inspector with the September 30, 2015 Five Year Mine Plan and Reclamation Plan a conceptual spillway design and associated cost estimates.

4. Tailings Storage Facility (TSF)

- (a) The Permittee shall submit an updated plan for reclamation and closure of the TSF with the September 30, 2015 Five Year Mine Plan and Reclamation Plan, or in support of any application for restart of operations involving the TSF. This shall include a conceptual spillway design and associated cost estimates.
- (b) The Permittee shall submit a detailed design for reclamation and closure of the TSF, and the closure spillway, at least six (6) months prior to final closure.

5. Contaminated Sites Assessment

The Permittee shall develop and submit to the Chief Inspector with the September 30, 2015 Five Year Mine Plan and Reclamation Plan, conceptual monitoring programs, and associated cost estimates, designed to assess soil and groundwater remediation plans to ensure success of subsequent reclamation activities. The scope of the programs shall include fuel, hydrocarbon, and chemical dispensing and storage areas, explosives storage areas, the temporary Ore, and PAG stockpiles.

6. Metal Uptake in Vegetation

The Permittee shall develop and submit to the Chief Inspector with the September 30, 2015 Five Year Mine Plan and Reclamation Plan, a detailed monitoring program, and associated cost estimate, designed to assess metal uptake in vegetation to ensure that appropriate reclamation plans are developed toward successful reclamation. The scope of the program shall include analysis of soil and vegetation.

7. Reclamation Monitoring

The Permittee shall submit a detailed monitoring program, and associated cost estimates, designed to evaluate the success of revegetation, soil development and erosion control that specifies sampling parameters and performance criteria as part of the 5 Year Mine Plan and Reclamation Program update requirement.

8. Closure Management Manual

- (a) Prior to re-start of operations, the Permittee shall ensure that the Closure Management Manual, dated May 27, 2015, is implemented, kept up to date, and made available at the mine site at all times.
- (b) All Environmental Management Plans (EMPs) and Standard Operating Procedures (SOPs) required to implement the activities described in the Closure Management Manual shall be co-located on-site with the Closure Management Manual.
- (c) The Permittee shall ensure that mine site employees and contractors are knowledgeable and accountable to act consistently with the requirements of the Closure Management Manual, and associated EMPs and SOPs.
- (d) The Closure Management Manual shall be revised and submitted to the Chief Inspector with any temporary or final closure plan.

All other terms and conditions remain.