



Date: September 30, 2015

To: Scott Broughton, Mine Manager
FortyTwo Metals Inc., MAX Molybdenum Mine

Cc: Diane Howe, Deputy Chief Inspector, Reclamation and Permitting, MEM
Heather Narynski, A/ Manager, Geotechnical Engineering, MEM

Re: **Review of Letter of Assurance Submission from June 30, 2015**

The Ministry of Energy and Mines (MEM) has engaged a consulting firm to evaluate the consistency and compliance of your letter of assurance in response to the Chief Inspector's orders issued on February 3, 2015. This review has determined that your submission satisfies the requirements of the order.

Below is a summary of the assessment made by your Qualified Professional Engineer (QPE), it is understood that no immediate gaps have been identified:

Status of Foundation Condition

"Similar foundation conditions to the Mt. Polley dam breach (i.e. weak glacio-lacustrine GLU soils) DO NOT exist at the MAX site."

Status of Water Balance Adequacy

"The MAX TSF has a net positive water balance and makes annual permitted discharge to the environment under an Effluent Discharge Permit. In every year since its construction and operation the MAX TSF pond level has been reduced by a siphon, having proven water quality and quantity defined by the permit. Accurate local weather data is difficult to obtain, and the mine did not deploy a weather station while in operation. As such, estimates have been derived from nearby communities – there are known differences in the weather data due to elevation and topography. The resulting discrepancy of inflows versus estimates of total outflows continues to be positive but small. The installation of a weather station could reduce that small discrepancy is unlikely to yield significant benefit over the current water management plan."

Status of Filter Adequacy

"The construction of the dams, including the close specification of the filter materials and their placement was supervised by qualified professionals. As-built quality assurance documents show that the design requirements were fully met during construction."

Please ensure that any recommendations made by your Qualified Professional Engineer have been addressed.

The orders issued on February 3, 2015 have been requested to provide assurance the conditions at the Mount Polley dam do not exist in other facilities. Please ensure that you are meeting your other ongoing requirements to ensure Tailings Storage Facility safety with respect to the following:

- Satisfying any outstanding orders from previous Ministry inspection reports.
- Satisfying any outstanding recommendations from previous Dam Safety Inspections (DSI) or Dam Safety Reviews (DSR).

It is expected that you will ensure dam safety management is continuously reviewed, improved and refined throughout the life of mine.

Thank you for your submission to the orders of February 3, 2015.

Sincerely,

A handwritten signature in black ink, appearing to read 'Al Hoffman', written over a horizontal line.

Al Hoffman, P. Eng.
Chief Inspector of Mines
Ministry of Energy and Mines