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

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 24th day of June in the year 2014.

[Signature]
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

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July 25, 2013    Approving Northwest PAG Dump Expansion and South Haul Road
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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 Cominling Research Project
PERMIT AMENDMENT
APPROVING WASTE ROCK AND TAILINGS COMINGLING RESEARCH PROJECT

Permit: M-200

Issued to: Mount Polley Mining Corporation
P.O. Box 12
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for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 24th day of June in the year 2014.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application entitled “Mount Polley Mine Research Project: Co-Mingling of Waste Rock with Non-Acid Generating Tailings”, dated March 18, 2014 (Application), was submitted to the Chief Inspector of Mines (Chief Inspector) on March 18, 2014 in accordance with Section 10(6) of the Mines Act. The application seeks approval to construct a berm and undertake research related co-mingling of non-acid generating waste rock and tailings within the existing Southeast Rock Dump.
CONDITIONS

The Chief Inspector hereby amends the conditions of Permit M-200 as follows:

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 and the regional Inspector of Mines 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. Permit Approval

This permit approves phase one of the research project, using only non-potentially acid rock drainage generating (non-PAG) waste rock and non-PAG tailings, to a maximum total volume of 125,000 m³ of waste rock.

B. Geotechnical

1. Design

(a) Detailed design for the facility shall be prepared by a Qualified Professional Engineer and submitted to the Chief Inspector prior to commencing construction. Detailed designs shall include a revised stability assessment that considers final design dimensions for the facility berm if different than those used in the conceptual design.

2. Construction

(a) The facility shall be designed, constructed, and operated as a major impoundment, pursuant to Section 10 of the Code.
(b) The facility shall be constructed in accordance with the design and construction specifications as outlined in the application and approved by the Engineer of Record. The Engineer of Record shall review the final construction drawings and specifications to verify that recommendations are properly incorporated as per design. Any changes to the proposed method of development shall be provided to the Chief Inspector for review and approval prior to implementation.

(c) The Permittee shall ensure the facility is constructed under the supervision of a Qualified Professional Engineer.

3. Operation

(a) Prior to the operation of the facility, an Operation, Maintenance and Surveillance (OMS) manual and an Emergency Preparedness and Response Plan (EPRP) shall be submitted to the Chief Inspector. These documents shall be kept current and updated over time as procedures are modified.

(b) Equipment and personnel shall be restricted from entering an area within 25 degrees of the crest of the dump face. A catch berm with a minimum height of at least 2m high shall be established at each working elevation on this line. This berm shall provide protection from rock roll-outs and serve as an exclusion barrier restricting access to areas closer to the toe of the dump. A safe work procedure shall be prepared to ensure the safety of workers who are working in the co-disposal area. The plan shall be filed with the Chief Inspector prior to commencement of work.

4. Monitoring

(a) All waste materials entering the facility shall meet the specifications identified by the Engineer of Record in the stability analyses and design of the facility. Appropriate monitoring, surveillance and testing shall be carried out during the co-disposal trial to confirm that in situ material properties and hydrology conditions are consistent with those used in the stability analysis and design. Results shall be provided to any Mines Inspector upon request.

(b) Quality Assurance/Quality Control (QA/QC) shall be documented in the Annual Dam Safety Inspection Report submitted to the Chief Inspector. This shall include items such as material mixing specifications, materials testing, instrumentation, inspection logs, sample test results, and the QAQC procedures used.
5. **Reporting**

(a) A summary of construction activities, including as-built drawings, shall be included in the Annual Dam Safety Inspection Report for work conducted in the previous year. The report shall be submitted to the Regional Mines Inspector and the Chief Inspector by March 31 of the year following the inspection. Reports shall be sealed by a Qualified Professional Engineer and shall include a statement indicating that the facility was constructed in “general conformance with the design and specifications.” A complete set of as-built drawings shall be kept at the mine site at all times and be provided to any Mines Inspector upon request.

C. **Protection of Land and Water Courses**

1. **Metal Leaching and Acid Rock Drainage (ML/ARD) Characterization and Monitoring**

   (a) Only non-PAG materials shall be used for this research project, including materials used for construction of the containment berm.

   (b) The Permitee shall follow the waste rock and tailings sampling program as set out in the application. The Permitee shall inform the Chief Inspector of any proposed changes to monitoring frequency or analytical parameters prior to implementing.

   (c) Samples collected as per C.1(b) shall be submitted for acid base accounting analyses performed on site using total carbon and sulfur assays obtained using a LECO furnace and elemental composition by ICP methods following strong acid digestion.

2. **Water Quality and Quantity Monitoring**

   (a) Prior to commencement of the research project, the Permitee shall complete a comprehensive survey of seeps from the Southeast Rock Dump. The results of this survey shall be used to inform ongoing monitoring during and following the research project.

   (b) Mixing will only occur on days when daily inspections of dump seeps can be performed. Daily seep inspections will be performed during week days from the start of tailings mixing through to a period not shorter than two weeks after mixing has concluded, regardless of whether mixing is occurring on a specific day. Daily seep inspections will include field measurements of conductivity, pH and temperature.
(c) Seep water quality samples shall be collected and analysed for total and dissolved metals, major cations, pH, sulphate, acidity and alkalinity on a monthly basis when field measurements show changes in trends for conductivity and pH.

(d) The Permittee shall establish a water quality monitoring location before discharge to the Long Ditch, the location of which shall be informed by the seep survey conducted in C.2(a). Samples shall be collected weekly at this location to monitor the quality of water that may be influenced by the research project during a period from the commencement of the trial through to a period not shorter than two weeks after mixing has concluded. After this time, the sample location will become a quarterly water quality sample location. The samples shall be analyzed for total and dissolved metals, major cations, pH, sulphate, acidity and alkalinity using detection limits sufficient to compare to provincial water quality guidelines.

(e) In the event that monitoring indicates tailings migration outside of the deposition area, the Permittee shall immediately stop tailings deposition in the research area and notify the Chief Inspector and Ministry of Environment. The notification shall include a description of measures taken to remediate, monitor and prevent future tailings containment issues should the trial be continued.

3. Reporting

(a) Within six months of completion of phase one of the research project, the Permittee shall provide a report to the Chief Inspector presenting waste rock, tailings and all water quality monitoring results, general findings and recommendations related to ongoing monitoring and proposed future research.

All other terms and conditions remain.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

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V0L 1N0

for work located at the:

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July 11, 1997

**Permit**  
Approving Work System
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 27th Day of March in the year 2014.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines
Amendments

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PERMIT AMENDMENT

APPROVING CHANGE TO RECLAMATION SECURITY SCHEDULE

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

Amended at Victoria, British Columbia this 27th day of March in the year 2014.

Al Hoffman, P.Eng.
Chief Inspector of Mines
CONDITIONS

Pursuant to Section 10(7) of the Mines Act, the Chief Inspector of Mines (Chief Inspector) hereby amends and replaces the Reclamation Security with the following:

A. General

1. Transfer of Permit

   This Permit is not transferable or assignable.

B. Reclamation and Closure Program

1. Reclamation Security

   (a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Twenty Seven Million Eight Hundred Thousand dollars ($27,800,000.00) bringing the total security for this permit to Thirty Eight Million Three Hundred and Fifty Thousand and Eleven dollars ($38,350,011.00). 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 in accordance with the following installment schedule:

   
<table>
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<tr>
<th>Balance (as of March 27, 2013)</th>
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   (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 6(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.

   All other terms and conditions apply.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

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Amendments

As listed on page 2

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Al Hoffman, P.Eng.
Chief Inspector of Mines
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PERMIT AMENDMENT
APPROVING CARIBOO PHASE 4 EXPANSION

Permit: M-200

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for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 17th day of March in the year 2014.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

A report titled Review of Cariboo Pit Slope Design, prepared by Golder Associates, and dated January 31, 2014 was submitted to the Chief Inspector of Mines (Chief Inspector) on February 17, 2014. Based on the report findings, the Ministry of Energy and Mines is amending the conditions of Permit M-200 in accordance with Section 10(7) of the Mines Act for the Cariboo/Springer Phase 4 Pushback.

CONDITIONS

The Chief Inspector hereby amends the conditions of Permit M-200 as follows:
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 and the district Inspector of Mines 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.

B. Geotechnical

1. Open Pit

   (a) Design

      (i) Excavation of the pit slopes shall follow the recommended designs provided in the Cariboo Pit Slope Design report subject to an annual review by a registered Professional Engineer with experience in the design of pit slopes.

      (ii) Any changes to pit slope designs that result in steeper slopes, higher benches, or deeper pits than those presented in the design report shall be submitted to the Ministry for approval.

   (b) Construction

      (i) The minimum final width of pit slope catchment berms, after break-back, shall be 8 m as required by the Health, Safety and Reclamation Code.

      (ii) Controlled blasting (pre-shearing, trim, or buffer) shall be implemented to minimize damage to the crest and bench face of all final pit walls and all interim pit walls employing double benching, or that will be left in place for more than 12 months.

      (iii) Surface drainage shall be diverted away from the pit slopes in accordance with good engineering practice.
(c) Operation

(i) Pit walls shall be carefully scaled during pit development to remove loose rock and limit rock fall.

(ii) If access cannot be gained to clean a catchment berm and a danger exists to a person or persons working below, a safe work procedure shall be developed.

(iii) A rockfall catch bench and berm shall be maintained in the Springer pit to provide rockfall protection caused by cast-over from the Phase 4 pushback. The structure shall be designed by a registered Professional Engineer with experience in rock fall assessment.

(d) Monitoring

(i) A visual inspection and instrumentation monitoring program shall be established to detect early evidence of any potentially dangerous pit wall instability.

(ii) Slope movement shall be monitored using the methods and frequency as recommended in the design report. A suitable alternative monitoring method may be utilized with the approval of a qualified professional engineer.

(iii) Pit slope monitoring procedures including movement threshold levels and response criteria shall be forwarded to the Ministry.

(iii) The structural geology shall be mapped and evaluated during pit development to assess impacts on pit slope stability, and to verify assumptions used in the design.

(iv) Ground water pressures shall be monitored and evaluated during pit development to assess impacts on pit slope stability, and to verify assumptions used in the design.

(e) Reporting

(i) The results and recommendations of the pit slope performance evaluation and monitoring shall be summarized in an annual report submitted to the Chief Inspector by March 31 of the following year. Recommendations in the report relating to health & safety or geotechnical stability shall be implemented unless a suitable alternative course of action is approved in writing by the professional undertaking the review, or by a third party Professional Engineer.
(ii) A report shall be submitted to the Regional Inspector of Mines in the event of a single bench failure resulting in a dangerous occurrence (as defined by the Code) and in the event of a multi-bench failure, regardless of consequence.

All other terms and conditions remain.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

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Chief Inspector of Mines
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PERMIT AMENDMENT
APPROVING TAILINGS STORAGE FACILITY
STAGE 9 CONSTRUCTION

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Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application to construct the Stage 9 dam raise on the TSF was submitted to the Chief Inspector of Mines (Chief Inspector) in accordance with Section 10(6) of the Mines Act on April 18, 2013.

The following documents were submitted in support of the application:

- 2013 Site Water Balance, submitted by Mount Polley Mining Corporation on May 21, 2013
CONDITIONS

The Chief Inspector hereby approves the application subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines 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.

Geotechnical

1. **General**

   (a) The stage 9 dam raise to elevation 970.0 m is approved and the Permittee shall ensure construction is carried out in accordance with the design and specifications provided by the design consultant.

   (b) An as-built report with drawings shall be submitted to the Chief Inspector within 6 months of dam construction. The as-built report shall be sealed by a professional engineer and shall include a statement indicating that the facility was constructed in “general conformance with the design”. A complete set of as-built drawings shall be kept at the mine site at all times and be provided to any Mines Inspector upon request.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 25th day of July in the year 2013.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines
Amendments

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July 25, 2013 Approving Northwest PAG Dump Expansion and South Haul Road
PERMIT AMENDMENT
APPROVING NORTHWEST PAG DUMP Expansion AND SOUTH HAUL ROAD

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 25th day of July in the year 2013.

Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment of Permit M-200, entitled “Mine Permit Amendment Application” dated November 1, 2012 (Document 1) was filed with the Chief Inspector of Mines (Chief Inspector) on November 1, 2012 in accordance with Section 10(6) of the Mines Act. The application seeks approval to expand the temporary West Stockpile for potentially acid generating (PAG) waste rock, construct a new high grade ore stockpile, and redesign the South Haul Road joining the Springer Pit and the Tailings Storage Facility.

A series of correspondence documents include additional information required by the Chief Inspector were also filed and form part of the application as follows:

Applications were referred to other agencies in accordance with Part 10.3.1 of the Code on January 3, 2013.

The Mine is located in the asserted traditional territory of the Williams Lake Indian Band and the Xats’ull (Soda Creek) First Nation. The Williams Lake Indian Band and Xat’sull First Nation have been consulted with respect to this permit amendment.

CONDITIONS

The Chief Inspector of Mines hereby approves the application 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 Permitee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permitee 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.

B. Geotechnical

1. West PAG Stockpile
(a) Design and Construction

(i) The design of the West PAG Stockpile to a maximum elevation of 1150m is approved. Suitable stability assessments shall be conducted by a qualified geotechnical engineer and submitted to the Chief Inspector prior to expansion to the 1200m elevation.

(ii) The waste rock dump shall be constructed in accordance with the design and construction specifications provided by the design consultant, including (but not limited to) dump advance rates.

(iii) The Northwest ditch is to be extended to the north and east prior to dump expansion in the affected area.

(iv) Topsoil and organics shall be stripped from the foundation of the waste rock dump and stockpiled for future reclamation purposes.

(b) Operation and Monitoring

Updated Dump Monitoring Procedures shall be prepared prior to dump development. Updated procedures are to include threshold limits for instrumentation and tracking of advance rates in critical areas. The updated procedure shall be maintained on-site and must be made available to any Mines Inspector upon request.

2. High Grade Ore Stockpile

(a) Design and Construction

(i) The design of the High Grade Ore Stockpile to a maximum elevation of 1110 m is approved.

(ii) Topsoil and organics shall be stripped from the hillside on which the stockpile will rest and shall be stockpiled for future reclamation purposes.

(b) Reporting

The Permittee shall submit a geotechnical assessment report, completed by a qualified geotechnical engineer, to the Chief Inspector for review at least 30 days prior to the start of construction. Any recommendations relating to Health & Safety or geotechnical stability must be completed.
3. **South Haul Road**

   (a) Design and Construction

   (i) The design of the South Road to the TSF is approved. Construction and monitoring of the road must be completed in accordance with the design consultant's recommendations.

   (ii) Topsoil and organics shall be stripped from the footprint of the South Road and stockpiled in an suitable location available for future reclamation purposes.

C. **Protection of Land and Water Courses**

1. **Metal Leaching and Acid Rock Drainage (ML/ARD) Characterization and Monitoring**

   (a) General

   (i) The Permittee shall keep an up to date inventory of: the amounts of material placed in each waste rock storage area and the TSF; sampling and available geological information; and, ML/ARD characterization data.

   (ii) When mining is occurring in a zone of PAG materials, weekly sampling of active waste rock dump areas shall be completed to assess segregation quality control. Results of this sampling shall be discussed in the Annual Report for M-200.

(b) **South Haul Road**

   (i) All materials used for construction shall be non-PAG and of low risk for neutral metal leaching.

   (ii) Representative sampling of construction materials shall be completed to ensure source materials are non-PAG and of low metal concentration. Results shall be included in annual reporting requirements for M-200.

(c) **Temporary PAG Stockpile**

   (i) Prior to expansion of the PAG stockpile beyond the existing permitted capacity of 12 million tonnes, a predicted seepage water quality
assessment shall be completed and submitted to the Chief Inspector of Mines. This assessment shall ensure that the stockpile pad and water management systems designs for the expanded stockpile are adequate to ensure protection of the environment. If the assessment predicts poor water quality or seepage, mitigation measures shall be included with the report.

(ii) Following assessment and implementation of necessary mitigation measures, the temporary PAG stockpile has a permitted capacity of 62 million tonnes of PAG waste rock.

(iii) All PAG waste rock contained in this stockpile shall be backhauled to the Springer Pit for permanent subaqueous storage by the end of 2027, as per the schedule outlined in the excel sheet “Polley PAG Mining Schedule”, undated, submitted by email on March 21, 2013.

(d) High Grade Ore Stockpile

The maximum capacity of the high grade ore stockpile is 3 million tonnes.

2. Water Quality Monitoring

(a) Sampling of seepages from the waste rock dumps, high grade ore stockpiles, and temporary PAG stockpile shall be completed twice per year. Sampling locations shall be identified on a map included as part of the Annual Report for M-200, on March 31st of each year.

(b) When constructed, the second seepage collection sump at the toe of the PAG stockpile shall be sampled on a monthly basis and results shall be included in the Annual Report.

(c) An on-site water quality monitoring program, outlining the locations and frequencies of water quality samples shall be submitted with the next Reclamation and Closure Plan or the next application for permit amendment, whichever is submitted first. This program shall include a monthly monitoring program for key seepage, ditch and sump locations.

3. Water Quality Modeling

A site-wide water quality predictive model completed by a professional with experience in predictive water quality modeling, and based on an up to date mine and waste
management plan, shall be submitted to the Chief Inspector by March 31, 2014, or included with the next application for permit amendment, whichever is first. The site-wide model shall consider mine infrastructure, waste rock dumps, stockpiles, TSF and water management for key time steps in the life of the mine.

4. Site Wide Mitigation Plan

By March 31, 2015, the Permittee shall develop a comprehensive site wide assessment of mitigation required to protect the environmental quality of land and watercourses during operations and long term closure. The report shall identify a schedule for implementation and any future information required to refine mitigation plans.

5. Reporting

(a) Sampling results from all monitoring locations on the mine site that indicate changing trends in water quality shall be included and discussed in the Annual Report.

(b) Beginning in 2014, the Annual Report shall include a site map with labels to identify key mine infrastructure such as pits, rock dumps and stockpiles. All water quality monitoring locations shall be identified, including both permitted and non-permitted sampling locations.

6. Sediment and Erosion Control

(a) Sediment control and water management structures shall be installed prior to soil disturbance and construction activities which have the potential to result in sediment mobilization and release.

(b) The Permittee shall implement appropriate erosion and sediment control, monitoring and maintenance practices where required site-wide as per the “Surface Erosion and Sediment Control Plan”.

(c) Erosion protection and sediment control structures shall be designed and implemented to appropriately address site-specific erosion potential, modeled flood return, and routing consequence (i.e., closed or open circuit). The Permittee shall routinely monitor and inspect all structures.

(d) The Permittee shall implement the activities detailed in “Environmental Management Plan for the Installation of a Culvert in Bootjack Creek”.
(e) Road maintenance practices shall pro-actively address run-off control to maintain continuity of constructed sediment control and water management structures.

7. **Soil Salvage and Storage**

(a) A Soil Management Plan shall be developed and submitted to the Chief Inspector by March 31, 2014 with the Annual Reclamation Report. The plan shall include:

(i) an inventory of all reclamation materials stockpiled on site, including locations and volumes,

(ii) an assessment of variability and suitability of reclamation materials based on a representative soil quality sampling program,

(iii) a conceptual plan for allocation of reclamation materials, including prescribed site-specific replacement depths, and

(iv) a plan designed to appropriately address soil quality deficiencies by application of organic or inorganic amendments.

(b) Topsoil, subsoil, and non-merchantable coarse woody debris shall be salvaged and stockpiled for future reclamation and revegetation activities.

(c) Soil suitable for use in reclamation that is recoverable shall not be used as fill.

(d) Stockpiles shall be appropriately protected from erosion and degradation of soil quality, and shall be clearly marked to ensure that they are protected during construction and operations activities.

(e) A suitably qualified professional shall be on site to ensure that all suitable materials for reclamation are salvaged, and properly handled and stored, to the maximum extent possible.

(f) An update of soil management and handling activities, including an inventory of materials salvaged, stockpile locations, and erosion and sediment control measures, shall be incorporated in the Annual Reclamation Report and Soil Management Plan.
D. Reclamation and Closure Program

1. Waste Rock Dumps

Base pads from temporary waste rock and ore stockpiles shall be cleaned of all PAG prior to placement of growth medium and revegetation. Iterative monitoring programs designed to ensure all remaining material to be reclaimed is non-PAG shall be developed and submitted to the Chief Inspector 60 days prior to the commencement of material rehandling.

2. Growth Medium

(a) On all lands to be revegetated, the growth medium shall satisfy land use capability and water quality objectives.

(b) Soil replacement depths shall be determined based on salvage volumes of suitable soil, landform design and erosion control, characteristics of ground to be covered, and revegetation species requirements. Soil replacement depths shall be monitored, and the results presented in the Annual Reclamation Report, to ensure that the minimum depths proposed in the Soil Management Plan have been achieved.

(c) Surface preparation shall occur to a degree that appropriately ameliorates the severity of compaction prior to, and after, placement of growth medium, and addressed end land use and capability objectives.

3. Erosion Control

(a) The Permittee shall implement progressive reclamation where possible to control erosion around all areas of the mine.

(b) Erosion control shall be achieved through landform configuration, development of maintenance-free vegetation covers, and self-sustaining drainage control features and watercourses.

(c) All roads not being retained for the designated end land use shall be fully re-configured to conform to adjacent landscape unless long-term stability requirements dictate otherwise.

4. Revegetation
(a) The Permittee shall limit disturbance to vegetation to those areas in the permit amendment application.

(b) The Permittee shall manage and control invasive species that establish on the site and shall take reasonable efforts to ensure that invasive species do not move from the site to adjacent areas.

(c) The Permittee shall ensure that all seed mixes are certified as weed-free.

(d) Revegetation species shall be selected based on the principles of ecological succession and traditional use and cultural significance, including all reasonable efforts to use only native species unless short-lived agronomic species are required to temporarily control erosion or prevent ingress of invasive species.

5. Reclamation and Closure Plan

An updated Reclamation and Closure Plan shall be submitted to the Chief Inspector by October 31, 2013.

6. Reclamation Security

(a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Thirty One Million Three Hundred Thousand dollars ($31,300,000.00) bringing the total security for this permit to Thirty Eight Million Three Hundred and Fifty Thousand and Eleven dollars ($38,350,011.00). 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 in accordance with the following installment schedule:

<table>
<thead>
<tr>
<th>Balance (as of July 25, 2013)</th>
<th>Cumulative $</th>
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<tbody>
<tr>
<td>By September 30, 2013</td>
<td>$3,500,000.00</td>
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<td>By March 1, 2014</td>
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(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 6(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.

All other terms and conditions apply
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND NATURAL GAS

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:

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**Amendments**

As listed on page 2

Amended at Victoria, British Columbia this 22nd day of April in the year 2013.

Al Hoffman, P.Eng.
Chief Inspector of Mines
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PERMIT AMENDMENT
APPROVING PROCESSING 15000 TONNES OF ORE FROM DOME MOUNTAIN

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 22nd day of April in the year 2013.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

A letter application seeking an approval to process a total of 15,000 tonnes of ore from Dome Mountain, dated February 26, 2013, was submitted via email to the Chief Inspector of Mines on February 26, 2013.

This amendment approves the milling of approximately 15,000 tonnes of ore from the Dome Mountain and the deposition of tailings into the Mount Polley Tailings Impoundment.
CONDITIONS

The Chief Inspector of Mines hereby approves the application subject to compliance with the following conditions. All other permit conditions still apply.

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.

B. Protection of Land and Water Courses

1. Metal leaching and Acid Rock Drainage (ML/ARD) Characterization and Monitoring

Concurrent with milling operations, the Permittee shall characterize and monitor the ML/ARD potential of the Dome Mountain tailings.

(a) A monthly record must be kept of the approximate mass of tailings and their general location in the impoundment.

(b) Composite samples shall be collected monthly. ABA analysis shall be carried out on the + and - 200 mesh fractions.

(c) ABA and elemental analysis are required on every sample

(d) Cycloning is not permitted with Dome Mountain tailings.

All other terms and conditions apply
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND NATURAL GAS

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM
(Isued pursuant to Section 10 of the Mines Act R.S.B.C. 1996, c. 293)

Permit: M-200
Mine No. 1101163

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Al Hoffman, P.Eng.
Chief Inspector of Mines
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PERMIT AMENDMENT

APPROVING BOUNDARY ZONE UNDERGROUND PROJECT

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 25th day of March in the year 2013.

Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment of Permit M-200, entitled “Boundary Zone Underground Project” dated August 23, 2012 was filed with the Chief Inspector of Mines (Chief Inspector) on August 30, 2012 in accordance with Section 10(6) of the Mines Act.
CONDITIONS

The Chief Inspector approves the Boundary Zone Underground Project in compliance with the following terms and 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 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 and the regional Inspector of Mines (Mines 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.

B. Health and Safety

1. Emergency Response Plan

(a) The Permittee shall implement their Emergency Response Plan (ERP) dated August 1, 2012 and their Mount Polley Underground Procedures submitted as part of this application to the Chief Inspector August 2012. The ERP and Procedures shall be kept up to date and be made available at the mine site at all times.

(b) The Permittee shall ensure that mine site employees and contractors are knowledgeable and accountable for fulfilling the actions of the ERP

C. Underground Mine Plan

1. Design

(a) This permit constitutes written acceptance of the conceptual design of proposed underground development.
(b) Effective ground support shall be installed and maintained in accordance with the application, and shall only be varied in accordance with the written recommendations of a qualified professional engineer. Within 30 days of the receipt of this permit, the Permittee shall submit written procedures for a QC/QA program that includes procedures to ensure that the ground support is effectively installed and maintained.

(c) The Permittee shall maintain at all times, mine plans, drawings, specifications and written descriptions of:

(i) the geometry of existing and proposed excavations;
(ii) the geology of the mine;
(iii) the rock mass characteristics that are representative of the ore and host rock, and identification of the most common joint sets and faults;
(iv) the hydrological features that may affect the working of the mine;
(v) descriptions of previous occurrences of ground instability and recommendations from investigation reports.
(vi) copies of ground control QC/QA testing results.

(d) The mine design shall be continually updated to reflect the actual rock mass and geological structures encountered in the workings. All mine design information must be in a form acceptable to the Chief Inspector and made available to any Inspector of Mines upon request.

2. **Operation**

(a) The underground workings shall be inspected by a qualified geotechnical engineer to confirm that ground control is adequate. Inspections are to occur as needed, but no less than once per year. Copies of the inspection reports are to be maintained on-site and must be provided to any Mines Inspector upon request.

(b) The pit wall above the portal shall be sealed as needed to reduce the risk posed by rockfall to mine personnel.

(c) If high groundwater pressure or persistent seepage is encountered, a hydrogeologist shall be retained to assess the water regime.
3. **Backfill**

Prior to the commencing of mining, the Permittee shall provide a plan to the Senior Health and Safety Inspector that addresses the stability/safety issues of using a cement backfill. The plan shall include a QC/QA program that includes testing procedures to ensure that the backfill support is effectively mixed, installed and secure.

C. **Reclamation Program**

1. **Reclamation Security**

   (a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Fifty Thousand dollars ($50,000.00) bringing the total security for this permit to Seven Million and Fifty Thousand dollars ($7,500,000.00). 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 in accordance with the following installment schedule:

<table>
<thead>
<tr>
<th>Total</th>
<th>Balance (as of March 2013)</th>
<th>$7,000,000.00</th>
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<tbody>
<tr>
<td></td>
<td>Within 30 days of receipt of this permit amendment</td>
<td>$50,000.00</td>
</tr>
</tbody>
</table>

   (b) The Permittee shall conform to all Ministry of Environment approval, license and permit conditions, including the **Environmental Management Act**, Contaminated Sites and Special Waste regulations. The Permittee shall conform to all forest tenure requirements of the Ministry of Forests, Lands and Natural Resource Operations. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

   (c) Over the life of the mine, the security will be adjusted to cover all the costs associated with carrying out the conditions of this permit. Upon application by the Permittee, the amount of security may be reduced if initial mining or development work will create less disturbance and liability.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND NATURAL GAS

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

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:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 15th day of October in the year 2012.

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
PERMIT AMENDMENT
APPROVING TAILINGS STORAGE FACILITY
STAGE 8A CONSTRUCTION

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

Amended at Victoria, British Columbia this 15th day of October in the year 2012.

______________________________
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment to permit M-200 entitled, “Mount Polley Mine – 2012 Tailings Construction,” dated April 3, 2012, was submitted to the Chief Inspector of Mines (Chief Inspector) in accordance with Section 10(6) of the Mines Act. A permit amendment was issued in response to this application on June 29, 2012 to permit a dam raise to the 963.5m elevation, in what was called the Stage 8 Raise. On September 18, 2012, an application was submitted to amend the permit to allow 2012 construction to the 965m elevation, which is referred to as the Stage 8A Raise.

The following report was submitted in support of the original (Stage 8) application:

The following report was submitted in support of the amended (Stage 8A) application:


Both reports are considered necessary to support the Stage 8A application.

CONDITIONS

The Chief Inspector hereby approves the work program subject to compliance with the following terms and 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.

B. Geotechnical

1. General

   (a) The stage 8A dam raise to elevation 965 m shall be constructed in accordance with the design and specifications provided by the design consultant.

All other terms and conditions remain the same.
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

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

for work located at the:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 29th day of June in the year 2012.

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
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PERMIT AMENDMENT
APPROVING TAILINGS STORAGE FACILITY
STAGE 8 CONSTRUCTION

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

Amended at Victoria, British Columbia this 29th day of June in the year 2012.

\[Signature\]
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment to permit M-200 entitled, “Mount Polley Mine – 2012 Tailings Construction,” dated April 3, 2012, was submitted to the Chief Inspector of Mines (Chief Inspector) in accordance with Section 10(6) of the Mines Act.

The following report was submitted in support of the application:

CONDITIONS

The Chief Inspector hereby approves the work program subject to compliance with the following terms and conditions:

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.

Geotechnical

1. General

(a) The stage 8 dam raise to elevation 963.5 m shall be constructed in accordance with the design and specifications provided by the design consultant.

(b) The Operation, Maintenance and Surveillance manual shall be updated in 2012 as recommended in the 2011 As-Built report.

(c) A comprehensive review and update of the site water balance shall be completed and referenced in the 2012 Construction As-Built and Annual Review, which is to be submitted to the Chief Inspector no later than March 31, 2013.

(d) Toe drain flows shall be measured and recorded per requirements described in the OMS Manual. This information shall be referenced in the 2012 Annual Report.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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

for work located at the:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 15 day of August in the year 2011.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines
## Amendments

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AMENDMENT TO PERMIT

APPROVING MINING OF THE C2 AND BOUNDARY ZONE PITS

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 15th day of August in the year 2011.

Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment of Permit M-200, entitled “Mine Permit Amendment Application” dated November 1, 2010 was filed with the Chief Inspector of Mines (Chief Inspector) on November 9, 2010 in accordance with Section 10(6) of the Mines Act.
A series of reports forming a revised permit amendment application required by the Chief Inspector were also filed with the Chief Inspector and form part of the application, as follows:

- Mount Polley Mining Corporation – “Detailed Site Plan” undated, December
- Mount Polley Mining Corporation (email response) – “FW: Permit Amendment 5 questions”, received May 12, 2011.

This permit contains the requirements of the Ministry of Energy and Mines. It also is compatible, to the extent possible, with the requirements of other provincial ministries. The amount of security required by this permit and the manner to which this security may be applied, will also reflect the requirements of those ministries. However, 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 amendment by staff of the Ministry of Energy and Mines will be made in consultation with other provincial ministries and federal departments and agencies, within reasonable timeframes. Where these decisions directly affect the Ministry of Environment, Ministry of Forests Lands and Natural Resource Operations, all decisions will be made in concurrence with the appropriate Manager or Director.

The mine is located in the asserted traditional territory of the Williams Lake Indian Band and Xats’ull First Nation. The mine is located in the Zone A designation of the Tsilhqot’in Framework Agreement.
CONDITIONS

The Chief Inspector approves the application to mine the C2 and Boundary zone pits, construct the Southeast Rock Disposal Site and temporary West PAG stockpile, construct the south haul road, and complete the tailings dam raise to 906.5m elevation in compliance with the following terms and 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 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 and the regional Inspector of Mines (Mines 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. Mineral Tenures

Development, including surface disturbance and works, encompassing approximately 921.34 ha held by Mount Polley Mining Corporation (Figure 1) is authorized under the M-200 permit.

4. First Nations

The Permittee shall notify the First Nations of the availability of all material reports relevant to the M-200 permit, including annual monitoring reports and material changes to the approved Reclamation Plan. The Permittee shall, submit to the First Nations copies of these reports, unless otherwise directed by the First Nations.

5. Traditional Use Assessment

Within one year of issuance of this permit amendment, the Permittee shall have completed a Traditional Use Overview Study over the Mount Polley permit area. This study shall be designed and implemented in consultation with the Williams Lake Indian
Band and Xats’ull First Nation. A copy of the assessment shall be provided to the Chief Inspector and to the Williams Lake Indian Band and Xats’ull First Nation.

B. Geotechnical

1. C2 and Boundary Zone Pits

(a) Design

The Permittee shall submit to the Chief Inspector the pit slope design report for the C2 Pit and Boundary Zone Pit for review prior to pit development.

2. Southeast Rock Disposal Site (SERDS)

(a) Design

The design for the Southeast Rock Disposal site is approved.

(b) Construction

(i) The Permittee shall ensure the foundation preparation is completed in accordance with the design requirements.

(ii) The Permittee shall ensure areas of fine-grained soft sediments located on the south side of the dump be removed or pre-loaded with 15 m high lifts prior to construction.

(iii) The Permittee shall ensure mine access roads, haul roads or buildings not be constructed at the toe of the dump within the area of potential dump failure runout or boulder rollout without prior approval of a variance from the Chief Inspector.

(iv) The dump shall be resloped to 2:1 at closure.

(c) Monitoring

(i) The Permittee shall monitor the waste dump slopes in accordance with the Standard Waste Dump Operating procedures. A copy of the procedures shall be forwarded to the Chief Inspector prior to dump construction.
(ii) The Permittee shall install wireline extensometers in areas where excessive cracking near the dump crest is observed during dump construction. Dumping shall be suspended if the movement rate exceeds 600 mm/day.

3. Temporary PAG Waste Rock Dump

   (a) Design

   The Permittee shall modify the design to avoid construction on the steep terrain (15 to 20°+) located along the west side of the proposed dump. The limit for the dump toe is shown on Figure 5 of the Technical Memorandum issued by Golder Associated, dated May 12, 2011.

   (b) Construction

   (i) The Permittee shall ensure the foundation preparation is completed in accordance with the design requirements.

   (ii) Dump construction over areas of soft soils located in the north part of the dump shall be controlled by advancing the crest along the full width of the dump platform to reduce the development of excess pore water pressure in the foundation soil.

   (iii) The Permittee shall ensure mine access roads, haul roads or buildings not be constructed at the toe of the dump within the area of potential dump failure runout or boulder rollout without prior approval of a variance from the Chief Inspector.

   (c) Monitoring

   (i) The Permittee shall monitor the waste dump slopes in accordance with the Standard Waste Dump Operating procedures. A copy of the procedures shall be forwarded to the Chief Inspector prior to dump construction.

   (ii) The Permittee shall install wireline extensometers in areas where excessive cracking near the dump crest is observed during dump construction. Dumping shall be suspended if the movement rate exceeds 600 mm/day.
4. **Tailings Storage Facility**

(a) **Design**

The design raise to 960.5 m elevation is approved.

(b) **Construction**

i. The embankment dam shall be constructed in accordance with the design prepared by the design consultant.

ii. Potentially acid generating rock shall not be used in dam construction.

iii. Cobbles and boulders larger than 100 mm diameter shall be selectively removed from the till during construction of the central core zone.

iv. The design consultant shall provide supervision during construction to ensure that the construction specifications are followed.

(c) **Operation**

i. The Operation, Maintenance and Surveillance (OMS) manual shall be updated as necessary to include revised monitoring criteria, including piezometer and slope inclinometer thresholds.

ii. A minimum water level freeboard of 1.30 m shall be maintained at all times.

(d) **Monitoring**

i. The tailings facility and embankment dam shall be monitored in accordance with the updated OMS manual.

ii. Damaged or inoperative geotechnical instrumentation including piezometers and slope inclinometers shall be repaired or replaced to ensure ongoing performance monitoring.

(e) **Reporting**

i. An as-built report shall be submitted within 6 months of dam construction.
ii. An annual dam safety inspection report shall be submitted to the Chief Inspector.

C. Protection of the Land and Watercourses

1. Metal Leaching and Acid Rock Drainage (MLARD)

   (a) General

       (i) All materials with the potential to generate MLARD shall be placed in a manner that minimizes the production and release of metals and contaminants to levels that assure long-term protection of environmental quality.

       (ii) All plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.

   (b) MLARD Material Monitoring Characterization and Management Program

       (i) The modified ABA sampling guidelines are approved. The Permittee may implement the change from analyzing composite samples to analyzing single samples.

       (ii) The Permittee shall continue to refine predictive testwork to remove uncertainty around the geochemical performance of materials under field conditions and use this information to update effluent quality predictions.

   (c) Characterization of Materials from the C2 and Boundary zone pits

       Waste rock with a NPR (NPR = NP_{Tc}/AP) less than 2.0 is considered potentially acid generating (PAG).

   (d) Disposal of PAG Waste Material

       (i) Approved permanent disposal locations for PAG waste rock are below the flooded elevation in the Caribou, Wight and Southeast Zone pits.

       (ii) Seepage from the temporary west PAG stockpile shall be monitored for the on-set of acidic weathering. The monitoring program shall be
capable of detecting the onset of significant metal leaching and provide early warning about the onset of ARD. If an early onset of metal leaching or ARD is detected, the Permittee shall move the waste rock to an approved disposal location for PAG rock.

(iii) Materials with potential for ARD shall not be used for construction.

c) Material Inventory

The Permittee shall maintain a current inventory of the deposition locations of waste materials placed in the Caribou pit, Wight pit, Southeast zone pit, Southeast waste rock dump and temporary west PAG stockpile. Required information shall include type of material, from which pit and where within that pit the material is from, tonnes of material deposited, deposition period, location within the dump and relevant geological and ML/ARD characterization data.

2. Collection Ditches

The Permittee shall conduct and maintain a record of routine monitoring of the North and South drainage ditches to ensure that seepage is adequately managed to prevent contaminant loadings to the receiving environment.

3. Water Quality Monitoring

(a) The Permittee shall continue monitor and track any changes to drainage chemistry from individual disturbed areas to include the new mine components: temporary west PAG stockpile, waste rock used to buttress the Wight pit high wall and the Southeast waste rock dump. The program shall be capable of detecting significant metal leaching and provide early warning about the onset of ARD or an increase in contaminant loading. Triggers for implementing any mitigation works shall be provided in the MLARD Material Monitoring Characterization and Management Program.

(b) Seepage from each mine component shall be sampled and analyzed monthly.

(c) Results of monitoring shall be incorporated into Annual Reclamation report.

4. West Haul Road Construction
The Permittee shall ensure the 200 m. buffer established under the CCLUP for Bootjack Lake and the Old Growth Management Areas are maintained during the reconstruction of the West Haul Road.

D. Reclamation Program

1. Reclamation and Closure Plan

The Permittee shall submit an updated Reclamation and Closure Plan by October 31, 2012, which describes closure objectives and criteria for each mine component and, providing the current status of the mine plan and reclamation objectives, a compilation and interpretation of all monitoring data including ML/ARD prediction and water quality; closure and maintenance activities; any changes to the reclamation program that affects long-term mitigation; contingency plans; schedule for completion of reclamation works; and, a breakdown of outstanding liabilities and associated costs. The plan shall include a monitoring and mitigation program for elevated metals and acid rock drainage.

2. Reclamation Security

(a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Three Million, Nine Hundred and Five Thousand dollars ($3,905,000.00) bringing the total security for this permit to Seven Million dollars ($7,000,000.00). 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 in accordance with the following installment schedule:

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Within 30 days of receipt of this permit amendment

| By March 31, 2012 | $1,301,667.00 | $4,396,667.00 |
| By December 31, 2012 | $1,301,666.00 | $7,000,000.00 |

(b) Included in the security, and subject to separate legal agreements, Mount Polley Mining Corporation has granted to the Province of British Columbia Asset Security, in the case of equipment, to the extent of One Million Three Hundred and Seventy Thousand Five Hundred and Sixty Six dollars and sixty eight cents ($1,370,566.68).
(c) The Permittee shall provide an updated market value appraisal on the subject equipment assets to be undertaken by a qualified appraiser by December 31, 2011.

(d) The Permittee shall conform to all Ministry of Environment approval, license and permit conditions, including the Environmental Management Act, Contaminated Sites and Special Waste regulations. The Permittee shall conform to all forest tenure requirements of the Ministry of Forests, Lands and Natural Resource Operations. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

(e) Over the life of the mine, the security will be adjusted to cover all the costs associated with carrying out the conditions of this permit. Upon application by the Permittee, the amount of security may be reduced if initial mining or development work will create less disturbance and liability.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 8th day of July in the year 2009.

[Signature]

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 934 m
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
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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
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August 2, 2006  Approving Change of Name and Deletion of Requirement to Monitor Blasting
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March 29, 2007  Approving Northeast Zone Dump Extension
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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
AMENDMENT TO PERMIT

APPROVING MINING AND RECLAMATION PROGRAM FOR THE POND ZONE

Permit: M-200

Issued to: Mount Polley Holding Company Limited
         P.O. Box 12
         Likely, British Columbia
         V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 8th day of July in the year 2009.

[Signature]
Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for an amendment of Permit M-200, entitled “Pond Zone Permit Application to amend M-200 – Mount Polley” dated January 30, 2009 was filed with the Chief Inspector of Mines (Chief Inspector) on February 10, 2009 in accordance with Section 10(6) of the Mines Act.

A series of reports committed to in the above referenced permit application and required by the Chief Inspector were also filed with the Chief Inspector and form part of the application, as follows:


This permit contains the requirements of the Ministry of Energy, Mines and Petroleum Resources. It also is compatible, to the extent possible, with the requirements of other provincial ministries. The amount of security required by this permit and the manner to which this security may be applied, will also reflect the requirements of those ministries. However, 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.

CONDITIONS

The Chief Inspector approves the application to mine the Pond Zone in compliance with the following terms and conditions:

General

1. Compliance with Mines Act and Code

   All work shall be in compliance with all sections and parts of the Mines Act and 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 and the regional Inspector of Mines (Mines 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.
Geotechnical Conditions

1. **North East Waste Rock Dump**
   
   (a) **Design and Operation**

   i. The conceptual modification to the construction of the North East Waste Rock dump is approved. The Permittee shall submit a final design including a plan and sections of the North East Waste Rock dump to the Mines Inspector and the Geotechnical Inspector of Mines for approval prior to dump construction.

   ii. The Permittee shall submit an updated waste dump operating manual to the Mines Inspector and the Geotechnical Inspector of Mines for approval prior to dump construction.

2. **Pond Zone Pit**

   (a) **Design of Pond Zone pit**

   Pit wall and bench configurations are approved. The Permittee shall follow the design provided by the design consultant. All work shall be supervised by a qualified geotechnical engineer. The design may be modified based on pit mapping, stability performance and a review by a qualified geotechnical engineer.

   (b) **Monitoring**

   The Permittee shall develop a pit slope stability monitoring program that includes regular visual inspection of the pit walls and bench crests. Potentially unstable pit walls shall be monitored with suitable instrumentation and movement criteria developed to warn of impending failure.

Protection of the Land and Watercourses

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

   (a) **General**

   i. 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 long-term protection of environmental quality.

ii. All plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.

(b) MLARD Material Monitoring Characterization and Management Program

i. The Pond Zone Waste Rock Management Plan, dated June 2009 is approved.

ii. The Permittee shall continue to implement their program of research and monitoring to address where there is significant uncertainty regarding the future geochemical performance of waste rock, high walls and tailings material.

iii. The Permittee shall continue to refine predictive testwork to remove uncertainty around the geochemical performance of materials under field conditions and use this information to update effluent quality predictions.

(c) Characterization of Materials for the Pond Zone

i. Volcanic rock material, as defined in the application, with an NPR less than <2.0 are considered potentially acid generating (PAG).

ii. Monzonite rock material, as defined in the application, with total S greater than >0.3% are considered potentially acid generating (PAG)

(d) Disposal of PAG Waste Material

i. Approved disposal locations for PAG waste rock are in the flooded Caribou Pit, and the flooded Wight Pit below the final flood elevation estimated for closure.

ii. Materials with the potential for ARD shall not be used for construction.
(e) Material Inventory

The Permittee shall keep a current inventory of all waste materials from the Pond Zone pit placed in the North East waste rock dump and Caribou Pit/Wight Pit. The required information shall include type of material, where in the pit the material is from, tonnes of material deposited, deposition period, location within dump and relevant geological and ML/ARD characterization data.

Reclamation Program

1. Reclamation Security

(a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Eighty Two Thousand dollars ($82,000.00) bringing the total security for this permit to Three Million, and Ninety Five Thousand dollars ($3,095,000.00). 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 in accordance with the following installment schedule:

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Balance (as of June 1, 2009)</td>
<td>$3,013,000.00</td>
</tr>
<tr>
<td>Within 30 days of the receipt of this permit</td>
<td>$82,000.00</td>
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<td>Total</td>
<td>$3,095,000.00</td>
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(b) Included in the security, and subject to separate legal agreements, Mount Polley Holding Company Ltd. has granted to the Province of British Columbia Asset Security, in the case of equipment, to the extent of One Million Three Hundred and Seventy Thousand Five Hundred and Sixty Six dollars and sixty eight cents ($1,370,566.68).

(c) When required by the Chief Inspector, the Permittee shall provide an updated market value appraisal on the subject equipment assets to be undertaken by a qualified appraiser.

(d) The Permittee shall conform to all Ministry of Environment approval, license and permit conditions, including the Environmental Management Act, Contaminated Sites and Special Waste regulations, as well as the Wildlife Act and Land Act. Should the Permittee not conform to these conditions then all or part of the security may be used to fulfill these requirements.
(e) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests and Range. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

(f) Over the life of the mine, the security will be adjusted to cover all the costs associated with carrying out the conditions of this permit. Upon application by the Permittee, the amount of security may be reduced if initial mining or development work will create less disturbance and liability.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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

for work located at the:

Mount Polley Mine

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 6th day of March in the year 2008.

[Signature]
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

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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
AMENDMENT TO PERMIT
APPROVING TRANSFER OF ROAD USE, MAINTENANCE AND
RECLAMATION OBLIGATIONS

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 6th day of March in the year 2008.

Chief Inspector of Mines

PREAMBLE

An application for amendment to permit M-200 entitled “Transfer of Road Use and Maintenance Obligations under Permit M-200”, dated January 31, 2008, was filed with the Chief Inspector of Mines (Chief Inspector) on February 14, 2008 in accordance with Section 10(6) of the Mines Act.

The Caribou Mine Development Review Committee referred the application to other agencies in accordance with Part 10.3 of the Code

This permit is compatible, to the extent possible, with the requirements of other provincial ministries for reclamation issues. However, 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.
CONDITIONS

The Chief Inspector hereby approves the Transfer of Roads as described in the Application subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines (district 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. **Permit Approval**

   This permit approves the transfer of roads to include all rights, maintenance and reclamation obligations as previously dictated under Ministry of Forests and Range, Road Permit #1350 to Permit M-200. Specific sections of roads are listed as:


   All other terms and conditions remain the same.

G:\Permit Amendment M-200 Approving transfer of Road Use Maintenance and Reclamation and Obligations March 2008
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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

for work located at the:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 19th day of February in the year 2008.

[Signature]
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

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December 5, 2007  Approving Wight Pit High Wall Rehabilitation

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M-200 Permit Cover
AMENDMENT TO PERMIT
APPROVING TAILINGS STORAGE FACILITY
STAGE 6 CONSTRUCTION

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 19th day of February in the year 2008.

/Ken Bellefontaine/
Chief Inspector of Mines

PREAMBLE

An application letter dated July 4, 2007, entitled “Stage 6 Design Report for the Tailings Storage Facility - Mount Polley Mine” by the Mount Polley Mining Corporation was submitted to the Chief Inspector of Mines (Chief Inspector) on July 25, 2007 in accordance with Section 10(6) of the Mines Act. The following reports were submitted in support of the application:

- A letter from Knight Piésold dated December 19, 2007, entitled “Mount Polley Stage 6 TSF Design”.

CONDITIONS

The Chief Inspector hereby approves the application subject to compliance with the following terms and conditions:

**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 and the district Inspector of Mines 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.

**Geotechnical**

1. **General**

   (a) The stage 6 dam raise to elevation 958 m and downstream buttress shall be constructed in accordance with the design and specifications provided by the design consultant.

   (b) The Operation, Maintenance and Surveillance manual shall be updated as necessary to include revised monitoring criteria, including piezometer and slope inclinometer thresholds.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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P.O. Box 12
Likely, British Columbia
V0L 1N0

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Amendments
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Amended at Victoria, British Columbia this 5th day of December in the year 2007.

Chief Inspector of Mines
Amendments

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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
AMENDMENT TO PERMIT
APPROVING WIGHT PIT HIGH WALL REHABILITATION

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 5th day of December in the year 2007.

[Signature]
Chief Inspector of Mines

PREAMBLE

An application for amendment to permit M-200 entitled “Wight Pit High Wall Rehabilitation Program”, dated October 17, 2007, was filed with the Chief Inspector of Mines (Chief Inspector) on October 19, 2007 in accordance with Section 10(6) of the Mines Act.

CONDITIONS

The Chief Inspector hereby approves the application for the Wight Pit High Wall Rehabilitation subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines (district 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.

Health and Safety

1. Safe Work Procedure

A safe work procedure and monitoring program shall be submitted to the district Inspector of Mines, Health and Safety for review before work commences.

Geotechnical

1. Wight Pit Wall Stabilization

(a) Pit stabilization of the east wall is approved subject to the recommendations of the design consultant. Work shall be supervised by a qualified geotechnical engineer. The design may be modified based on pit mapping, stability performance and a review by a qualified geotechnical engineer.

(b) The Permittee shall submit a final report to the Chief Inspector for the pit wall stabilization.

2. Waste Rock Dump

(a) Test pits shall be excavated within the proposed waste dump foundation area prior to dump construction to confirm foundation assumptions.

(b) Weak organic soils shall be removed from the dump footprint.

(c) The Permittee shall submit a final report to the Chief Inspector for the dump construction.
Protection of the Land and Watercourses

1. **Metal Leaching and Acid Rock Drainage**

   (a) The Permittee shall sample all excavated pit wall material using the protocol set out in the approved ML/ARD Material Monitoring Characterization and Management Program for Mount Polley Mine (dated February 2005).

   (b) Material found to be PAG shall be deposited underwater within the Cariboo Pit.

2. **Collection Ditches**

   The Permittee shall install a system of drainage diversion and collection ditches to minimize contaminant loadings to the receiving environment.

3. **Soil Salvaging**

   (a) The Permittee shall salvage and retain all suitable topsoil and overburden materials on site for use in final reclamation.

   (b) Woody debris, including stumps, roots, limbs and rotting logs, that is generated during clearing and grubbing of the dump area, shall be stockpiled in suitable locations for subsequent use in the reclamation program to enhance nutrient cycling unless it can be applied directly to a reclamation area.

Reclamation Program

1. **Reclamation Security**

   (a) The Permittee shall cause to be deposited with the Minister of Finance by December 31, 2007, additional security in the amount of Two Hundred Thousand dollars ($200,000.00) bringing the total security for this permit to Three Million Thirteen Thousand dollars ($3,013,000.00). 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.

   (b) Subject to separate legal agreements, Mount Polley Mining Corporation has granted to the Province of British Columbia Asset Security, in the case of equipment, to the extent of One Million Three Hundred and Seventy Thousand Five Hundred and Sixty-six dollars and sixty eight cents ($1,370,566.68).
(c) The Permittee shall provide by March 31, 2008, an updated market value appraisal on the subject equipment assets, to be undertaken by a qualified appraiser.

(d) The Permittee shall conform to all Ministry of Environment and Ministry of Agriculture and Lands approval, license, and permit conditions, including the Environmental Management Act, Contaminated Sites and Special Waste regulations, as well as requirements under the Wildlife Act. Should the Permittee not conform to these conditions then all or part of the security may be used to fulfill these requirements.

(e) The Permittee shall conform to all Land Act tenure (permit, licence of occupation, statutory right of way or lease) or Water Act licence terms and conditions. Should the Permittee not perform any of the required obligations under any Land Act tenure or Water Act licence, then all or part of the security may be used to cover any costs or expenses incurred by the Province of British Columbia to perform any of these obligations or otherwise satisfy any outstanding obligation under any such tenure or licence.

(f) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests and Range. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

(g) The amount of security will be adjusted for inflation where required. The first adjustment will be made the year following placement of the total security in 1(a) above, but only when the cumulative inflation from January 1, 2008 exceeds 10% based on each of the previous year’s annual increase in the British Columbia Consumer Price Index (B.C. CPI).

This condition supersedes previous Reclamation Security conditions.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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:

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Open Pits and Waste Dumps and Traffic Control Plan

Amendments
As listed on page 2

Amended at Victoria, British Columbia this 29th day of March in the year 2007.

R. Berdusco, P.Eng.
Chief Inspector of Mines
Amendments

June 13, 1996  Name Change

September 23, 1996  Approval to Construct Tailings Storage Facility to Elevation 934m

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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
AMENDMENT TO PERMIT
APPROVING NORTHEAST ZONE DUMP EXTENSION

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 29th day of March in the year 2007.

R. Berdusco, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application dated December 21, 2006 entitled “Mount Polley Mining Corporation, Amendment Application Northeast Zone Dump Expansion” was filed with the Chief Inspector of Mines (Chief Inspector) on January 8, 2007 in accordance with Section 10(6) of the Mines Act.

CONDITIONS

The Chief Inspector hereby approves the application for the Northeast Zone Dump Expansion subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines 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.

**Geotechnical**

1. **Construction**

   (a) The dump shall be constructed to a maximum elevation of 1066 m in accordance with the design prepared by Golder Associates.

   (b) Weak organic soils shall be removed from the dump footprint as directed by the design consultant.

   (c) A berm or ditch shall be constructed between the toe of the dump and the haul road below to provide rock roll-out protection.

2. **Operation**

   (a) Dump construction and monitoring shall be carried out in accordance with the dump operating procedures developed for the existing Northeast Rock Dump. The procedures shall be up-dated as necessary to include the dump stability and performance monitoring recommendations provided by the design consultant.

   (b) Controlled access below the dump is required in accordance with the variance issued for the Northeast Rock Dump.

**Protection of the Land and Watercourses**

1. **Collection Ditches**

   The Permittee shall install a system of drainage diversion and collection ditches to minimize contaminant loadings from the Northeast Zone dump extension, area of disturbance.
2. **Soil Salvaging**

   (a) The Permittee shall salvage and retain all suitable topsoil and overburden materials on site for use in final reclamation.

   (b) Woody debris including stumps, roots, limbs and rotting logs that is generated during clearing and grubbing of the northeast zone dump extension area, shall be stockpiled in suitable locations for subsequent use in the reclamation program to enhance nutrient cycling unless it can be applied directly to a reclamation area.

3. **Waste Dumps**

   Waste dumps shall be recontoured to 2H: 1V slopes as specified in the application, so that final reclamation is consistent with the end land use.

**Reclamation Program**

1. **Reclamation Security**

   The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Three Hundred and Eighty-three Thousand, Sixty-six dollars and Sixty-eight cents ($383,066.68) bringing the total security for this permit to Two Million Nine Hundred and Eighty-eight Thousand dollars ($2,988,000.00). 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 security in accordance with the following installment schedule:

<table>
<thead>
<tr>
<th>Installment</th>
<th>Cumulative</th>
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<td>Balance (as of March 29, 2007)</td>
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<tr>
<td>On or before May 30, 2007 and every month thereafter until June 30, 2008</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$2,988,000.00</td>
</tr>
</tbody>
</table>

All other terms and conditions remain the same.
AMENDMENT TO PERMIT
APPROVING COPPER OXIDE TEST HEAP LEACH FACILITY

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 29th day of March in the year 2007.

R. Berdusco, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application for amendment of Permit M-200, entitled “Test Leach, Operations/Environment Monitoring Manual” dated June 28, 2006 was filed with the Chief Inspector of Mines (Chief Inspector) on July 6, 2006 in accordance with Section 10(6) of the Mines Act. This report describes the proposed operations and environmental monitoring for the testing of 200,000 tonnes of Springer oxide ore using a copper oxide test heap leach facility. This permit only approves this test operation.

The following report forms part of this application:

CONDITIONS

The Chief Inspector hereby approves the application for a copper oxide test heap leach facility subject to compliance with the following conditions:

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 and district Inspector of Mines 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.

Work System

1. Approval of Leach Pad and Copper Recovery Facility

   Design, construction and operation of the leach pad and copper recovery facility is approved.

Geotechnical

1. Leach Pad Liner

   (a) The Permittee shall construct the leach pad in accordance with the design by Knight Piéplan dated October 30, 2006.

   (b) The Permittee shall hydraulically test the leach pad liner system for leaks prior to operating.

   (c) The Permittee shall monitor the drainage system, pump back system and, if applicable, the pipeline to the mill. The monitoring procedure system shall be prepared and submitted to the Chief Inspector prior to operating the leach test pad.
Protection of the Land and Watercourses

1. Environmental Monitoring and Surveillance

   The Permittee shall summarize all monitoring data and submit results in the Annual Reclamation Report submitted March 31st of each year.

Reclamation Program

1. Heap Leach Operations and Closure

   (a) All heap leach operations and closure conditions shall be completed to the satisfaction of the Chief Inspector and Ministry of Environment Regional Manager.

   (b) All PAG material from the spent heap leach test must be permanently disposed of in the flooded locations of the Cariboo pit unless otherwise processed within the mill.

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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:

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>Permit</th>
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<tbody>
<tr>
<td>August 3, 1995</td>
<td>Approving Work System</td>
</tr>
<tr>
<td>July 11, 1997</td>
<td>Amended Reclamation Permit, Approval to Construct Open Pits and Waste Dumps and Traffic Control Plan</td>
</tr>
</tbody>
</table>

Amendments

As listed on page 2

Amended at Victoria, British Columbia this 31st day of August in the year 2007.

[Signature]

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 24, 2007  Approving Boundary Road
AMENDMENT TO PERMIT
APPROVING BOUNDARY ROAD

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 31st day of August in the year 2007.

[Signature]
Chief Inspector of Mines

PREAMBLE

A Notice of Work dated March 5, 2007 entitled “Boundary Road Application – Mount Polley”, was filed with the Chief Inspector of Mines (Chief Inspector) on March 12, 2007 in accordance with Section 10(6) of the Mines Act.

The following reports and memorandum also form part of the application.


CONDITIONS

The Chief Inspector hereby approves the application for the Boundary Road subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines 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.

Geotechnical

1. **Construction**

   The Permittee shall ensure weak organic soils be removed from the dump footprint as directed by the design consultant.

2. **Operation**

   The Permittee shall ensure the Polley Lake Road be closed during construction of the Boundary Road when potential rock rollout from new road construction presents a hazard to the Polley Lake Road users.

3. **Monitoring**

   The Permittee shall develop a program to monitor excessive crest settlement or toe displacement during road construction.
Protection of the Land and Watercourses

1. Metal Leaching and Acid Rock Drainage

   (a) The Permittee shall sample all road fill material using the protocol set out in the approved ML/ARD Material Monitoring Characterization and Management Program for Mount Polley Mine (dated February 2005).

   (b) Road fill material are defined as having the potential to be ARD generating (PAG) if they have a paste pH < 6 or NP/AP < 2, where AP is calculated using total S and NP is determined by carbonate analyses.

   (c) Material found to be PAG shall be deposited underwater within the Cariboo Pit.

   (d) Materials with a paste pH < 6 or NP/AP < 2 shall not be used for construction purposes

   (e) No changes shall be made to the criteria for PAG definition waste handling procedures, mitigation strategies or materials monitoring program without the prior approval of the Chief Inspector.

2. Collection Ditches

   The Permittee shall install a system of drainage diversion and collection ditches to minimize contaminant loadings from the Boundary Road area of disturbance.

3. Soil Salvaging

   (a) The Permittee shall salvage and retain all suitable topsoil and overburden materials on site for use in final reclamation.

   (b) Woody debris including stumps, roots, limbs and rotting logs that is generated during clearing and grubbing of the northeast zone dump extension area, shall be stockpiled in suitable locations for subsequent use in the reclamation program to enhance nutrient cycling unless it can be applied directly to a reclamation area.

Reclamation Program

1. Reclamation Security

   The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Two Thousand dollars ($2,000.00) bringing the total security
for this permit to Three Million dollars ($3,000,000.00). 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 security in accordance with the following installment schedule:

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<th>Installment</th>
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<td>On or before December 31, 2007</td>
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<td>Total</td>
<td>$3,000,000.00</td>
</tr>
</tbody>
</table>

All other terms and conditions remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

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 page 2

Amended at Victoria, British Columbia this 2nd day of August in the year 2006.

F.W. Hermann, 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
AMENDMENT TO PERMIT
APPROVING CHANGE OF NAME AND
DELETION OF REQUIREMENT TO MONITOR BLASTING

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 2nd day of August in the year 2006.

F.W. Hermann, P.Eng.
Chief Inspector of Mines

PREAMBLE

A letter of application dated January 16, 2006 requesting a change of name to the permit was
filed with the Chief Inspector of Mines (Chief Inspector) on January 23, 2006. As well, a letter
of application dated February 6, 2006 entitled “Variance Request for Section 1,2,3 (Health and
Safety) M-200, Permit Northeast Zone” was filed on February 10, 2006 in accordance with
Section 10(6) of the Mines Act.

CONDITIONS

The Chief Inspector hereby approves these applications subject to compliance with the following
terms and conditions:
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 and the district Inspector of Mines 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.

Health and Safety

1. Monitoring

   Conditions 1, 2 and 3 of permit M-200 amended November 1, 2004 are hereby deleted.

All other terms and conditions of the permit remain the same.
AMENDMENT TO PERMIT
APPROVING TAILINGS STORAGE FACILITY
STAGE 5 CONSTRUCTION

Permit: M-200

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

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 2nd day of August in the year 2006.

[Signature]
F.W. Hermann, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application dated June 12, 2006 including a report and plan of the work system entitled
"Mount Polley Mining Corporation, Mount Polley Mine, Stage 5 Design of the Tailings Storage
Facility" by Knight Piesold Limited was filed with the Chief Inspector of Mines (Chief
Inspector) on June 23, 2006 in accordance with Section 10(6) of the Mines Act.

CONDITIONS

The Chief Inspector hereby approves the application subject to compliance with the following
terms and conditions:
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 and the district Inspector of Mines 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.

Geotechnical

1. General

The Permittee shall obtain the necessary permits and licences for water discharge and water diversion from the Ministry of Environment.

2. Construction

(a) Construction of the Stage 5 dam raise to elevation 951 m shall be in accordance with design and construction specifications provided by the design consultant.

(b) Foundation drains, toe drains and associated water collection and recycle systems shall be extended or installed as specified by the design consultant.

3. Operation

(a) The tailings storage facility shall be operated in accordance with the Operation, Maintenance and Surveillance (OMS) manual.

(b) The tailings pond shall be operated with a minimum freeboard of 1.39 m.
4. **Monitoring**

   (a) The inclinometers installed through the lacustrine unit downstream of the Main Embankment shall be monitored to determine possible deflection with respect to the baseline survey using a standard inclinometer probe.

   (b) Monitoring of piezometers, slope inclinometers and survey monuments shall be carried out in accordance with the OMS manual or as specified by the design consultant.

   (c) Any damage to piezometer cables from construction activities shall be repaired or replaced in a prompt fashion to allow ongoing assessment of piezometric levels as specified by the design consultant.

5. **Reporting**

   (a) An as-built report shall be submitted within six months of completion of Stage 5 construction.

   (b) An annual dam safety inspection report shall be prepared and to be submitted by July 31, 2007.

   (c) A formal dam safety review shall be completed in 2006 and at an interval of 7 years based on the high consequence classification.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
 Likely, British Columbia
V0L 1W0

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>Permit</th>
</tr>
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<tbody>
<tr>
<td>August 3, 1995</td>
<td>Approving Work System</td>
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<tr>
<td>July 11, 1997</td>
<td>Amended Reclamation Permit, Approval to Construct Open Pits and Waste Dumps and Traffic Control Plan</td>
</tr>
</tbody>
</table>

Amendments

As listed on page 2

Amended at Victoria, British Columbia this 24th day of November in the year 2005.

F.W. Hermann, 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
AMENDMENT TO PERMIT
APPROVING MINING OF SOUTHEAST ZONE

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 24th day of November in the year 2005.

F.W. Herrmann, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application dated July 8, 2005 including a report and plan of the work system and a program for the protection and reclamation of the surface of the land and watercourses, to mine the Southeast Zone, entitled “Mines Act Permit M-200 Amendment Application Southeast Zone”, was filed with the Chief Inspector of Mines (Chief Inspector) on July 13, 2005 in accordance with Section 10(6) of the Mines Act.

This application was referred to other agencies in accordance with Part 10.3 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).
CONDITIONS

The Chief Inspector hereby approves the application to mine the Southeast Zone in compliance with the following terms and conditions:

General

1. **Compliance with Mines Act and Code**

   All work shall be in compliance with all sections and parts of the Mines Act and 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 and the district Inspector of Mines 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.

Geotechnical

1. **East Waste Rock Dump**

   (a) **Design and Operation**

      (i) The Permittee shall submit a final design including a plan and sections of the East Waste Rock dump to the district Inspector of Mines and Geotechnical Inspector of mines for approval prior to dump construction.

      (ii) The Permittee shall submit an updated waste dump operating manual to the district Inspector of Mines and Geotechnical Inspector of mines for approval prior to dump construction.

2. **Southeast Zone Pit**

   (a) **Design of Southeast Zone Pit**

   Pit wall and bench configurations shall conform to the initial design provided by the design consultant. The design shall be updated annually. Regular pit
mapping and pit wall stability performance investigations shall be conducted by a qualified geotechnical engineer, and results shall be incorporated into the updated design and submitted to the Geotechnical Inspector and district Inspector of Mines for review.

(b) Monitoring

The Permittee shall develop a pit slope stability monitoring program for the Southeast Zone pit that includes regular visual inspection of the pit walls and bench crests. Potentially unstable pit walls shall be monitored with suitable instrumentation and movement criteria developed to warn of impending failure. A copy of the pit slope monitoring manual shall be submitted to the Chief Inspector within 6 months of the start of mining the Southeast Zone pit.

Protection of the Land and Watercourses

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

   (a) General

   (i) 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 long-term protection of environmental quality.

   (ii) All plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.

   (b) ML/ARD Material Monitoring Characterization and Management Program

   (i) ML/ARD Material Monitoring Characterization and Management Program for the Mount Polley Mine, submitted February 2005, are approved.

   (ii) The Permittee shall continue to implement its program of research and monitoring to address areas of significant uncertainty regarding the future geochemical performance of waste rock, high walls and tailings material.
(iii) The Permittee shall continue to refine predictive testwork to remove uncertainty of the geochemical performance of materials under field conditions and use this information to update effluent quality predictions.

(c) Characterization of Materials

(i) Materials with an NPR less than 2.0 are considered potentially acid generating (PAG).

(ii) Materials that contain or have the ability to produce soluble contaminates in high enough concentrations to exceed provincial guidelines for aquatic life, are considered to have potential for metal leaching (ML).

(d) Disposal of PAG Waste Material

(i) The only approved disposal location for PAG waste rock is in the flooded Caribou pit, below the final flood elevation estimated for closure.

(ii) Materials with the potential for ARD shall not be used for construction.

(e) Material Inventory

The Permittee shall keep a current inventory of all waste materials mined from the Southeast Zone pit. The required information shall include: type of waste material, relevant geological and ML/ARD characterization data, area of the pit from which the material was mined, tonnage of waste material deposited, deposition period, and disposal location within the East Waste Rock dump or Caribou pit.

Reclamation Program

1. Reclamation Security

The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Six Hundred Thousand dollars ($600,000.00) bringing the total security for this permit to Two Million, Eight Hundred and Five Thousand dollars ($2,805,000.00). The Permittee shall deposit the additional security in accordance with the following installment schedule:
Mount Polley Holding Company Limited, Mount Polley Mine
Permit Approving Mining of Southeast Zone

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<th>Installment</th>
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<tr>
<td>Balance (as of November 24, 2005)</td>
<td>$2,205,000.00</td>
</tr>
<tr>
<td>On or before November 30, 2005 and every month thereafter until October 31, 2007</td>
<td>$ 600,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$2,805,000.00</td>
</tr>
</tbody>
</table>

(b) In the event that the mine ceases production operations, the full outstanding amount of the security must be provided within 30 days.

All other terms and conditions remain the same.
PROVINCIAL OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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

Issued to: Mount Polley Holding Company Limited
           P.O. Box 12
           Likely, British Columbia
           V0L 1N0

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

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<tr>
<td>July 11, 1997</td>
<td>Amended Reclamation Permit, Approval to Construct Open Pits and Waste Dumps and Traffic Control Plan</td>
</tr>
</tbody>
</table>

**Amendments**

As listed on page 2

Amended at Victoria, British Columbia this 2nd day of August in the year 2005.

[Signature]

F.W. Hermann, 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
AMENDMENT TO PERMIT
APPROVING HAULAGE ROAD CONSTRUCTION
FROM NORTHEAST ZONE TO TSF

Permit: M-200

Issued to: Mount Polley Holding Company Limited
           P.O. Box 12
           Likely, British Columbia
           V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 2nd day of August in the year 2005.

F.W. Hermann, P.Eng.
Chief Inspector of Mines

PREAMBLE

A letter of application dated June 17, 2005 was filed with the Chief Inspector of Mines (Chief Inspector) on June 20, 2005 in accordance with Section 10(6) of the Mines Act.

The following forms part of the application:

CONDITIONS

The Chief Inspector hereby approves the application subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines 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.

Geotechnical

1. Construction

Construction of the road shall not commence until an adequate toe-butress below the East RDS, currently under construction, has been completed.

2. Operation

(a) No dumping will be allowed on the East RDS when the haul road is in use.

(b) A procedure shall be developed to ensure the dump is closed during haulage operations.

3. Monitoring

Monitoring procedures will be in place on the East RDS to make sure that no movement is taking place before and during haulage operations.
Reclamation Program

1. **Reclamation Security**

The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Six Hundred and Seventy Thousand dollars ($670,000.00) bringing the total security for this permit to Two Million Seven Hundred and Seventy Thousand dollars ($2,770,000.00). 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 security in accordance with the following installment schedule:

<table>
<thead>
<tr>
<th>Installment Date</th>
<th>Installment $</th>
<th>Cumulative $</th>
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<tr>
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<td>Thirty days after issuance of permit</td>
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<td>2,180,000.00</td>
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<tr>
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All other terms and conditions remain the same.
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

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
 Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 25th day of May in the year 2005.

F.W. Hermann, 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

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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
AMENDMENT TO PERMIT
APPROVING TAILINGS STORAGE FACILITY
STAGE 4 CONSTRUCTION

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 25th day of May in the year 2005.

F.W. Hermann, P.Eng.
Chief Inspector of Mines

PREAMBLE

An application dated March 14, 2005 including a report and plan of the work system entitled “Mount Polley Mining Corporation, Mount Polley Mine, Design of the Tailings Storage Facility to Ultimate Elevation” by Knight Piesold was filed with the Chief Inspector of Mines (Chief Inspector) on March 17, 2005 in accordance with Section 10(6) of the Mines Act.

The following forms part of the application:

CONDITIONS

The Chief Inspector hereby approves the application subject to compliance with the following terms and conditions:

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 and the district Inspector of Mines 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.

Geotechnical

1. General

The Permittee shall obtain the necessary permits and licences for water discharge and water diversion from the Ministry of Water, Land and Air Protection and Land and Water British Columbia Inc.

2. Construction

(a) Construction of the Stage 4 dam raise to elevation 948 m shall be in accordance with design and construction specifications provided by the design consultant.

(b) Foundation drains, toe drains and associated water collection and recycle systems shall be extended or installed as specified by the design consultant.

3. Operation

(a) The tailings storage facility shall be operated in accordance with the Operation, Maintenance and Surveillance (OMS) manual.
(b) The tailings pond shall be operated with a minimum freeboard of 1.39 m.

4. Monitoring

(a) Three additional slope inclinometers shall be installed at the Main Embankment.

(b) Monitoring of piezometers, slope inclinometers and survey monuments shall be carried out in accordance with the OMS manual or as specified by the design consultant.

5. Reporting

(a) An as-built report shall be submitted within six months of completion of Stage 4 construction.

(b) An annual dam safety inspection report shall be prepared and to be submitted by July 31, 2006.

(c) A formal dam safety review shall be completed in 2006 and at an interval of 7 years based on the high consequence classification.
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

Issued to: Mount Polley Holding Company Limited
           P.O. Box 12
           Likely, British Columbia
           V0L 1N0

for work located at the:

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 1st day of November in the year 2004.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy 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

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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
AMENDMENT TO PERMIT
APPROVING MINING AND RECLAMATION PROGRAM FOR THE
NORTHEAST ZONE AND APPROVING MINE RESTART

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
 Likely, British Columbia
  V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 1st day of November in the year 2004.

John C. Errington, Ph.D. P.Ag.
Deputy Chief Inspector of Mines

PREAMBLE

An application dated July 30, 2004 including a report and plan of the work system and a program for the protection and reclamation of the surface of the land and watercourses, to mine the Northeast Zone, entitled “Amendment Application Northeast Zone”, was filed with the Chief Inspector of Mines (Chief Inspector) on August 10, 2004 in accordance with Section 10(6) of the Mines Act.

This application was referred to other agencies in accordance with Part 10.3 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).
CONDITIONS

The Chief Inspector hereby approves the application to mine the Northeast Zone and Mine Restart subject to compliance with the following terms and conditions:

General

1. Compliance with Mines Act and Code

   All work shall be in compliance with all sections and parts of the Mines Act and 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 and the district Inspector of Mines 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.


   Six months prior to final closure, the Permittee shall submit a Closure Management Manual which describes and documents key aspects of the operational surveillance and monitoring requirements used to track important changes that could affect long-term mitigation performance, monitoring and maintenance requirements. This document shall be a living document with updates submitted to this Ministry whenever significant changes occur.

Health and Safety

1. Blast Monitoring

   (a) The Permittee shall monitor for ground vibration and overpressure at a point halfway between the mine and the nearest residence. Results shall be submitted monthly to the district Inspector of Mines for review.

   (b) At least six hours prior to a blast, the Permittee shall notify the private residences that are within two kilometers of the blast site.
2. **Dust Monitoring**

The Permittee shall monitor for dust (PM$_{10}$) at a point half way between the mine and the nearest residence. Results shall be submitted monthly to the district Inspector of Mines for review.

3. **Noise Monitoring**

The Permittee shall monitor for noise at a point half way between the mine and the nearest residence. Results shall be submitted monthly to the district Inspector of Mines for review.

**Geotechnical Conditions**

1. **Construction and Operation of Northeast Zone Waste Dump**

   (a) **Construction**

   (i) Test pits shall be excavated within the proposed waste dump foundation area prior to dump construction to confirm assumptions used in the design.

   (ii) Waste dump construction shall be undertaken in accordance with the design provided by the design consultant with an overall slope of 2:1.

   (iii) Fine-grained weathered rock spoil and overburden soil shall be assigned to the west half of the dumping platforms.

   (b) **Monitoring**

   Dump slope stability monitoring shall be undertaken with a program developed for routine visual inspection. Wireline extensometers shall be installed if cracks behind the dump crest develop and crack displacement exceeds 10 cm.

2. **Pit Slope Stability**

   (a) **Construction**

   (i) Pit wall and bench configurations shall follow the initial design provided by the design consultant. The design may be modified based on pit
mapping, stability performance and a review by a qualified geotechnical engineer.

(ii) A design report shall be submitted for approval prior to excavation of the thick soil overburden deposits located in the southeast quadrant.

(iii) Final pit walls shall be developed using controlled blasting methods.

(iv) Horizontal drain holes shall be installed during mining to control groundwater flow and improve pit wall stability. Spacing and depth of the drain holes have been provided by the design consultant.

(b) Monitoring

The Permittee shall develop a pit slope stability monitoring program that includes regular visual inspection of the pit walls and bench crests and survey monitoring of prisms in the southeast quadrant. Potentially unstable pit walls shall be monitored with suitable instrumentation and movement criteria developed to warn of impending failure. A copy of the pit slope monitoring manual shall be submitted to the Chief Inspector within 6 months of the start of mining.

3. Hydrogeological Conditions

(a) Operation

Prior to mining, the Permittee shall install four to six dewatering wells through the overburden soil between the east pit crest and Polley Lake. An as-built report of the well installations and the water discharge system shall be submitted to the Chief Inspector.

(b) Monitoring

The Permittee shall install a system of groundwater monitoring wells/piezometers between the east pit crest and Polley Lake to monitor the effectiveness of the pumping wells. A contingency plan shall be developed to ensure both sufficient drawdown of the groundwater level as well as stability of the east pit wall.
4. Springer Pit

The Permittee shall, prior to mining the Springer Pit, submit final mine design plans to the Chief Inspector for approval.

Protection of the Land and Watercourses

1. Reporting

(a) By March 31st of each year, an Annual Reclamation Report shall be submitted in a form containing the information required by the Chief Inspector. The annual Reclamation Report shall document the current status of the work system and reclamation obligations, outstanding liability and associated costs, and all monitoring including water quality, and ongoing maintenance activities.

(b) An updated Closure Plan shall be submitted by March 31, 2009 providing the current status of the work system and reclamation obligations, a compilation of all monitoring including ML/ARD prediction, water quality, closure and maintenance activities, any changes to the reclamation program that affect long-term mitigation, contingency plans, schedule for completion of reclamation works, and a breakdown of outstanding liabilities and associated costs.

2. Metal Leaching and Acid Rock Drainage (ML/ARD)

(a) General

(i) 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 long-term protection of environmental quality.

(ii) All plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.

(b) Characterization of Materials

(i) Materials with an NPR less than 2.0 are considered potentially acid generating (PAG).
(ii) Materials that contain or have the ability to produce soluble contaminants in high enough concentrations to exceed provincial guidelines for aquatic life, are considered to have a potential for metal leaching (ML).

(c) Disposal of PAG Waste Material

(i) The only approved disposal location for PAG waste rock is in the flooded Caribou Pit, below the final flood elevation estimated for closure.

(ii) Materials with the potential for ARD shall not be used for construction.

(d) Material Inventory

The Permittee shall keep a current inventory of waste materials placed in each waste dump. The required information shall include type of material, location in pit where material is from, tonnes of material deposited, deposition period, location within dump and relevant geological and ML/ARD characterization data.

3. ML/ARD Material Characterization and Management Plan

The Permittee shall submit to the Chief Inspector by **December 31, 2004**, a Material Characterization and Management Plan to be used site wide to guide in the characterization and placement of materials with ML/ARD potential at the Mount Polley Mine. This plan shall include a geochemical and mineralogical description of all waste materials, their capacity to produce ARD and/or metal leaching, estimated volumes, their final deposition location and how segregation during mining will be managed. The plan shall also include specific details of the sampling program including frequency, sample methodology, when sample was taken, types of analyses conducted, lab methodologies, QA/QC procedures and data management.

4. Drainage Monitoring

Pursuant to the Ministry of Water, Lands and Air Protection Permit PE11678, the Permittee shall continue to monitor and track changes to drainage chemistry from disturbed areas and waste materials through a surface water, seepage and groundwater monitoring program. The program shall be capable of detecting significant metal leaching and provide early warning about the onset of ARD or an increase in
contaminant loading. A summary of results shall be provided in the annual reclamation report.

5. Drainage Management and Collection

(a) The Permittee shall maintain a system of drainage diversion and collection ditches to minimize contaminant loadings for areas of disturbance or waste disposal.

(b) In the event that the mine site drainage is not of acceptable discharge quality, the Permittee shall collect and treat, or otherwise mitigate drainage for as long as is necessary.

6. Mitigation/Contingency Plans

Pursuant to section 5(b) above, the Permittee must develop mitigation plans demonstrating how contaminant loadings will be reduced and receiving environment reclamation objectives will be achieved. Where there is significant uncertainty or environmental risk, contingency plans with trigger mechanisms and resources required to implement them are required. Mitigation and contingency plans shall be described in the updated Closure Plan due March 31, 2009.

7. Research

The Permittee shall continue to conduct research in order to better address the uncertainty of metal leaching/ARD future performance and to predict the results of prolonged aerial weathering of the PAG and non-PAG waste types. Specific research programs shall be described in the ML/ARD Characterization and Management Plan.

8. Monitoring for Overpressure in Polley Lake

(a) The Permittee shall develop a monitoring plan to monitor for overpressure in Polley Lake as a result of blasting. This plan shall be sent to the regional habitat biologist, Department of Fisheries and Oceans, Williams Lake, for approval, with a copy sent to the district Inspector of Mines.

(b) Should exceedences in overpressure be recorded, as deemed by the regional habitat biologist, the Permittee shall adjust their blasting program as required to reduce negative effects on fish.
Reclamation Program

1. Reclamation Security

   (a) The Permittee shall cause to be deposited with the Minister of Finance additional security in the amount of Seven Hundred and Ninety Thousand dollars ($790,000.00). The Permittee shall deposit the additional security in accordance with the following installment schedule:

<table>
<thead>
<tr>
<th>Installment S</th>
<th>Cumulative S</th>
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</thead>
<tbody>
<tr>
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<td>495,000.00</td>
</tr>
<tr>
<td>790,000.00</td>
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   (b) Subject to separate legal agreements, Mount Polley Holding Company Ltd. has granted to the Province of British Columbia Asset Security, in the case of equipment, to the extent of One Million Three Hundred and Seventy Thousand Five Hundred and Sixty Six dollars and sixty eight cents ($1,370,566.68).

   (c) The Permittee also has posted security in the amount of Five Hundred and Twenty-nine Thousand Four Hundred and Thirty-three dollars and thirty-two cents ($529,433.32), which is held under a safekeeping agreement.

   (d) When the security has been posted according to the schedule in 1(a) above, a total security of Two Million Six Hundred and Ninety Thousand dollars ($2,690,000.00) shall be maintained by the Permittee.

   (e) When required by the Chief Inspector, the Permittee shall provide an updated market value appraisal on the subject equipment assets to be undertaken by a qualified appraiser.

   (f) The Permittee shall conform to all Ministry of Water, Land and Air Protection and Land and Water British Columbia Inc. approval, license and permit conditions, including the Environmental Management Act, Contaminated Sites and Special Waste regulations, as well as the Wildlife Act and Land Act. Should the Permittee not conform to these conditions then all or part of the security may be used to fulfill these requirements.
(g) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

(h) The amount of security will be adjusted for inflation where required. The first adjustment will be made the year following placement of the total security in 1(a) above, but only when the cumulative inflation from January 1, 2007 exceeds 10% based on each of the previous year's annual increase in the British Columbia Consumer Price Index (B.C. CPI).

(i) Over the life of the mine, the security will be adjusted to cover all the costs associated with carrying out the conditions of this permit. Upon application by the Permittee, the amount of security may be reduced if initial mining or development work will create less disturbance and liability.

All other terms and conditions remain the same.
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

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
 Likely, British Columbia
 V0L 1N0

for work located at the:

Mount Polley Mine

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Amendments

As listed on page 2

Amended at Victoria, British Columbia this 16th day of February in the year 2004.

John C. Errington, Ph.D., P.Ag.
Deputy 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

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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
AMENDMENT TO PERMIT
APPROVING MILLING OF ORE AND TAILINGS DEPOSITION FROM THE
INTERNATIONAL WAYSIDE BULK SAMPLE

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 16th day of February in the year 2004.

John C. Errington, Ph.D. P.Ag.
Deputy Chief Inspector of Mines

PREAMBLE

A letter of application to amend the permit, dated January 16, 2004, describing the ABA and elemental assay data from the International Wayside flotation testwork was submitted via email to the Inspector of Mines on January 16, 2004.

This amendment approves the milling of approximately 10,000 tonnes of ore from the International Wayside Bulk Sample Project and the deposition of tailings into the Mount Polley Tailings Impoundment.
CONDITIONS

The Chief Inspector of Mines (herein called the Chief Inspector) hereby approves the application subject to compliance with the following conditions. All other permit conditions still apply.

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.

Protection of Land and Water Courses

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

Concurrent with milling operations, the Permittee shall characterize and monitor the ML/ARD potential of the International Wayside tailings.

(a) A monthly record must be kept of the approximate mass of tailings and their general location in the impoundment.

(b) Composite samples shall be collected monthly. Analysis shall be carried out on the + and - 200 mesh fractions.

(c) ABA and elemental analysis are required on every sample. ABA analyses shall include paste pH, Total-S, Sulphate-S, Sobek NP, and Total-C. Elemental analyses shall include measurements of all major cations (Al, Ca, Fe, K, Mg, Na) and trace elements (As, Ba, Cd, Co, Cr, Cu, Mn, Mo, Ni, P, Pb, Sb, Se, Zn)
(d) Metal solubility (shake flask tests) shall be conducted bi-monthly on representative samples of tailings produced. Analyses shall include pH and all major and trace elements listed in (c) above.

(e) Mineralogical tests (XRD-SEM) shall be conducted bi-monthly on representative samples of tailings produced to determine the proportion and type of sulphide minerals present, and to identify neutralizing minerals including the distribution and type of carbonate minerals present.

(f) Cycloning is not permitted with International Wayside tailings.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

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

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Amendment

As listed on page 2

Amended at Victoria, British Columbia this 30th day of May in the year 2001.

[Signature]
John C. Errington, Ph.D., P.Ag. Deputy Chief Inspector of Mines
Amendments

June 13, 1996          Name Change
September 23, 1996    Approval to Construct - Tailings Storage Facility
to Elevation 934 metres
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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
AMENDMENT TO PERMIT
APPROVING CONSTRUCTION OF TAILINGS STORAGE FACILITY
TO ELEVATION 945 METRES

Permit: M-200

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 30th day of May in the year 2001.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines

PREAMBLE

The following forms part of the application:


This permit approves the following:

- Crest Elevation: 945 metres;
- Downstream shell of main, perimeter, and south embankments consisting of rock fill with a transition filter.

**CONDITIONS**

The Chief Inspector of Mines (Chief Inspector) hereby grants permission to commence work subject to compliance with the following conditions:

**General**

1. **Compliance with Mines Act and Code**

All work shall be in compliance with all sections and parts of the *Mines Act* and 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 and the District 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.

**Geotechnical**

1. **As-Built Report**

The Permittee shall submit an as-built report for Stage 3 construction to the Geotechnical Section and District Inspector by December 31, 2001.

2. **Monitoring**

(a) Visual and instrumentation monitoring and reporting shall be carried out in accordance with the schedule provided by Knight Piésold Ltd.

(b) Two slope inclinometers shall be installed in the downstream slope of the main tailings embankment as shown on Drawing 11162-13-250 Rev. 2.

**Metal Leaching & Acid Rock Drainage**

1. **Geochemical Characterization of Zone C**

The June 13, 2000 permit conditions for Geochemical Characterization of the Zone C Construction Rockfill for the Tailings Impoundment apply.
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  

Issued to: Mount Polley Holding Company Limited  
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  

Amendment  
As listed on page 2  

Amended at Victoria, British Columbia this 2nd day of August in the year 2000.  

F.W. Hermann, P.Eng.  
Chief Inspector of Mines
Amendments

June 13, 1996
Name Change

September 23, 1996
Approval to Construct - Tailings Storage Facility to Elevation 934 metres

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
AMENDMENT TO PERMIT
APPROVING TAILINGS STORAGE FACILITY
AND
AMENDED METAL LEACHING AND ACID ROCK DRAINAGE CONDITIONS

Permit: M-200

Issued to: Mount Polley Holding Company Limited
           P.O. Box 12
           Likely, British Columbia
           V0L 1N0

for work located at the:

Mount Polley Mine

Amended at Victoria, British Columbia this 2nd day of August in the year 2000.

F.W. Herrmann, P.Eng.
Chief Inspector of Mines

PREAMBLE

This amendment is a continuation of the approval given June 13, 2000 to construct a Tailings Storage Facility and approves the use of sand fill for downstream shell construction. It also supersedes the Metal Leaching and Acid Rock Drainage Conditions outlined in the permit dated July 11, 1997.
CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby grants permission to commence work subject to compliance with the following conditions:

General

1. Compliance with Mines Act and Code

All work shall be in compliance with all sections and parts of the Mines Act and 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 and the District Inspector in writing of any intention to depart from the permit conditions, 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.

Metal Leaching and Acid Rock Drainage (ML/ARD): General Requirements, Material Characterization and Drainage Monitoring

1. Objectives

(a) Significant ML/ARD impacts shall be prevented through a program of material characterization, mitigation and water management which:

- prevents significant impacts to downstream terrestrial and aquatic resources,
- prevents significant post-mining on-site impacts to biota, and
- minimizes any reduction in the post-mining productive capability of the site.

(b) The ML/ARD program shall:

- predict the ML/ARD potential of all excavated materials and exposed surfaces and, if necessary, include mitigation, maintenance and monitoring strategies, and
• reduce uncertainty to a level at which potential risks, liabilities and post-mining alienation of resources can be identified and effective material characterization, excavation, waste handling and disposal, mitigation, monitoring, maintenance and contingency plans, can be developed and implemented.

(c) Mitigation plans must meet the environmental and reclamation objectives for the site and be compatible with the mine plan and site conditions.

(d) Waste disposal and waste storage facilities shall be constructed in a manner that ensures long-term physical containment and stability of the wastes, and permits contaminated drainage collection.

2. Metal Leaching and ARD Prediction Testwork

Unless otherwise approved, all test work including sampling, analyses and monitoring procedures for metal leaching and ARD characterization shall meet the requirements of the ARD Guidelines for Minesites in British Columbia and Guidelines and Recommended Methods for the Prediction of Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.

3. General Material Characterization Requirements

(a) Concurrent with mine operations and development, the Permittee shall characterize the contaminant leaching and ARD potential of all excavated, exposed, newly created or disturbed materials. The characterization shall be sufficient to guide material management and confirm pre-mining predictions of material composition.

(b) The program shall include the characterization of the following components:

• overburden
• waste rock
• tailings, including cyclone sand used in the tailings embankments
• mine walls
• rock fill used in the tailings embankments

The Permittee shall sub-divide each component into significant geologically and/or geochemically different sub-units. Representative composite samples from each sub-unit shall be collected and analysed.
4. **Geological Characterization**

(a) Sample type and location, geological descriptions, corresponding tonnage of material, and resulting waste/exposure type and disposal location shall be reported for all samples. The geological description shall include rock type, sulphide types and estimated quantities, carbonate and gangue mineralogy, alteration, significant structural features, texture, and any other diagnostic features significant to metal leaching and ARD. Tonnage disposed and geological information shall be linked to the analytical results to show the materials that the results are purported to represent.

(b) The Permittee shall provide by October 31, 2000, and in the Annual Reclamation Report, an updated geological description of each of the pits and the resulting wastes, including:

- the location and mass of each rock unit
- mass, dimensions, location, mode of genesis, lithology, bulk and vein mineralogy, sulphide mineralization, alteration features, alteration mineral assemblages, degree of oxidation, colour, results of the hydrochloric acid fizz test, grain size, particle size, structure, fracturing and strength and relative abundance of oxidized/supergene mineralization for each material, and the methods used to determine the above
- map showing the location of the pyrite halo
- the methods used to locate the pyrite halo in the field and ensure permit requirements for mining in its vicinity are carried out

5. **Analytical Testwork Required in Material Characterization**

(a) Unless otherwise specified, ABA analyses shall include surface rinse pH (unconsolidated samples), paste pH (consolidated samples), total sulphur, sulphate sulphur, sulphide sulphur, bulk neutralizing potential (NP) and carbonate carbon content. Calculated data shall include acid potential (AP), carbonate-NP and NPR.

(b) Elemental analysis shall include the measurement of all major cations (Al, Ca, Fe, K, Mg, Na) and trace elements (As, Ba, Cd, Co, Cr, Cu, Mn, Mo, Ni, P, Pb, Sb, Se, Zn). Analysis is also required for non-sulphide Cu. Most elements can be measured using ICP procedures after a strong acid digestion. Separate analysis may be required for Se.
(c) Metal solubility analyses on oxidized materials shall follow the general procedure:

- Use 250 grams of sample for the shake flask test
- Use distilled water to make a solid to water ratio of 1:3
- Shake flask for 24 hours. Allow to settle for 3 hours
- Collect and analyse supernatant. Analyses should include pH and all major and trace elements.

(d) Mineralogical analyses shall be conducted to determine the mineralogy and proportion of different potential sources of elevated contaminant leaching, and the identity of neutralizing minerals. The required analytical procedures will depend on the information required. At present the requirements are to identify the Cu species, the source of soluble Na and K, and the proportion of carbonate occurring as non-neutralizing Fe and Mn carbonates.

(e) Internal duplicate quality assurance/quality control (QA/QC) analysis shall be conducted on every fifth sample analyzed. External duplicate quality assurance/quality control (QA/QC) analysis shall be conducted on every fifth sample analysed.

6. Water Quality Monitoring

(a) The Permittee shall initiate a long-term drainage monitoring program to:

- determine the quality of drainage in the tailings impoundment, and that originating from the Main and Perimeter embankments, waste dumps, low grade ore stockpile and the open pit and
- the effectiveness of the operational drainage collection and post-mining drainage discharge systems.

(b) Seepage from each mine component shall be sampled and analysed monthly.

(c) Groundwater monitoring wells shall be installed down gradient of the major mine components, and ditches and embankments built to contain contaminated drainage. Sampling and analysis shall be conducted three times per annum.
(d) Water quality analyses shall include:

- Analysis of dissolved major anions (nitrate and sulphate) and cations (Al, Ca, Fe, K, Mg, Na) and trace elements. (As, Ba, Cd, Co, Cr, Cu, Mn, Mo, Ni, P, Pb, Sb, Se, Zn) conducted on a filtered and acidified sample,
- pH and alkalinity, all conducted on a filtered and unacidified sample.

Filtering to be conducted using 45 μm filter. Acidification to be conducted using nitric acid as per the requirements in the Waste Management Permit PE 11678.

(c) Internal duplicate quality assurance/quality control (QA/QC) analysis shall be conducted on every fifth sample analyzed. External duplicate quality assurance/quality control (QA/QC) analysis shall be conducted on every fifth sample analysed.

7. Reporting of Results

(a) The Permittee must report the results of the geological characterization, the material characterization testwork and the drainage monitoring for the previous year in the Annual Reclamation Report.

(b) Material characterization data analysis shall include the number of samples, annual range, 5th and 95th percentile and median values in each year of monitoring for each rock or waste type for each of the measured parameters. At a minimum, descriptive statistics shall be provided for the material characterization conducted on the overburden, low grade ore, cycloned tailings sand and the cycloning overflow, + and - 200 mesh fractions of the tailings for the period when cycloning does not occur, individual pit blasthole data for each pit and the fine fractions of waste rock from each pit. The interpretation of results shall include notice of where elements exceed crustal averages.

(c) Water quality monitoring data analysis shall include the number of samples, annual range, 5th and 95th percentile and median values in each year of monitoring for each of the measured parameters at each monitoring location. The interpretation of results shall include notice of where drainage exceeds provincial water quality guidelines for aquatic life.

(d) Immediate notification of the District Inspector is required in the event potentially ARD generating (PAG) materials are encountered or upset conditions in materials handling, waste containment, water management or predicted water quality.
8. **Potential for Significant Contaminant Leaching**

(a) Materials with an NPR of greater than or equal to 2:1 are considered non-ARD generating (NPAG). At present the only material identified that may not meet or exceed an NPR of 2:1 is bedrock in the pyrite halo north of the presently proposed limit of the Bell Pit.

(b) Excavated materials that contain or have the ability to produce soluble contaminants in high enough concentrations for their leachate to exceed provincial guidelines for aquatic life are considered to have a potential for significant leaching (SL). All tailings, waste rock, low-grade ore and mine walls at the site are considered SL based on measured Cu solubility.

9. **Geochemical Characterization of the Overburden**

The Permittee shall develop a low intensity characterization program (e.g., one sample every 100m x 100m) for topsoil materials, which are removed in the vicinity of the minesite or are proposed for use as topsoil on the reclaimed landscape. The Permittee shall submit to the District Inspector an outline of the program by October 31, 2000. The objective of the program will be to establish the baseline conditions (capability for contaminant release and uptake by vegetation) and avoid the placement of material with high available Cu within the rooting zone. The primary concern is with overburden directly overlying potentially mineralized bedrock. Analyses shall be conducted on the < 2 mm particle size fraction.

10. **Pre-Blast Geochemical Characterization of Waste Rock, Low-Grade Ore and Millable Ore from the Cariboo Pit**

(a) Records must be kept of the approximate mass of each of the different rock types encountered within each blast, regardless of whether or not the blast is sampled, in order to calculate total annual amounts of each rock type excavated.

(b) Sampling and analysis of the pre-blast material is presently not required.

11. **Post-Blast Geochemical Characterization of Waste Rock, Low-Grade Ore and Millable Ore from the Cariboo Pit**

(a) The objectives of post-blast geochemical analysis are to determine the elemental and ABA composition of the fines and to verify predictions of the potential for ARD and significant contaminant leaching.
(b) For the waste rock, a minimum of two samples per month shall be collected from the monzonite, diorite and/or the breccia and one sample every two months from the fault gouge material. If one or more of the rock types is not being mined that month, an additional sample shall be collected from one of the rock types that is.

(c) For the low-grade ore, a minimum of one sample shall be collected for every 150,000 tonnes.

(d) Sampling and analysis of the post-blast millable ore is presently not required.

(e) Sampling shall be conducted on the post-blast material, prior to its removal to the dump.

(f) Sampling shall occur when half the blast material has been excavated.

(g) The sample shall consist of a composite of at least five sub-samples collected from across the entire excavation face. The location of the face at the time of sampling and the rock type sampled must be recorded.

(h) Samples shall consist of < 10 cm material.

(i) Each sample shall be sieved into the following size fractions and weighed:

> 19 mm, 11 mm-19 mm, 2 mm-11 mm and < 2 mm.

(j) Analyses shall be conducted on the < 2 mm particle size fraction for every sample and on the > 2 mm fraction for every second sample of that rock type.

(k) ABA and elemental analysis are required on every sample. Metal solubility analysis shall be conducted quarterly, and mineralogical analysis shall be carried out semi-annually on representative samples of each rock type.

(l) The proportion of each sample occurring in the different size fractions shall be reported along with the geological information and the analytical results in the Annual Reclamation Report.
12. Pre-Blast Geochemical Characterization of Waste Rock, Low-Grade Ore and Millable Ore from the Bell Pit

(a) The objectives of pre-blast geochemical characterization of the bedrock excavated from the Bell Pit are to determine the potential for ARD and significant contaminant leaching and ensure that potentially problematic materials are identified and disposed in an acceptable manner. The District Inspector shall be notified when the pit expands to within ten metres of the predicted boundary of the pyrite halo.

(b) Records must be kept of the approximate mass of each of the different rock types encountered within each blast, regardless of whether or not the blast is sampled, in order to calculate total annual amounts of each rock type excavated.

(c) Samples shall be collected from drill cuttings, with a sample collected from every sixth blast hole.

(d) More than ten metres from predicted boundary of the pyrite halo, geochemical characterization is to be conducted on a composite sample created by combining all the individual blasthole samples from each blast.

(e) Within ten metres of predicted boundary of the pyrite halo, geochemical characterization is to be conducted on individual blasthole samples.

(f) Geochemical characterization analysis shall consist of ABA and elemental analysis. Analysis shall be conducted on the whole sample. No separation of different particle sizes is required.

(g) No material within 10 metres of the pyrite halo may be blasted until either it is confirmed NPAG or a PAG disposal plan is submitted to, and subsequently approved by, the Reclamation Inspector.

13. Post-Blast Geochemical Characterization of Waste Rock, Low-Grade Ore and Millable Ore from the Bell Pit

(a) The objectives of post-blast geochemical characterization for waste rock and low-grade ore excavated from the Bell Pit are to determine the elemental and ABA composition of the fines and verify predictions of the potential for ARD and significant contaminant leaching.
(b) The sampling and analysis procedures shall be the same as those for post-blast waste rock and low-grade ore in the Cariboo Pit.

(c) Characterization of the post-blast millable ore is presently not required.

14. Geochemical Characterization of Tailings

(a) The objectives of the geochemical characterization of the tailings are to determine the elemental and ABA composition and to verify predictions of the potential for ARD and significant contaminant leaching.

(b) A record must be kept of the approximate mass of the different rock types in the ore each month. A separate record must be kept for periods when cycloning is or is not occurring.

(c) Samples shall be collected monthly.

(d) For the period when cycloning does not occur, the monthly sample shall be a composite of the daily samples. Analysis shall be carried out on the + and - 200 mesh fractions.

(e) For the period when cycloning does occur, monthly analysis shall be conducted on representative samples of the cycloned sand and the overflow slimes fraction of the tailings.

(f) ABA and elemental analysis are required on every sample. Metal solubility analysis shall be conducted quarterly and mineralogical analysis shall be carried out semi-annually on representative samples of each of the types of tailings produced.

15. Pre-Blast Geochemical Characterization of Rock Fill Used for Construction

(a) The objectives of pre-blast geochemical characterization of the rock fill are to determine the potential for ARD and significant contaminant leaching and ensure potentially problematic materials are not used for construction and are properly disposed.

(b) Samples shall be collected from the drill cutting, with a minimum sample frequency of no less than one sample for every 50,000 tonnes of material.
(e) Analysis shall be conducted on the whole sample. No separation of different particle sizes is required.

(d) ABA and copper analysis are required on every sample.

(e) ABA test work shall include an initial Leco Carbon and Leco Sulphur analysis to confirm the NPR characteristics of the material. If the NPR is less than 2.0, then a full ABA analysis (total sulphur, sulphate and sulphide sulphur, pH, carbonate carbon and NP), shall be conducted.

(f) An aqua regia extract/AA or equivalent assay shall be conducted to determine the total copper content. Analysis is also required for non-sulphide Cu.

(e) The occurrence of material with an NPR < 2 or Cu concentrations > 180 ppm shall be reported immediately to the District Inspector.

16. Post-Blast Geochemical Characterization of Rock Fill Used for Construction

(a) The objective of post-blast geochemical analysis is to determine the elemental and ABA composition of the fines and to verify predictions made on pre-blast drill cuttings of the potential for ARD and significant contaminant leaching.

(b) Sampling shall be conducted on the material after it has been placed on the embankment. The sample shall consist of a composite of at least five sub-samples collected from across the present area of deposition, at a frequency of no less than one sample for every 200,000 tonnes of material. The sampling location and the rock type sampled must be recorded.

(c) The subsequent sampling and analytical procedures shall be the same as those for post-blast waste rock and low-grade ore in the Cariboo Pit.

ML/ARD: Materials Handling and Mitigation

1. Post-Mining Discharge and Water Management Requirements

Additional work is required to better define future drainage chemistry and loadings from each of the site components and to determine drainage discharge and water management requirements post-mining for the site as a whole. To address this issue, by October 31, 2000 the Permittee must submit an outline showing how they intend to verify and/or better define the predicted:
- drainage chemistry, contaminant concentrations and rates of discharge from each of the present site components,
- site water management,
- the location, manner and any constraints on discharge, and
- the resulting liability, and monitoring and maintenance requirements.

The outline shall also include the timing of the proposed work.

2. Drainage Collection and Treatment

   (a) The Permittee must maintain an effective drainage collection system around all waste stockpile and disturbed mineralized areas. The system shall contain the surface and near-surface seepage from mineralized rock and permit monitoring of the resulting water quality.

   (b) In the event that significant ML/ARD occurs, or effluent streams are identified which carry unacceptably high contaminant levels, all contaminated drainage shall be collected and treated or otherwise managed to a level that assures long-term protection of environmental quality.

3. Overburden

   The post-mining area containing mineralized material, such as overburden, in the rooting zone shall not exceed that which existed prior to mining unless the Permittee can demonstrate no significant ecological impacts and achievement of the reclamation objectives for the productivity/capability of on-site terrestrial and aquatic resources.

4. Deposition of NPAG Waste Rock

   Dumping is permitted in the East Dump.

5. Deposition of NPAG Low-Grade Ore

   Dumping is permitted on the perimeter of the East Dump.
6. **Excavation of PAG Waste Rock, Low-Grade Ore and Millable Ore**

   (a) The Permittee shall ensure that isolated small pockets of PAG materials (< 1000 tonnes) are intimately blended with non-PAG materials within the waste dumps to ensure net neutralizing drainage and low dissolved contaminant concentrations. The blending ratio of the intimately blended material shall be a minimum of 20-parts benign NPAG material to every 1-part PAG material.

   (b) Prior to excavation of larger pockets of PAG waste (> 1000 tonnes), the Permittee must receive confirmation that the disposal plan is acceptable to the Chief Inspector.

7. **Deposition of Cycloned Tailings**

   (a) Cycloning is not permitted with PAG ore. The minimum allowable NPR for ore, which is cycloned and for the resulting cycloned sand which is used for construction on the downstream side of the Perimeter Dam is an NPR of 2:1.

   (b) Deposition of cycloned tailings sand created from NPAG ore is permitted on the upstream and downstream faces of the Perimeter Embankment and the upstream side of the Main Embankment, subject to the previous condition and the maintenance of a till core in the embankments. Results of the above and the additional work required to better define future drainage chemistry and loadings from each of the site components, and to determine drainage discharge and water management requirements post-mining for the site as a whole, will be used to determine the acceptability of cyclone sand use on the downstream side of the Main Embankment.

8. **Final Exposed Tailings Beach Upstream of the Till Core in Embankments at the End of Mining**

   The minimum allowable NPR for tailings placed on the final exposed tailings beach upstream of the till core in embankments at the end of mining is an NPR of 2:1.

9. **Quarried Rock Fill**

   (a) Quarried rock fill with an NPR > 2:1 and a total Cu concentration < 180 ppm is considered to be not potentially ARD or a potential source of significant contaminant leaching and may be used for downstream dam and dike construction.
(b) Quarried rock with an NPR < 2:1 is considered potentially acid generating (PAG) and shall not be used for construction purposes. If the pre-excavation testing indicates significant quantities of the quarried rock is PAG, this material shall not be quarried and other sources of rock fill will need to be located. In the event PAG rock is quarried, it shall be subaqueously deposited into the flooded portion of the tailings impoundment.
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

Issued to: Mount Polley Holding Company Limited
P.O. Box 12
 Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

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Amendment

As listed on page 2

Amended at Victoria, British Columbia this 13th day of June in the year 2000.

[Signature]

John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines
### Amendments

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AMENDMENT TO PERMIT
APPROVING CONSTRUCTION OF TAILINGS STORAGE FACILITY
TO ELEVATION 944 METRES

Permit: M-200

Issued to: Mount Polley Holding Company Limited
Box 12
 Likely, British Columbia
V0L 1N0

for work located at the:

Mount Polley Mine

Issued at Victoria, British Columbia this 13th day of June in the year 2000.

John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines

PREAMBLE

An application letter dated May 25, 2000 for an amendment to the conditions of the permit approving the work system entitled "Mt. Polley Tailings Storage Facility Application to Construct to Elevation 944 Metres Amendment to Permit M-200" including Drawings 11162-13-210, -215, -130, and 11162-12-120, -125, was submitted to the Chief Inspector of Mines on June 2, 2000, in accordance with Part 9.2.1 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).
The following forms part of the application:


The approval is for Stage 3 Design Option 2, as illustrated in Drawings 11162-13-210, -215, -130 and Drawings 11162-12-120, -125, and in the May 11, 2000 Knight Piésold report mentioned above. This permit approves the following:

- Crest Elevation: 944 metres;
- Main Embankment: downstream shell construction and buttress consisting of rock fill;
- Perimeter Embankment: downstream shell construction consisting of cyclone tailings sand hydraulically and mechanically placed;
- South Embankment: core Zone S.

**CONDITIONS**

The Chief Inspector of Mines (Chief Inspector) hereby approves the application subject to compliance with the following conditions:

General

1. **Compliance with Mines Act and Code**

All work shall be in compliance with all sections and parts of the Mines Act and 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 and the District 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.

**Geotechnical**

1. **As-Built Report**

   The Permittee shall submit an as-built report to the Geotechnical Section and District Inspector by March 31, 2001.

2. **Operations Manual**

   The Permittee shall submit an operations manual to the Geotechnical Section and District Inspector for review by July 31, 2000.

3. **Sand Fill**

   This Permit does not approve the use of sand fill for downstream shell construction.

**Metal Leaching and Acid Rock Drainage**

1. **Geochemical Characterization of the Zone C Construction Rockfill for the Tailings Impoundment**

   (a) Geochemical characterization of the Zone C construction rockfill shall include both pre-excitation testing of the drill cuttings and-after-deposition verification using the less than 2 mm particle size fraction. Drill cuttings shall be sampled at a frequency of no less than one sample for every 50,000 tonnes of material.

   (b) Characterization test work shall include an initial Leco Carbon and Leco Sulphur analysis to confirm the NPR characteristics of the material. If the NPR is less than 2.0, then a full ABA analysis (total sulphur, sulphate and sulphide sulphur, pH, carbonate carbon and NP), shall be conducted. If the material is oxidized, a 24 hour shake flask test shall be conducted to determine solubility.
(c) An aqua regia extract/AA assay shall be conducted to determine the copper content. If the copper analysis is greater than 180 ppm (2 X background levels), additional testing, including a full ABA analysis, trace elemental scan and 24 hour shake flask test shall be conducted. Results shall be promptly faxed to the Reclamation Inspector in Prince George and the Reclamation Geologist in Victoria for review.

(d) An external quality assurance/quality control (QA/QC) shall be conducted on every fifth sample analyzed at the mine.

(e) A mineralogical study shall be performed to determine the copper minerals present.

(f) Quarried rock fill with an NPR > 2:1 is considered to be non acid generating (NAG) and may be used for downstream dam and dike construction. Quarried rock with an NPR < 2:1 is considered potentially acid generating (PAG) and shall be not be used for construction purposes. If the pre-excavation testing indicates significant quantities of the quarried rock is PAG, this material shall not be quarried and other sources of rockfill will need to be located. In the event PAG rock is quarried, it shall be subaqueously deposited into the flooded portion of the tailings impoundment.

(g) The Permittee shall monitor all seepage originating from the rock fill material to determine the existence or onset of metal leaching or ARD. Samples shall be collected and analyzed monthly and submitted annually in the annual reclamation report.
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

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:

<table>
<thead>
<tr>
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<th>Permit</th>
</tr>
</thead>
<tbody>
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<tr>
<td>July 11, 1997</td>
<td>Amended Reclamation Permit, Approval to Construct Open Pits and Waste Dumps and Traffic Control Plan</td>
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Amendment

As listed on page 2

Amended at Victoria, British Columbia this 7th day of April in the year 1998.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines
Amendments

June 13, 1996
Name Change

September 23, 1996
Approval to Construct - Tailings Storage Facility to Elevation 934 metres

April 7, 1998
Approval to Construct - Tailings Storage Facility to Elevation 940 metres
AMENDMENT TO PERMIT
APPROVING WORK SYSTEM
APPROVAL TO CONSTRUCT
TAILINGS FACILITY TO ELEVATION 940 METRES

Permit: M-200

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

for work located at the:

Mount Polley Mine

Issued at Victoria, British Columbia this 7th day of April in the year 1998.

John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines

PREAMBLE

An application dated March 27, 1997 for an amendment to the conditions of the permit approving the work system was submitted to the Chief Inspector of Mines on April 2, 1998 in accordance with Part 9 Section 9.2.1 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

The following reports form part of the application:
- Report on On-Going Construction Requirements (Ref. No. 10162/9-3) by Knight Piesold Ltd., dated December 2, 1997;

- Operation, Maintenance and Surveillance Manual for Stage Ib Embankment (El. 934m) by Knight Piesold Ltd., dated November 24, 1997;

- Report on Stage Ia/Ib Construction (Ref. No. 10162/7-5) by Knight Piesold Ltd., dated August 14, 1997;

CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the Tailings Storage Facility Stages II, A, B and C design and construction to elevation 940 metres subject to compliance with the following conditions:

General

1. **Compliance with Mines Act and Code**

   All work shall be in compliance with all sections and parts of the Mines Act and 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 and the District Inspector in writing of any intention to depart from the plan of the work system to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

Work System

1. **As-Built Report**

   The Permittee shall submit to the Chief Inspector an as-built report for tailings dam construction as soon as possible after construction and no later than March 31 of the year following.

2. **Temporary Closure**

   The company shall submit to the Chief Inspector a closure plan within 30 days following a temporary closure. The plan shall include an updated water balance, a design for water discharge (if required to maintain freeboard) and a monitoring and inspection program.
3. **Revised Water Balance**

A revised water balance for the tailings facility, using recent precipitation data from the mine site and, if warranted, a contingency plan to handle excess water, shall be submitted as part of the 1998 annual tailings report.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

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

Issued to: Mount Polley Holding Company Limited
420 - 355 Burrard Street
Vancouver, British Columbia
V6C 2G8

for work located at the:

Mount Polley Mine

This permit contains the following sub-sections:

**Issue Date**  **Permit**
August 3, 1995     Approving Work System
August 3, 1995     Approving Reclamation Program

**Amendments**
As listed on page 2

Amended at Victoria, British Columbia this 11th day of July in the year 1997.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy 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
PROVINCE OF BRITISH COLUMBIA  
MINISTRY OF EMPLOYMENT AND INVESTMENT  
ENERGY AND MINERALS DIVISION  

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  
Issued to:  Mount Polley Holding Company Limited  
420 - 355 Burrard Street  
Vancouver, British Columbia  
V6C 2G8  

for work located at the:  

Mount Polley Mine  

Amended at Victoria, British Columbia, this 11th day of July in the year 1997.  

[Signature]  

John C. Errington, Ph.D., F.Ag.  
Deputy Chief Inspector of Mines
PREAMBLE

Amended Reclamation Program

An application to amend the Reclamation section of Permit M-200 dated April 22, 1996 which included a report entitled “The Mount Polley Mine Project Reclamation Plan”, by Hallam Knight Piesold Ltd., dated April 1996, setting out a program for the protection and reclamation of the surface of the land and watercourses affected by the mine, was filed with the Chief Inspector of Mines on May 1, 1996.

The plan was referred to other agencies in accordance with Part 10 Section 10.3 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

The following documents also form part of the application:

• A letter dated June 11, 1997, from Mount Polley Mining Corporation to Brian McBride

This permit contains the requirements of the Ministry of Employment and Investment for reclamation. It also is compatible, to the extent possible, with the requirements of other provincial ministries for reclamation issues. The amount of security required by this permit and the manner to which this security may be applied, will also reflect the requirements of those ministries. However, 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 Employment and Investment will be made in consultation with other provincial ministries and federal departments and agencies. Where these decisions directly affect the Ministry of Environment, Lands and Parks, all decisions will be made in concurrence with the appropriate Regional Manager (Environmental Protection, Water Management, or Fish and Wildlife).

Approval to Construct Open Pits and Waste Dumps

An application for an “approval to construct open pits and waste dumps” dated July 23, 1996 was submitted to the Chief Inspector of Mines in accordance with Part 6.1.2 and Part 9.2.1 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code) and included the following:

Traffic Control Plan


CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the applications subject to compliance with the following conditions:

General

1. Compliance with Mines Act and Code

All work shall be in compliance with all sections and parts of the Mines Act and Code, and the owner, agent or manager (herein called the Permitee), shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permitee shall notify the Chief Inspector and the District Inspector in writing of any intention to depart from the work system and reclamation plan to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

Work System

1. Traffic Control Plan

The traffic control plan is hereby approved.

2. Open Pit

(a) The conceptual open pit design is hereby approved.

(b) The Permitee shall submit a plan and sections of the current open pit design and sequencing by September 30, 1997 and an updated open pit design to the Geotechnical Inspector and the District Inspector by March 31, 1998.
3. **Waste Dump Design**
   
   (a) The conceptual waste dump design is hereby approved.

   (b) The Permittee shall submit a plan and sections of the current waste dump design and sequencing to the Geotechnical Inspector and the District Inspector by September 30, 1997 and an updated waste dump design by March 31, 1998.

   (c) The Permittee shall prepare and submit a waste dump operating manual by March 31, 1998.

**Protection of Land and Watercourses**

1. **Baseline Environmental Studies and Monitoring**

   The baseline environmental monitoring program (the spring and fall overturn zooplankton data for Bootjack Lake and Polley Lake) shall be completed to the satisfaction of the Regional Manager Environmental Protection, Ministry of Environment, Lands and Parks and the Chief Inspector of Mines.

2. **Identification, Salvage and Use of Suitable Growth Media**

   (a) The Permittee shall, by September 30, 1997, prepare a Soil Salvage and Stockpile Protocol which identifies the soils to be salvaged, the depths and methods of salvage and stockpiling, the timing, methods and locations of soil replacement and the quantities of soil material required to achieve each land use objective.

   (b) Until the Soil Salvage and Stockpile Protocol is approved, all soil which is affected by pits, waste dumps and the tailings impoundment and is suitable as a growth medium, shall be salvaged and stockpiled.

   (c) Soil shall be replaced on all mine facilities (except the pits) at a uniform depth which is sufficient to ensure that land use and capability objectives are met.

3. **Water Management System**

   The Permittee shall submit a revised water management plan for the project to the Regional Manager, Environmental Protection, MELP, the Geotechnical Inspector and the District Inspector by March 31, 1998.
Reclamation Program

1. **Reclamation Security**

   (a) The Permittee shall, within 30 days of receipt of this amended permit, deposit with the Minister of Finance and Corporate Relations additional securities in the amount of Seven Hundred and Fifty Thousand dollars ($750,000.00) bringing the total security to One Million, Nine Hundred Thousand dollars ($1,900,000.00). The security will be held by the Minister of Finance and Corporate Relations for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

   (b) The security may be further adjusted annually to reflect the estimated costs of mine reclamation and closure, including the costs of any long-term monitoring and maintenance, long-term impact mitigation strategies, and habitat compensation. Reclamation liabilities for the power line will be reviewed pending negotiations with B.C. Hydro.

   (c) The security shall be adjusted for inflation annually, beginning on January 1, 1999 at a rate equal to the previous year’s annual increase in the British Columbia Consumer Price Index.

   (d) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

   (e) The Permittee shall conform to all Ministry of Environment, Lands and Parks approval, licence and permit conditions, including Contaminated Sites and Special Waste Regulations, as well as requirements under the Wildlife Act. Should the Permittee not conform to these conditions then all or part of the security may be used to fulfill these requirements.

2. **Annual Reclamation Report**

   By March 31 of each year, an annual reclamation report shall be submitted in a form and containing the information required by the Chief Inspector.
3. **Land Use**

The surface of the land and watercourses shall be reclaimed to end land uses as described in the Mount Polley Project Reclamation Plan as follows:

- Mill and Plant Area - wildlife and forest land.
- Open Pit Ramps, Benches and Walls - areas which will remain unflooded and are safely accessible, an open forest association. On areas which will be flooded, the potential for a littoral zone shall be evaluated during the mine life.
- Waste Rock Dumps - wildlife and forest land.
- Tailings Dam and Impoundment Area - wildlife and forest land, wetland in the southwestern portion of the tailings pond.
- Access Roads - forest land and drainage control.

4. **Productivity**

The level of land productivity to be achieved on reclaimed areas shall not be less than existed prior to mining on an average property basis unless the Permittee can provide evidence which demonstrates, to the satisfaction of the Chief Inspector, the impracticality of doing so.

5. **Long-term Stability**

Land and watercourses shall be left in a stable condition. To ensure long-term stability, engineered structures including waste dumps, major haul roads, and tailings impoundments shall be constructed and maintained in accordance with Part 9 of the Health, Safety and Reclamation Code for Mines in British Columbia.

6. **Revegetation**

Land shall be revegetated to a self sustaining state using appropriate plant species.

7. **Use of Suitable Growth Medium**

On all lands to be revegetated, the growth medium shall satisfy land use, productivity, and water quality objectives. Until the Soil Salvage and Stockpiling Protocol is approved, all surficial soil material removed for mining purposes shall be saved for use in reclamation programs unless these objectives can be otherwise achieved.
8. **Treatment of Structures and Equipment**

Prior to abandonment, and unless the Chief Inspector has made a ruling otherwise, such as heritage project consideration or industrial use,

(a) all machinery, equipment and building superstructures shall be removed,

(b) concrete foundations shall be broken up, covered and revegetated unless, because of demonstrated impracticality, they have been exempted by the Inspector, and

(c) all scrap material shall be disposed of in a manner acceptable to the Inspector.

9. **Waste Dumps**

(a) Waste dumps shall be reclaimed to ensure

(1) long-term stability,

(2) long-term erosion control,

(3) water quality released from waste rock dumps to the receiving environment is of a standard acceptable to the Chief Inspector, and

(4) and use and productivity objectives are achieved.

(b) Until such time as a Soil Salvage and Stockpile Protocol has been approved, soil in waste rock areas shall be salvaged as described in condition 2(b) and (c), Protection of Land and Water Courses.

(c) Waste rock dumps shall be sloped to a maximum of 2:1 (individual slopes) for final reclamation, with appropriate slope breaks (benches) and other features for water management and the creation of habitat and aesthetic features.
10. **Watercourses**

Watercourses shall be reclaimed to a condition that ensures:

(a) long-term water quality is maintained to a standard acceptable to the Chief Inspector,

(b) drainage is restored either to original watercourses or to new watercourses which will sustain themselves without maintenance, and

(c) use and productivity objectives are achieved and the level of productivity shall not be less than existed prior to mining unless the Permittee can provide evidence which demonstrates, to the satisfaction of the Chief Inspector, the impracticality of doing so.

11. **Pits**

(a) Pit walls constructed in overburden shall be reclaimed in the same manner as waste dumps.

(b) Revegetation of pit walls constructed in rock, and/or on steeply sloping footwalls greater than 2:1, is not required. Pit wall seepage may require treatment to ensure that water is of a quality acceptable to the Chief Inspector.

(c) Where the pit floor is free from water, and safely accessible, a self-sustaining vegetative cover shall be established.

(d) Where the pit floor will impound water and become a watercourse, provision must be made to create a body of water where use and productivity objectives are achieved. The potential of establishing a littoral zone around the perimeter, or portions thereof, shall be evaluated during the mine life.

12. **Tailings Impoundments**

(a) All tailings ponds and impoundment structures shall be reclaimed to the approved land use.

(b) Prior to mine closure, a report shall be submitted to the Chief Inspector outlining the post-operational state of the dams, dikes, related seepage control, spillway works, mine water decontamination, and post-operational monitoring.
(e) A permanent spillway shall be designed to a standard required by the Chief Inspector and installed prior to final decommissioning of any permanent impoundment structures.

13. Roads

(a) All roads shall be reclaimed in accordance with land use objectives unless permanent access is required to be maintained.

(b) Individual roads will be exempted from the requirement for total reclamation under condition 13(a) if either:

1) the Permittee can demonstrate that an agency of the Crown has explicitly accepted responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road, or

2) the Permittee can demonstrate that another private party has explicitly agreed to accept responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road and has, in this regard, agreed to comply with all the terms and conditions, including bonding provisions, of this reclamation permit, and to comply with all other relevant provincial government (and federal government) regulatory requirements.

14. Metal Uptake in Vegetation

(a) Vegetation shall be monitored for metal uptake.

(b) Where harmful metal levels are found, reclamation procedures shall ensure that levels are safe for plant and animal life.

15. Disposal of Fuels and Toxic Chemicals

Fuels, chemicals or reagents which cannot be returned to the manufacturer or supplier are to be disposed of as directed by the Chief Inspector in compliance with municipal, regional, provincial and federal statutes.
16. Monitoring

The Permittee shall undertake monitoring programs, as required by the Chief Inspector, to demonstrate that reclamation objectives including land use, productivity, water quality, and stability of structures are being achieved.

17. Temporary Shutdown

If this mine ceases operation for a period longer than one year, the Permittee shall either continue to carry out the conditions of the permit or apply for an amendment setting out a revised program for approval by the Chief Inspector.

18. Responsibility to Reclaim

Any reclamation at the Mt. Polley mine that remains outstanding under the terms and conditions of Reclamation Permit MX-Gen-78, at the time of issuance of this permit, shall become the responsibility of the Permittee under the terms and conditions of this permit.

19. Permit Review

On or before March 31, 2002, the Permittee shall submit a revised reclamation program that incorporates the current mine plan as well as the results of research conducted under this permit. In addition, the Permittee shall provide a detailed description of the means by which end land use objectives will be achieved. As soon as possible after that day, the Reclamation Advisory Committee may consider revisions to the permit. This provision shall not be construed as limiting the power of the Chief Inspector or the Minister to amend this permit at any time.

Metal Leaching and Acid Rock Drainage (ARD)

1. General

(a) Unless otherwise specified, all test work including sampling, analyses and monitoring procedures for metal leaching and ARD characterization shall meet the requirements of the ARD Guidelines for Minesites in British Columbia and Guidelines and Recommended Methods for the Prediction of Metal Leaching and Acid Rock Drainage at Minesites in British Columbia.
(b) All potential metal leaching and ARD generating material shall be placed in a manner which minimizes the production and release of metals and ARD to a level that assures protection of environmental quality.

2. Metal Leaching and ARD Prediction Testwork

(a) Concurrent with mine operations and development the Permittee shall characterize the metal leaching and ARD potential of all excavated materials produced and mine surfaces exposed to guide future management and confirm pre-mining predictions.

(b) The program shall include the characterization of the following components:
   - overburden
   - waste dumps
   - tailings

(c) The Permittee shall sub-divide each component into significant geologically and/or geochemically different sub-units. Representative composite samples from each sub-unit shall be collected and analysed.

2.1 Overburden

A low intensity sampling program shall be conducted on overburden materials directly overlying PAG bedrock. Samples shall be collected within 2 metres of the bedrock/overburden contact. Analyses shall be conducted on the <2 mm particle size fraction.

2.2 Waste Rock

(a) Sampling and analyses of blasthole cuttings shall be conducted on materials which are known or anticipated to be potentially metal leaching or ARD generating. Samples shall be compositized by blast and submitted for analyses every 2 weeks.

(b) Additional characterization of waste rock shall be conducted on waste materials after deposition in dumps. Composite grab samples representative of each geologically or geochemically discrete unit dumped shall be collected every two weeks. Samples shall consist of <10cm material sieved into the following size fractions and weighed: >19 mm, 11mm-19mm, 2mm-11mm and <2mm. Analyses shall be conducted on the <2mm particle size fraction.
(c) Geological descriptions and locations of waste rock materials shall accompany all samples. Samples shall be submitted for acid-base accounting (ABA) and total elemental analyses. Analytical results shall be correlated with tonnage disposal and geological inventory to allow complete characterization of waste rock dumps.

2.3 Low Grade Ore

(a) Operational characterization of low grade ore shall be conducted on materials after deposition in stockpiles. Composite grab samples representative of each geologically or geochemically discrete unit stockpiled shall be collected for every 100,000 tonnes of low grade ore. Samples shall consist of <10cm material sieved into the following size fractions and weighed: >19 mm, 11mm-19mm, 2mm-11mm and <2mm. Analyses shall be conducted on the <2mm particle size fraction.

(b) Geological descriptions and locations shall accompany samples. Samples shall be submitted for ABA and total elemental analyses. Analytical results shall be correlated with tonnage disposal and geological inventory to allow complete characterization of low grade stockpiles.

2.4 Tailings

(a) The Permittee shall monitor all materials discharged to the tailings impoundment. If at any time during the milling process, sampling of the tailings indicates a Neutralization Potential Ratio (NPR) of less than 2:1, an adequate amount of alkaline material shall be added to the milling circuit to achieve a blended NPR of greater than 2:1.

(b) Tailings slimes and sands shall be sampled separately on a monthly basis and submitted for ABA and total elemental analyses.

3. Prevention of Metal Leaching and ARD

(a) Materials with a NPR of greater than 2:1 are considered non-ARD generating. Materials with a NPR less than 1:1 are considered potentially ARD generating (PAG). Materials with NPRs between 1:1 and 2:1 are defined as being of uncertain ARD potential and will be treated as PAG unless humidity cell testing is conducted and results indicate materials to be non-ARD generating.
(b) Excavated materials that contain soluble metals at concentrations which could adversely impact downstream environments are considered to have a potential for metal leaching (ML).

(c) The Permittee shall ensure that PAG/ML materials are intimately blended with neutralizing materials within the waste dumps to ensure neutral drainage and low dissolved metal concentrations. The blending ratio shall be 5 parts neutralizing material to every 1 part PAG/ML.

(d) Drainage, including surface runoff and mine drainage, shall be diverted from entering and flowing through PAG/ML dump materials including waste rock and low grade stockpile.

4. Analytical Testwork

(a) Analyses of samples shall include ABA and total elemental analyses. If materials are oxidized, metal solubility analyses (24 hour shake flask) shall be conducted.

(b) Each sample shall be accompanied by a location and a geological description including rock type, sulphide types and estimated quantities, carbonate and gangue mineralogy, alteration, significant structural features, texture, and any other diagnostic features significant to metal leaching and ARD.

(c) ABA analyses shall include surface rinse pH (unconsolidated samples), paste pH (consolidated samples), total sulphur, sulphate sulphur, sulphide sulphur, bulk neutralizing potential (NP) and carbonate carbon content. Calculated data shall include acid potential (AP) and NPR.

(d) The elemental composition shall be analysed by ICP after a strong acid digestion and shall include all major cations and trace elements.

(e) Metal solubility analyses on oxidized materials shall follow the general procedure:
   - Use 250 grams of sample for the shake flask test.
   - Use distilled water to make a solid to water ratio of 1:3.
   - Shake flask for 24 hours. Allow to settle for 3 hours.
   - Collect and analyse supernatant. Analyses should include pH and all major and trace elements.
5. **Water Quality Monitoring of Mine Components**

(a) The Permittee shall initiate a long-term drainage monitoring program to determine the water quality originating from waste dumps, low grade ore stockpiles and the open pit. Samples shall be collected and analysed monthly.

(b) Water quality analyses shall include:
- ICP scan of dissolved major cations and trace elements conducted on a filtered and acidified sample,
- pH, alkalinity and sulphate, all conducted on a filtered and unacidified sample. Filtering to be conducted using 45 µm filter. Acidification to be conducted using nitric acid.

(c) If MELP Waste Management Permit limits are exceeded in any discharge water, the Permittee shall implement the necessary remediation procedures.

6. **Reporting of Results**

(a) Analytical results, including raw data, shall be submitted to the Reclamation Inspector after the first 3 months and 6 months of operation. Thereafter, results shall be reported in the Annual Reclamation Report.

(b) Sampling frequency may be reduced through review and consultation if consistent results are determined.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM
(Issued pursuant to Section 10 of the Mines Act S.B.C. 1989, c. 56)

Permit: M-200

Issued to: Mount Polley Holding Company Limited
420, 355 Burrard Street
Vancouver, B.C.
V6C 2G8

for work located at the:

Mount Polley Mine

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Amendment

As listed on page 2

Amended at Victoria, British Columbia, this 23rd day of September in the year 1996.

[Signature]

John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines
Amendments

September 23, 1996

Approval to Construct - Tailings Storage Facility to Elevation 934 metres
AMENDMENT TO PERMIT
APPROVING WORK SYSTEM
APPROVAL TO CONSTRUCT
TAILINGS STORAGE FACILITY TO ELEVATION 934 METRES

Permit: M-200

Issued to: Mount Polley Holding Company Limited
420, 355 Burrard Street
Vancouver, British Columbia
V6C 2G8

for work located at the:

Mount Polley Mine

Issued at Victoria, British Columbia, this 23rd day of September in the year 1996.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines
PREAMBLE

A letter entitled “Mt Polley Tailings Embankment - Amendment to Systems Work Application” by Imperial Metals Corporation dated September 5, 1996 together with drawings was filed with the Chief Inspector of Mines on September 5, 1996.

The application includes the following:

A letter entitled “Mt Polley Project - Tailings Storage Facility” together with drawings by Knight Piesold Ltd. dated June 14, 1996;

Letter report entitled Borehole Logs for PRW 96-1 to 4 by Knight Piesold, dated July 30, 1996;

Letter report entitled Geotechnical Information Obtained from 1996 Borehole Investigation by Knight Piesold, dated July 26, 1996;

Letter report entitled CPT Investigations @ Main Embankment by Knight Piesold, dated July 30, 1996;


CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the application and amends condition 3 Tailings Impoundment as follows:

Work System

3. Tailings Impoundment

c) The Tailing Storage Facility Stage I(b) design revisions and construction to elevation 934 metres are approved. These design revisions include embankments, main embankment chimney drain, foundation drains, basin liner modifications, barge reclaim system, and seepage collection pond. All construction shall be supervised by the design consultant.

f) The freeboard above the maximum pond operating level shall include one (1) metre for wave run-up and storage for the 24 hour PMP.

g) The Permittee shall submit to the Chief Inspector an ‘as built’ report for tailings dam construction as soon as possible after construction and no later than March 31 of the year following. The Permittee shall obtain permission from the Chief Inspector prior to storage of water, tailings, or supernatant within the impoundment.
j) The main embankment seepage collection pond shall be constructed and operated to ensure stability.

k) The Bootjack - Morehead Connector road relocation to the seepage collection pond embankment is approved.

All other conditions of Permit M-200 remain the same.
PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

AMENDMENT TO PERMIT

APPROVING WORK SYSTEM
AND RECLAMATION PROGRAM
(Issued pursuant to Section 10 of the Mines Act S.B.C. 1989, c. 56)

Permit M-200

Issued to Mount Polley Holding Company Limited
700 - 815 West Hastings Street
Vancouver, B.C.
V6C 1B4

I approve your application dated May 23, 1996, for revision of this permit and hereby amend Permit M-200 from Imperial Metals Corporation to Mount Polley Holding Company Limited.

Amended at Victoria, British Columbia, this 13th day of June in the year 1996.

[Signature]
John C. Errington, Ph.D., P.Ag.
Deputy Chief Inspector of Mines
PROVINCE OF BRITISH COLUMBIA  
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES  

PERMIT  

APPROVING WORK SYSTEM  
AND RECLAMATION PROGRAM  
(Issued pursuant to Section 10 of the Mines Act S.B.C. 1989, c. 56)  

Permit: M-200  

Issued to: Imperial Metals Corporation  
Suite 700 - 815 West Hastings Street  
Vancouver, British Columbia  
V6C 1B4  

for work located at the:  

Mount Polley Mine  

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Issued at Victoria, British Columbia, this 3rd day of August in the year 1995.  

[Signature]

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Deputy Chief Inspector of Mines
PREAMBLE

A report entitled “The Mount Polley Mine Project Interim Reclamation Plan”, by Hallam Knight Piesold Ltd., dated March 1995, setting out the general location of the mine and associated facilities, and a program for the protection and reclamation of the surface of the land and watercourses affected by the mine, was filed with the Chief Inspector of Mines on April 6, 1995.

Notice of such filing was published in the Williams Lake Tribune on April 13, 1995 and in the B.C. Gazette on April 12, 1995.

The application was referred to other agencies in accordance with Part 10 Section 10.3 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

Subsequently, a report entitled “Mount Polley Access Road Reconnaissance Report”, by SNC Fenco Inc., dated April 1995, setting out engineering design particulars of the Mount Polley access road, was filed with the Chief Inspector of Mines on April 13, 1995.


All reports comprise the Imperial Metals Corporation (Permittee) application for a permit approving the Mine Plan and Reclamation Program for the Mount Polley Mine, in accordance with Parts 6, 9 and 10 of the Code. The reports are hereby approved subject to the conditions contained in this permit.

This permit contains the requirements of the Ministry of Energy, Mines and Petroleum Resources for reclamation. It is also compatible, to the extent possible, with the requirements of other provincial ministries for reclamation issues. The amount of security required by this permit and the manner to which this security may be applied, will also reflect the requirements of those ministries. However, 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, Mines and Petroleum Resources will be made in consultation with other provincial ministries and federal departments and agencies. Where these decisions directly affect the Ministry of Environment, Lands and Parks, all decisions will be made in concurrence with the appropriate Regional Manager (Environmental Protection, Water Management, or Fish and Wildlife).
CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the application, including the general concept of the mine and associated works, and the program for protection and reclamation of the land surface and watercourses affected by the mine subject to compliance by the owner, agent of manager (herein called the Permittee) with the following conditions:

General

1. **Compliance with Mines Act and Code**

   All work shall be in compliance with all sections and parts of the Mines Act and Code, and the Permittee shall obey all orders issued by the Chief Inspector or his delegate.

2. **Departure from Approval**

   The manager shall notify the Chief Inspector and the District Inspector, Mine Health and Safety Branch, in writing of any intention to depart from the mine plan to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

Work System

1. **General**

   (a) The general site arrangement set out in the report is hereby approved.

   (b) Any re-arrangement of surface facilities must receive approval of the Chief Inspector.

2. **Plant Site Area**

   (a) Soils and overburden stripping in the plant site area is hereby approved subject to the land and watercourse protection and reclamation conditions specified below.

   (b) General arrangement plans for site grading and foundation preparation shall be submitted to the District Inspector, Mine Health and Safety Branch and approved prior to initiation of this work.

   (c) General arrangement plans for structures shall be submitted to the District Inspector, Mine Health and Safety Branch, and approved prior to construction.

   (d) Within 60 days of completion of site facilities, the Permittee shall submit 'as built' drawings to the District Inspector, Mine Health and Safety Branch.
3. **Tailings Impoundment**

   (a) Clearing and grubbing in the tailings impoundment area is hereby approved subject to the reclamation conditions specified below.

   (b) Soils and overburden stripping in the tailings impoundment area is hereby approved subject to the land and watercourse protection and reclamation conditions specified in Condition 3 below (Identification, Salvage and Use of Suitable Growth Media).

   (c) The Tailing Storage Facility Stage 1 (b) design and construction program for 1995 and 1996 are approved. Construction of the embankments to elevation 931 metres is approved. All construction shall be supervised by the design consultant.

   (d) Construction of sediment control structures is approved.

   (e) Surface runoff collection and diversion ditches for the facility are approved.

   (f) The freeboard shall include 1 metre for wave run-up and storage for the 24 hour PMP.

   (g) The Permittee shall submit to the Chief Inspector an ‘as built’ report for tailings dam construction, and obtain permission prior to storage of tailings, supernatant or water within the impoundment.

   (h) An annual tailings dam report shall be submitted by March 31 of each year in a form and containing information required by the Chief Inspector.

   (i) The Permittee shall submit to the Chief Inspector prior to operating the tailings impoundment, an operating manual, including a water management plan, which addresses normal and extreme operating conditions.

4. **Pit Areas**

   (a) Clearing and grubbing in the Central Pit and North Pit areas is hereby approved subject to the reclamation conditions specified below.

   (b) Soils and overburden stripping in the Central and North Pit areas is hereby approved subject to the land and watercourse protection and reclamation conditions specified below.

   (c) Clearing, grubbing and soils removal in other pit areas may not occur prior to approval of a final Mine Plan and Reclamation Program permit application, to be submitted by March 31, 1996 (1996 Mine Plan and Reclamation Program).
The Permittee shall submit, at a scale of 1:2000, a site plan and general arrangement of the open pit and waste dump areas to the District Inspector, Mine Health and Safety Branch, and the Chief Inspector. The plan shall indicate areas of stripping, mining, and waste rock dumps; site drainage; and timing of the proposed work.

The Permittee shall submit a geotechnical design report and mining plan for the open pits and the 1996 Mine Plan and Reclamation Program to the Chief Inspector and obtain approval prior to commencing mining of waste or ore.

5. Waste Dumps

(a) Clearing and grubbing in the East Dump area is hereby approved subject to the reclamation conditions specified below.

(b) Soils and overburden stripping in the East Dump area is hereby approved subject to the land and watercourse protection and reclamation conditions specified below. The waste dumps may not be constructed prior to approval of the 1996 Mine Plan and Reclamation Program and reports and plans listed under 'Pit Areas', above.

(c) Clearing, grubbing and soils removal in other waste dump areas may not occur prior to approval of the 1996 Mine Plan and Reclamation Program.

(d) The Permittee shall submit a geotechnical design report, dumping plan, and water management plan for the relevant waste dumps to the Chief Inspector and obtain approval prior to commencing dump construction.

Protection of Land and Watercourses

1. Baseline Environmental Studies and Monitoring

(a) The baseline environmental monitoring program shall be completed to the satisfaction of the Regional Managers, Environmental Protection and Fish and Wildlife, Ministry of Environment, Lands and Parks and the Chief Inspector of Mines. Baseline environmental monitoring programs which could be affected by construction shall be completed prior to additional disturbance beyond the plant site area or as agreed to with the Ministry of Environment, Lands and Parks and the Chief Inspector of Mines. No exceptions shall be made to allow disturbance beyond the plant site area which could impact fish habitat and compromise the monitoring program prior to completion of the baseline environmental monitoring program.

(b) Existing and projected land capabilities for the specified end land uses shall be mapped and described through additional studies during 1995, and the results presented in the 1996 Mine Plan and Reclamation Program. Projected land capabilities shall be largely based on replaced soil qualities and depths; final slope configurations, and aspects. The mapping shall follow standard provincial and
federal methodologies and include B.C. Ministry of Agriculture, Fisheries and
Food Land Capability Classification for Agriculture at a scale of 1:2,000; B.C.
Ministry of Environment, Lands and Parks Wildlife Capability Classification at a
scale of 1:5,000; and B.C. Ministry of Forests Bioclimatic unit mapping at a
scale of 1:5,000. Field studies necessary to generate this mapping shall be
completed as soon as possible in 1995. The means by which the projected land
capabilities will be achieved shall be described in detail in the 1996 Mine and
Reclamation Plan.

(c) A plan for mitigation and/or off-site compensation to address fish habitat
alterations in the Edney Creek watershed from tailings and watershed
impoundment shall be submitted and approved by the Head, Habitat Management,
Department of Fisheries and Oceans and the Regional Manager, Fish and Wildlife,
Ministry of Environment, Lands and Parks by December 31, 1995. This shall be
followed by a formal habitat compensation agreement with the Department of
Fisheries and Oceans prior to any disturbances which would necessitate an
authorization under Section 35(2) of the Fisheries Act.

(d) A monitoring program approved by the Regional Manager, Fish and Wildlife,
Ministry of Environment, Lands and Parks shall be designed and implemented to
identify impacts of the Mount Polley Mine on recreational angling use of the local
fisheries resource. The program shall consist of 20 weekend boat counts on Polley
and Bootjack Lakes, and three long weekend interviews on Polley and Bootjack
Lakes (slim standards) to assess the effects of the mine development on
recreational use. The study will be implemented in 1995, and will continue for
four years. Should recreational use decline significantly (greater than 40%) on
Polley or Bootjack Lakes, relative to the mean use (1987 - 90, 92, 95), the mine is
committed to improve recreational facilities at the affected lake to enhance the
recreational fishery and to continue monitoring of angler use. Should angling success (catch per day/hour) decline significantly on Bootjack or
Polley Lakes, the mine and Ministry of Environment, Lands and Parks will
cooperatively undertake studies to determine the cause.

(e) Programs satisfactory to the Regional Manager, Fish and Wildlife, Ministry of
Environment, Lands and Parks to monitor gravel quality in lower Hazeltine and
Edney Creeks shall be designed and implemented by the Permittee. Baseline
gravel quality monitoring information shall be obtained prior to substantial site
disturbance.

(f) A program to assess bird habitat use and species occurrence in the Mount Polley
area shall be developed immediately in consultation with Environment Canada and
the Ministry of Environment, Lands and Parks, Fish and Wildlife Branch, and
shall be initiated prior to clearing in the tailings impoundment area.

(g) A program to assess wildlife habitat in unlogged portions of the development area
and the tailings impoundment area in particular, shall be developed immediately in
consultation with Environment Canada and the Ministry of Environment, Lands and Parks, Fish and Wildlife Branch, and shall be initiated prior to any clearing beyond the plant site. The wildlife habitat assessment shall include a comprehensive list of pre-mine vegetation species.

(h) A program to monitor wildlife habitat use and species occurrence in the Mount Polley area, specifying frequency of monitoring, shall be developed immediately in consultation with Environment Canada and the Ministry of Environment, Lands and Parks, Fish and Wildlife Branch.

2. Construction Phase Environmental Monitoring

(a) A detailed environmental monitoring program shall be immediately provided to the Regional Manager, Environmental Protection, Ministry of Environment, Lands and Parks and the Chief Inspector. The program shall include details of how construction activities will be monitored for their impact on the environment, a list of persons responsible for monitoring and their specific responsibilities, details of how the monitors will audit activities with potential environmental impacts and communicate their concerns to the Permittee; the Ministry of Environment, Lands and Parks; and the Ministry of Energy, Mines and Petroleum Resources; and details of the means by which monitors will ensure that design criteria for tailings dams, runoff diversions, collection ditches, and other water management structures are strictly adhered to.

(b) Impacts to the receiving environment, including effects on suspended sediment levels, shall be prevented during mine construction through appropriate erosion control and other measures as required. A construction schedule and a detailed plan of receiving environment water quality protection during the construction phase, shall be immediately provided to the Regional Manager, Environmental Protection, Ministry of Environment, Lands and Parks.

3. Identification, Salvage and Use of Suitable Growth Media

(a) All surficial soil identified through soil surveys as being appropriate for plant growth shall be salvaged and stored in a manner acceptable to the Chief Inspector for use in reclamation programs. Soil shall be replaced on all mine facility areas (except the pits) to pre-determined depths and in accordance with the ‘Soil Salvage and Stockpile Protocol’ developed by the Permittee and as agreed to by the Chief Inspector. Soil replacement must be sufficient to ensure that land use and capability objectives can be achieved.

(b) Soil surveys, including soil handling plans, shall be submitted to and approved by the Chief Inspector prior to soil removal.
(c) Detailed plans of soil storage areas, including configurations, cross-sections and volumes of materials stored, and erosion and sediment control measures, shall be submitted in the 1996 Mine Plan and Reclamation Program, and for soil salvage which occurs subsequently, in the applicable Annual Reclamation Report.

4. **Metal Uptake in Vegetation**

(a) Vegetation shall be monitored for metal uptake.

(b) Where harmful metal levels are found, reclamation procedures shall ensure that levels are safe for plant and animal life.

(c) Study programs into the methods of achieving specific land use objectives shall include a program for evaluation of copper/molybdenum ratios in plants, as well as metal toxicity levels in tailings supernatant and seepage ponds where livestock or wildlife may be exposed to them.

5. **Wetland Habitat Compensation**

Compensation for loss of wetland habitat shall be provided through replacement with equivalent habitat capability.

**Reclamation Program**

1. **Reclamation Security**

(a) The Permittee shall, prior to soils removal in the plant site area, deposit with the Minister of Finance and Corporate Relations, securities in the amount of $200,000.00, followed by an amount of $300,000.00 prior to soils removal in the tailings impoundment area, an additional amount of $300,000.00 prior to tailings dam construction, and an amount of $350,000.00 prior to soils removal in the pit and waste dump areas for a total of $1,150,000.00. The security will be held by the Minister of Finance and Corporate Relations for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

(b) The security amount will be adjusted based on review of the Mine Plan and Reclamation Program to be submitted by March 31, 1996 and any other relevant information, to cover additional site disturbance between April 1, 1996 and the initiation of mine production. Any additional securities determined to be necessary shall be placed prior to mine production, and shall be based upon an assessment of the actual projected costs of mine reclamation and closure, including the costs of any long-term monitoring and maintenance, long-term impact mitigation strategies, and habitat compensation.
(c) Beginning on January 1, 1997, and annually thereafter, the security shall be increased at a rate equal to the previous year’s annual increase in the British Columbia Consumer Price Index.

2. **Annual Reclamation Report**

   Beginning in 1997, an annual reclamation report shall be submitted by March 31 of each year in a form and containing the information required by the Chief Inspector.

3. **Land Use**

   The surface of the land and watercourses shall be reclaimed to end land uses to be specified in the Mine Plan and Reclamation Program permit application submitted in 1996. The plan shall include a map identifying proposed end land uses for each area, a list of target wildlife species for areas where wildlife use is proposed, and a detailed description of the means by which end land use objectives will be achieved.

4. **Land Capability**

   The level of land capability, and the percentage of land in a given capability class to be achieved on reclaimed areas, shall not be less than existed prior to mining on an average property basis, unless the Permittee can provide evidence which demonstrates to the satisfaction of the Chief Inspector the impracticality of doing so.

5. **Long-term Stability**

   Land and watercourses shall be left in a stable condition. To ensure long-term stability, engineered structures including waste dumps, major haul and access roads, and the tailings impoundment shall be designed in accordance with Part 9 of the Code.

6. **Revegetation**

   Land shall be revegetated to a self-sustaining state using plant species appropriate to the local area and the end land uses.

7. **Treatment of Structures and Equipment**

   Prior to abandonment, and unless the Chief Inspector has made a ruling otherwise, such as heritage project consideration or industrial use,

   (a) All machinery, equipment and building superstructures shall be removed;

   (b) Concrete foundations shall be covered and revegetated unless, because of demonstrated impracticality, they have been exempted by the Inspector; and

   (c) All scrap material shall be disposed of in a manner acceptable to the Inspector.
8. **Waste Rock Dumps**

(a) Waste dumps shall be reclaimed to ensure:

(1) long-term stability;

(2) long-term erosion control;

(3) quality of any water released from waste rock dumps to the receiving environment is of a standard acceptable to the Inspector; and

(4) land use and capability objectives are achieved.

(b) Final waste rock dump slopes shall not exceed 26.5° (2:1). Detailed waste dump plans, including proposed cross-sections of final dump configurations, shall be included in the 1996 Mine Plan and Reclamation Program.

(c) Due to the heavy recreational use of Bootjack and Polley Lakes, visual impacts and aesthetic values shall be given high priority in waste rock dump planning. Methods of reducing visual impacts and restoring aesthetic values following mine closure are required and shall be described in detail in the 1996 Mine Plan and Reclamation Program.

(d) Design plans shall be submitted to the Chief Inspector for any proposed rock drains to be constructed in overburden or waste rock dumps, to determine if a detailed geotechnical assessment is required.

9. **Watercourses**

(a) Watercourses shall be reclaimed to a condition that ensures:

(1) Long-term water quality is maintained to a standard acceptable to the Chief Inspector;

(2) Drainage is restored either to original watercourses or to new watercourses which will sustain themselves without maintenance. Reclamation of altered drainages to their original channels is preferred, providing that acceptable water quality can be achieved; and

(3) Use and capability objectives are achieved, and the level of capability shall not be less than existed prior to mining unless the Permittee can provide evidence which demonstrates, to the satisfaction of the Chief Inspector, the impracticality of doing so.

(b) The March 1996 Mine Plan and Reclamation Program permit application shall contain a description of the means by which reclamation of the millsite area will ensure that runoff water re-routed through this area to Bootjack Lake will not be affected by any ground surface contamination resulting from mine operations.
10. **Pits**

(a) Pit walls constructed in overburden shall be reclaimed in the same manner as waste rock dumps.

(b) Revegetation of pit walls constructed in rock is not required. Any water discharged from a pit to the receiving environment must be of a quality acceptable to the Chief Inspector.

(c) Where the pit floor is free from water, and safely accessible, vegetation shall be established.

(d) Where the pit floor will impound water and become a watercourse, provision must be made to create a body of water where end use and capability objectives are achieved.

11. **Tailings Impoundment**

(a) The tailings impoundment and any other impoundment structures must be reclaimed to end land use(s) approved through review of the 1996 Mine Plan and Reclamation Program.

(b) Prior to mine closure, a report shall be submitted to the Chief Inspector outlining the post-operational state of all dams, dikes, related seepage control, spillway and water management structures, and post-operational monitoring.

(c) Permanent spillways shall be designed to a standard required by the Chief Inspector and installed prior to final decommissioning of any permanent impoundment structures.

(d) The 1996 Mine Plan and Reclamation Program shall describe in detail end land use and capability objective(s) for the tailings impoundment and the means by which these shall be achieved. The Plan shall include details of soil replacement, the means by which suitable growth media will be placed at surface on the tailings dam faces, cross-sections of the tailings dams, and a detailed revegetation plan.

12. **Roads**

(a) All roads shall be reclaimed in accordance with land use and capability objectives unless permanent access is required to be maintained.

(b) Individual roads will be exempted from the requirement for total reclamation under condition 12(a) if either:

(1) the Permittee can demonstrate that an agency of the Crown has explicitly accepted responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road, or
(2) the Permittee can demonstrate that another private party has explicitly agreed to accept responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road and has, in this regard, agreed to comply with all of the terms and conditions, including bonding provisions, of this reclamation permit, and to comply with all other relevant provincial government (and federal government) regulatory requirements.

(c) This section does not apply to portions of the access road which are outside of the mining lease and which are regulated by the Ministry of Forests.

13. Disposal of Fuels and Toxic Chemicals

Fuels, chemicals or reagents which cannot be returned to the manufacturer/supplier are to be disposed of as directed by the Chief Inspector in compliance with municipal, regional, provincial and federal statutes.

14. Acid Generating Material

(a) Programs to monitor the potential for acid rock drainage (ARD) shall be described in the 1996 Mine Plan and Reclamation Program. Mining of waste rock or ore shall not be permitted prior to approval of ARD monitoring programs by the Chief Inspector. The 1996 Mine Plan and Reclamation Program shall address questions regarding the identification and segregation of possible small pockets and lenses of pyritic rock in the pit, and shall include proposed blast hole sampling methods and frequencies, turnaround times for sample analyses and contingency plans for prevention of acid drainage from pyritic waste rock. Specific sampling and analyses requirements must be in accordance with the ARD Guidelines (January, 1995) and will be subject to permits issued under the Waste Management Act.

(b) The Permittee shall submit in the 1996 Mine Plan and Reclamation Program a detailed geological description of the small high sulphide area in the North Pit and information regarding the probability that similar materials occur elsewhere on the property.

(c) All potential acid generating material shall be placed in a manner which minimizes the production and release of acid mine drainage to a level that assures protection of environmental quality.

(d) In the event that acid mine drainage occurs, or effluent streams are identified which carry unacceptably high metal levels, all contaminated drainage shall be collected and treated or otherwise managed to a level that assures long-term protection of environmental quality.
15. Monitoring

(a) The Permittee shall undertake monitoring programs, as required by the Chief Inspector of Mines and the Regional Manager, Environmental Protection, Ministry of Environment, Lands and Parks to demonstrate that reclamation objectives, including land use, capability, water quality, and stability of structures, have been achieved.

(b) The Permittee shall undertake study programs to evaluate the cumulative effects of fertilization on total nutrient loading and impacts to receiving waters.

16. Temporary Shutdown

If this mine ceases operation for a period longer than one year, the Permittee shall either continue to carry out the conditions of the permit or apply for an amendment setting out a revised program for approval by the Chief Inspector.

17. Responsibility to Reclaim

Any reclamation on the Mount Polley property that remains outstanding under the terms and conditions of Reclamation Permit MX-GEN-78, at the time of issuance of this permit, shall become the responsibility of the Permittee under the terms and conditions of this permit.


All safety and other provisions of the Mines Act shall be complied with to the satisfaction of the Chief Inspector.

19. Permit Review

On or before March 31, 1996, the Permittee shall submit a final Mine Plan and Reclamation Program that incorporates information required based on the requirements of this permit, inter-agency and public review of the March 1995 Interim Reclamation Plan, and any additional information requirements which may arise through inter-agency monitoring of the project as construction proceeds or through the Public Liaison Committee. This provision shall not be construed as limiting the power of the Chief Inspector or the Minister to amend this permit at any time.