



File: 30200-25/MT POLLEY-18

Reference: 297166

March 11, 2016

SENT VIA EMAIL

Don Parsons
Chief Operating Officer
Mount Polley Mining Corporation
200-580 Hornby St
Vancouver BC V6C 3B6
dparsons@imperialmetals.com

Dear Mr. Parsons:

Re: Mount Polley Mining Corporation's (MPMC) changes to the Mount Polley Mine and Environmental Assessment Certificate M96-07 (Certificate)

I write following our meeting on February 1, 2016. During that meeting we discussed the requirements of the Certificate in relation to past and proposed changes to the Mount Polley Mine. That meeting followed previous discussions dating back to November 2014, that the Ministry of Energy and Mines (MEM) has had with MPMC, with regards to contacting the Environmental Assessment Office (EAO) about Certificate compliance and the proposed full-scale restart of the Mount Polley Mine.

Based on EAO's understanding of the current *Mines Act* permit amendment application under review EAO has determined that MPMC requires both:

1. an amendment to its Certificate to increase the allowable ore production rate to greater than 13,700 tonnes /day; and
2. written consent from both the Minister of Energy and Mines and the Minister of the Environment (Ministers) for certain material alterations to the "Development", as referenced in section 2 of the Certificate.

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Certificate Amendment Application

With respect to any application for an amendment of the Certificate, EAO would expect to receive from MPMC: a description of the proposed project changes; an assessment of the potential environmental, economic, social, heritage and health effects of them; a description of relevant Valued Components; and proposed mitigations measures to address significant effects. The amendment application should also include a description of consultation undertaken with the public, government agencies, and First Nations prior to the submission of the application for an amendment, and a description of any planned or ongoing consultation. Any issues raised during the consultation prior to the submission of the application for an amendment should also be noted. In this regard, MPMC may be able to draw on the information it compiled for its 2004 *Mines Act* permit amendment application and discussion with MEM regarding the proposed return to full operations *Mines Act* permit application.

MPMC may wish to hire an environmental assessment practitioner to develop the amendment application, to ensure that the Certificate amendment application appropriately addresses issues such as potential effects, adequacy of mitigation and assessment of significance of effects. For example, the practitioner may be able to assist MPMC with respect to addressing: the effects of the increased capacity on groundwater and downstream water quality; the effects of the increased capacity on wildlife; and mitigation measures to reduce any identified effects.

Once EAO receives an amendment application from MPMC, EAO will consider an appropriate amendment process and coordination with MEM and the permit amendment application review that is underway. However, this coordination would depend on the date of submission of the amendment application, receiving high quality and timely information from MPMC, the extent of issues raised by Working Group and First Nations, and EAO's conclusion regarding requirements for public consultation, which will be based on the specific nature of the application.

EAO understands that the ore milling rates contemplated in the *Mines Act* permit amendment application exceeds the amount currently allowed under the Certificate. To the extent that MPMC wishes to mill at a higher rate, whether under a proposed amendment to its *Mines Act* permit or otherwise, MPMC should seek an amendment of the Certificate at MPMC's earliest convenience. The earlier EAO is in receipt of MPMC's amendment application, the greater opportunities for coordination with the *Mines Act* permit amendment application review.

EAO understands that the permit amendment application is time sensitive, and that MPMC applied on February 23, 2016, for an extension to the currently permitted Restricted Operations to allow ore production to continue after the ore limit specified under the July 9, 2015, *Mines Act* permit amendment is reached and until a decision is made regarding MPMC's application for full-scale restart of the mine (currently estimated for late May 2016). EAO also understands that the application for an extension to the currently permitted Restricted Operations requires ore production rates that exceed the maximum milling rate currently allowed under the Certificate.

Material alterations

As you are aware, section 2 of the Certificate requires that MPMC seek the consent of the Ministers for material alterations of the "Development" (as defined in the Certificate). Based on a review of alterations contemplated in the current *Mines Act* permit amendment application, EAO has identified the following alterations to the Development that may be material and require the consent of the Ministers:

- mining from a pit that was not contemplated in the Certificate;
- changes to the height, steepness and core width of the tailings storage facility;
- changes to the location, size and capacity of waste dumps; and
- temporary potentially acid-generating stockpile that was not contemplated in the Certificate.

EAO has also conducted an initial review of past *Mines Act* permit applications, the original Application (Environmental and Socioeconomic Impact Assessment, July 1990), and the existing project infrastructure and footprint from satellite imagery. This initial review indicated that there are other changes to the Development, not currently considered as a part of the amendment application in front of MEM, that may be material and require Ministers' consent. I will follow up on these items separately. Of course, MPMC could consider whether there would be opportunities, for efficiency purposes, to combine these requests for consent with those listed above. As we have previously discussed, it is important that MPMC identify where EA related decisions are time sensitive and structure the content and timing of its applications accordingly.

Notwithstanding EAO conducting the review noted above, MPMC remains responsible for ensuring that it is operating in compliance with its Certificate (see section 8 of the Environmental Assessment Act).

If MPMC seeks consent of the Ministers for material alterations to the Development, it should provide an assessment of the potential effects of those changes, the significance of those effects, and describe associated mitigation measures. In this regard, MPMC may be able to draw on the information presented in the current *Mines Act* permit amendment application and discussions MPMC has had with MEM regarding MPMC's application for full-scale restart of the mine.

For changes to the Development that MPMC considers are not material, and for which MPMC is not seeking consent, MPMC may wish to set out its rationale as to why the change is not material within the meaning of the Certificate so as to ensure its Development remains consistent with the Certificate.

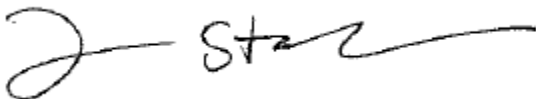
As you are aware, notwithstanding MPMC's submissions in this regard, the Minister of Energy and Mines retains the power to determine what alterations are material, pursuant to section 2 of the Certificate.

Next Steps

In response to this letter, EAO expects MPMC to inform EAO whether it intends to seek an amendment to its Certificate and your view as to whether any alterations to the Development from changes contemplated through your current *Mines Act* permit amendment application are material and require the consent of the Ministers.

If you have any questions on any of the above please contact me at 250 387-0394 or Fern.Stockman@gov.bc.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fern Stockman', with a long horizontal flourish extending to the right.

Fern Stockman
Project Assessment Manager

cc: Tania Demchuk, Senior Environmental Geoscientist, Ministry of Energy and Mines
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