
NEWS RELEASE

For Immediate Release
2015MEM0018-001052
July 9, 2015

Ministry of Energy and Mines
Ministry of Environment

Province authorizes restricted re-start for Mount Polley Mine

VICTORIA – Minister of Energy and Mines Bill Bennett and Minister of Environment Mary Polak announced today that after careful evaluation, statutory decision-makers with the ministries of Energy and Mines and Environment have conditionally authorized the Mount Polley Mine Corporation to begin restricted operations.

“This conditional restricted permit to re-start operations is the first of three significant steps the company needs to continue operation and does not include the ability to discharge water off the site,” said Bennett. “In the early fall, the company will need a second conditional permit to treat and discharge water in order for operations to continue. Lastly, the company must submit a long-term water treatment and discharge plan to government by June 30, 2016. The mine will not be authorized to continue to operate long-term if it fails to complete either of the last two steps.”

The Mount Polley Mine Corporation estimates it will take about 30 days before it can begin production now that ministry staff have amended the company's Mines Act and Environmental Management Act permits. During restricted operations, the company expects to provide jobs for up to 220 workers.

The amended Mines Act permit authorizes the company to operate at roughly half the rate of normal operations. The tailings facility will not be utilized during the operation. Mount Polley Mine will use Springer Pit, an existing open pit on the mine site, to manage the tailings.

“I know the re-start of the mine is welcome news for the communities of Likely, Williams Lake, 100 Mile House and the families that depend on the jobs the mine provides,” said Bennett.

The following conditions are included under the amended Mines Act and Environmental Management Act permits and failure to meet these conditions will result in the shutdown of the mine:

- Water and tailings levels in Springer Pit must remain 20 metres below the top of the lowest pit edge (1,030 metres above sea level).
- No discharge off the mine site is authorized. The company must apply for a permit to treat and discharge water.
- Mount Polley Mining Corporation is not permitted to use its tailings storage facility (TSF).
- The company must pay an additional \$6.1 million reclamation security.
- A five-year mine plan and reclamation plan must be provided to government by Sept. 30, 2015.
- An updated surface and groundwater monitoring plan must be submitted for approval by July 31, 2015.

- A long-term water treatment and discharge plan must be submitted to government by June 30, 2016. The mine will not be permitted to continue to operate if it fails to meet this deadline.

“Ministry experts made the decision to issue the Environmental Management Act permit based on sound scientific evidence,” said Polak. “Their due diligence, along with the extensive First Nations and public consultation that took place with this application provides confidence the permit could be issued without harming the environment.”

Inspectors with the Ministry of Energy and Mines will be onsite during the initial start-up period and will conduct regular site inspections once the mine is operating. Additionally, permit conditions require the company to provide weekly reports to government, First Nations, the Cariboo Regional District the community of Likely, detailing water management and water quality results. If necessary, ministry inspectors have full authority to issue stop work orders for any area of the mine found to be in non-compliance.

“When re-start operations commence, protection of the environment will be ensured through the terms and conditions contained within the permit, as well as ongoing monitoring by ministry staff,” added Polak.

Prior to approval, the company’s re-start application included a 30-day public consultation period and underwent a detailed technical review by members of the mine development review committee (MDRC). The MDRC consisted of representatives from provincial agencies, First Nations, local governments (City of Williams Lake and Cariboo Regional District), the community of Likely, the Department of Fisheries and Oceans and Environment Canada.

Learn More:

A copy of the Mines Act permit amendment and rationale for decision are available here: www.gov.bc.ca/mountpolley

A copy of the Environmental Management Act permit and rationale for decision are available here: <http://www.env.gov.bc.ca/eemp/incidents/2014/mount-polley/>

Two backgrounders follow.

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BACKGROUND 1

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Mount Polley water treatment and discharge permit application

Statutory decision-makers with the ministries of Energy and Mines and Environment have conditionally authorized the Mount Polley Mine Corporation to begin restricted operations. This is the first of three significant steps the mine must complete and allows a return to restricted operations.

The second step the Mount Polley Mine Corporation must take is to apply to the Ministry of Environment for a short-term permit to treat and discharge water. Estimates provided by the Mount Polley Mine Company indicate that under normal precipitation conditions, regardless of whether the mine is operating, water levels in Springer Pit will reach permitted capacity in the fall of 2015. The addition of tailings in the pit does not substantially change this timeframe as the volume of tailings are expected to be relatively low compared to the capacity of Springer Pit.

If the Ministry of Environment approves the company's application, the short-term permit would allow the mine to treat and then discharge water outside of the mine site.

The company has provided information about its short-term water treatment and discharge proposal to the ministries of Energy and Mines and Environment. The Mount Polley Mine Corporation has shared this information with local First Nations, residents of Likely and discussed its proposed treatment and discharge plans at public forums in Likely, Williams Lake and Quesnel.

Under the company's short-term water management proposal, the treated water would be discharged into Hazeltine Creek where it would flow to a sediment pond. From there, the treated water would enter a pipeline that would discharge approximately 30 to 40 metres below the surface of Quesnel Lake. Any treated and discharged water will be required to meet Ministry of Environment guidelines for aquatic and public health.

The third step the company must complete is to submit a long-term water treatment and discharge plan to government by June 30, 2016. The Mount Polley Mine Corporation must complete all three of these steps in order to be able to continue operations.

The restricted restart permits only allow operations for one year. To continue operating, the company will have to submit a new plan for review and consultation and receive authorization from the statutory decision makers.

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BACKGROUND 2

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Government actions on Mount Polley tailings pond breach

On Aug. 4, 2014, a large and unprecedented breach occurred at the Mount Polley Mine tailings storage facility. Government took immediate steps to respond, addressing health and safety concerns and initiating three investigations.

Water sampling by Ministry of Environment (MOE) staff began on the evening of Aug. 4, 2014, and remains ongoing. The drinking water ban was lifted by Interior Health for Quesnel Lake, outside the immediate area of impact – 100 m from the mouth of Hazeltine Creek, on Aug. 13 2014. To date, MOE has taken over 190 water samples and continues to monitor impacts on fish. MOE's sampling is in addition to the more than 3,800 water samples taken by the Mount Polley Mining Corporation.

As part of the pollution abatement order issued by MOE on Aug. 5, 2014, the Mount Polley Mine Corporation was ordered to take immediate action to stop the further release of mine tailings into nearby waterways and to submit environmental impact assessments and clean-up action plans to the ministry, including plans to stabilize Hazeltine Creek.

In December, the Ministry of Energy and Mines (MEM) approved an amendment to the Mount Polley Mine Corporation Mines Act permit to allow the company to begin repairs of the breach in its tailings storage facility dam. This work was completed in April 2015.

Throughout the response and remediation process, government and the Mount Polley Mining Corporation have held regular community meetings to keep residents up to date on efforts to address the breach and related issues. To date, more than 20 community meetings have been held for residents of Likely, Williams Lake and members of the Soda Creek Indian Band (Xat'sull First Nation) and Williams Lake Indian Band.

Since the August 2014 failure of the tailings pond at Mount Polley Mine, the provincial government has continued to oversee all environmental remediation work undertaken by the Mount Polley Mining Company. Phase 1 of this work, which focused on stabilizing Hazeltine Creek so it would be safe over the winter months and through the higher water flows from spring freshet, is now complete. To-date, the company has spent \$67 million on remediation work.

Phase 2 of the remediation and restoration will run through summer of 2016 and beyond. It will focus on repairing impacts of the breach, and will also have active participation from area First Nations and local communities.

On June 5, 2015, Mount Polley Mining Company (MPMC) released their Post Event Environmental Impact Assessment Report which provides detailed information on the physical, chemical and biological impacts of the spill and will inform future work in the area. This

document is available at <http://www.env.gov.bc.ca/eemp/incidents/2014/mount-polley/> with public comment accepted until Sept. 12, 2015.

On Jan. 30, 2015, the Independent Expert Engineering Investigation and Review Panel delivered a Final Report on its investigation into the cause of the failure of the tailings storage facility at the Mount Polley Mine. The report also included the release of 35,000 pages of documentation related to the panel's investigation. The panel concluded the dam failed because the strength and location of a layer of clay underneath the dam was not taken into account in its original design and made seven recommendations to prevent such incidents in the future.

Government committed to implement all of the panels recommendations and progress has already been made toward implementing the following four panel recommendations:

1. Improve corporate governance: Companies should be required to be a member of the Mining Association of Canada and their best practices program, or an equivalent program.

- Government supports the adoption of industry best practices such as the "Towards Sustainable Mining" program.
- The Mining Association of Canada (MAC) has established an independent, multi-stakeholder expert task force to review its tailings management requirements and guidance documents under its Towards Sustainable Mining (TSM) program. The results of the review are expected to be publicly available by the end of this year.

2. Expand corporate design commitments: Future permit applications should include detailed cost-benefit analysis of best available technology options recognizing that cost/benefit should not supersede safety.

- The B.C. Environmental Assessment Office has established additional information requirements in order to evaluate tailings management options for proposed major mines in B.C. The new requirements apply to all mine projects with new tailings dams that are currently undergoing an environmental assessment.
- The required information ensures that companies proposing to build mines with new tailings dams have:
 - in addition to the selected option, considered other options that can address the potential for adverse effects on environmental, health, social, heritage and economic values
 - for the option selected, considered the potential risks and implications of that option and have a technically and economically feasible plan to address them
 - provided a clear and transparent rationale to support the selected option.
- Additionally, all mines in the Mines Act permitting process will be reviewed on a case-by-case basis to ensure the application and information provided reflect the independent panel's recommendations.

3. Improve professional practice: Government should encourage the Association of Professional Engineers and Geoscientists of BC (APEGBC) to develop guidelines that would lead to improved site characterization for tailings dams.

- APEGBC is developing professional practice guidelines for dam site characterization assessments.
- The guidelines will outline the standard of care and professional obligations professional

engineers and geoscientists must uphold when conducting these assessments, and will define the roles and responsibilities of the various participants and stakeholders involved in this process.

- Four senior technical experts are leading this work, including Dirk van Zyl, P.Eng., who participated in the independent expert engineering investigation and review panel that authored the Mount Polley report. His co-authors will be Dr. Brent Ward, P.Geo.; Harvey McLeod, P.Eng./P.Geo.; and Andy Small, P.Eng.
- The guidelines are scheduled to be released in March 2016, and APEGBC will be conducting training sessions later that spring.

4. Strengthen current regulatory operations: Determine if other tailings storage facilities may have similar risks to those found at Mount Polley.

- In response to the independent panel recommendations, the Chief Inspector of Mines ordered all operating mines with tailings storage facility (TSF) dams, and all closed mines with TSF dams classified as significant or higher, to provide a letter by June 30, 2015, to confirm whether foundation materials similar to those at Mount Polley exist below any of their dams.
- If those materials are present, the letters must also confirm whether sufficient investigations and testing were completed to properly understand the strength and location of those materials and that the dams were designed to account for those conditions.
- Once those letters are received, Ministry of Energy and Mines (MEM) staff will review the submissions. It is expected that this review will take approximately six to eight weeks. As with the 2014 dam safety inspections, all documents will be made available publicly once this review is complete.

On June 24, 2015, Minister of Energy and Mines Bill Bennett appointed a Code Review Committee to recommend how best to fully implement the independent panel's recommendations. The initial focus of the code review will be to address the following three independent panel recommendations:

5. Implement best available technologies (BAT) using a phased approach:

- **For existing tailings impoundments.** Rely on best practices for the remaining active life.
- **For new tailings facilities.** BAT should be actively encouraged for new tailings facilities at existing and proposed mines.
- **For closure.** BAT principles should be applied to closure of active impoundments so that they are progressively removed from the inventory by attrition.
- The panel recommended the adoption of best available technology, including filtered tailings (dry stack) technology where appropriate. The panel also noted that there are circumstances where other technologies are more appropriate.

6. Enhance validation of safety and regulation of all phases of a TSF: Government should increase the utilization of independent tailings review boards.

- Government has confirmed that independent tailings dam review boards will be mandatory for operating mines.
- Some operating mines in B.C., such as Highland Valley Copper Mine and Red Chris Mine, already have independent tailings dam review boards in place.

7. Improve dam safety guidelines:

- Recognizing the limitations of the current Canadian Dam Association (CDA) guidelines incorporated as a statutory requirement, the code committee will review and make recommendations for regulations that provide more certainty and specific direction to mine operators on tailings dam safety.

The independent panel was mandated to identify the cause of the failure and make recommendations to prevent a similar occurrence in the future. The panel was not mandated to assess responsibility or liability. That is the mandate of the other two investigations currently still underway by the Conservation Officer Service and the Chief Inspector of Mines.

The Chief Inspector of Mines' independent investigation into the Mount Polley breach is expected to conclude this summer and will be forwarded to the Ministry of Justice for review. If charges are contemplated, evidence from this investigation, including the report of the Chief Inspector of Mines, could be used in court, and as a result would not be released to the public immediately following the conclusion of the investigation.

An independent investigation into the cause of the Mount Polley tailings pond breach is being led by British Columbia's Conservation Officer Service (COS), and assisted by Environment Canada, Department of Fisheries and Oceans Canada and the RCMP.

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