

GLENCORE

December 1, 2014

Ministry of Energy and Mines
Health, Safety, and Permitting Branch
PO Box 9320, Stn. Prov. Gov't
Victoria, BC V8W 9N3

Attention: **Al Hoffman,**
Chief Inspector of Mines

Re: Bell and Granisle Mines
2014 Dam Safety Inspection Reports

Under cover of this letter, please find the 2014 Dam Safety Inspection (DSI) reports for the Bell and Granisle Mines and the results of the third-party review. The Bell and Granisle sites are near each other and have a total of 12 tailings dams and 10 water collection ponds. All of the dams are classified as Low in accordance with the CDA Guidelines. Mining operations ceased at the Bell Mine in 1992 and at the Granisle Mine in 1982. Reclamation work was carried out at the sites in the 1990s.

The DSI reports were prepared by Andy Small, P.Eng. and the DSIs were subsequently reviewed by a third-party, Dr. Maciej Szymanski, P.Eng. Both individuals are experienced dam safety specialists. Dr. Szymanski is the Engineer of Record for the dams.

As outlined in the DSI reports and confirmed by the third-party engineer review, no immediate safety or stability concerns were noted for the dams at the Bell and Granisle Mines and monitoring and surveillance practices meet industry standards. The independent review has also confirmed the current assigned Consequence Classifications for all dams.

The attached tables list the recommendations and action plan for each of the sites. The recommendations are non-urgent pertaining to maintenance and ongoing stewardship of the dams.

Even though the dams are classified as low, Glencore has prepared an emergency preparedness and response plan (EPRP) for the two sites. The EPRP was tested and, as a

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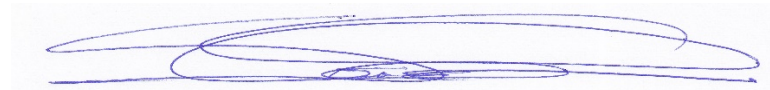
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result of the EPRP testing, modifications were made to the EPRP and the EPRP is consistent with current standards of engineering practice.

Glencore is focused on meeting the standards of safety for our tailings facilities. Annual inspection reports are one component of the system in place for the safe operation and monitoring of our tailing facilities. These systems follow industry practices, including the applicable guidance provided by the Canadian Dam Association and the Mining Association of Canada.

Please do not hesitate to contact me if you have any further questions regarding the operation, maintenance and monitoring of our tailings facilities.

Sincerely,



Sean O'Connell, P.Eng
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Bell Mine
Recommendations and Planned Action Items from the 2014 DSI
(Priority rating scheme at bottom of the tables)

No.	2014 DSI Recommendations	Priority	Planned Action	Timeline
1	Dig a 1 m ² hole with an excavator over the sinkholes at Dam 3. Grade the surface around the sinkholes toward the excavation to allow water to shed to the hole. Monitor for further sinkhole development.	3	Monitor and dig test pit	Monitoring is ongoing, test pit will be done in 2015
2	When reading the piezometers, check the bottom depth below the measured water level to determine if the water level being measured is reflecting the actual conditions. If necessary, pump water into the standpipes and flush out sediment that may have accumulated in the standpipe.	3	Check the bottom depth and clean, if necessary	2015
3	Continue to monitor the downstream slope of Dam 7 for erosion.	3	A camera mounted control point was established in August 2014 to facilitate photo comparison	Ongoing
4	Conduct an assessment of the damage that could occur to Dam 3 if one of the pipes running up the face of the dam from CP3-1 were to rupture. The rockfill shell will likely limit damage, but this should be checked.	4	Conduct assessment	2015

No.	2014 DSI Recommendations	Priority	Planned Action	Timeline
5	Assess the spillway capacities (accounting for vegetation growth) and the ability of the spillway to withstand erosion.	4	Conduct assessment	2015
6	Develop a tree and vegetation removal plan (prioritization of tree removal to be addressed in the plan).	4	Develop the plan	2015
7	Update OMS Manual to reflect the current Dam class for the dams forming the Main Tailings Impoundment and TEX, and the dykes forming the Collection Ponds (based on CDA's 2007 five level classification system).	4	Revise OMS Manual	2015

Granisle Mine
Recommendations and Planned Action Items from the 2014 DSI
(Priority rating scheme at bottom of the tables)

No.	2014 DSI Recommendations	Priority	Planned Action	Timeline
1	Develop a tree and vegetation removal plan (prioritization of tree removal to be addressed in the plan).	4	Develop the plan	2015
2	Establish a proper spillway for Dam 1.	3	Assess and design the spillway	2016
3	AMEC understands that the Granisle Mine site OMS Manual is being revised this year. This 2014 revision should update the OMS Manual to reflect the current Dam class for the dams forming the No. 1 and No. 2 Tailings Impoundments (based on CDA's 2007 five level classification system).	4	Revise OMS Manual	2014

Priority Rating Scheme as Outlined from the BC Chief Inspector:

- 1 A high probability or actual dam safety issue considered immediately dangerous to life, health or the environment, or a significant regulatory concern.
- 2 If not corrected, could likely result in dam safety issues leading to injury, environmental impact or significant regulatory action; or, a repetitive deficiency that demonstrates a systematic breakdown of procedures.
- 3 Single occurrences of deficiencies or non-conformances that alone would not be expected to result in dam safety issues.
- 4 Best Management Practice as a suggestion for continuous improvement towards industry best practices that could further reduce potential risks.