



Mount Polley Mining Corporation

an Imperial Metals company

October 3, 2014

Mount Polley Responds to Vancouver Sun Article Published on September 26, 2014

Mount Polley Mining Corporation (MPMC), a wholly owned subsidiary of Imperial Metals Corporation, has always engaged, worked with, and followed the recommendations of qualified and reputable independent engineering firms in the design, construction and operation of the Mount Polley tailings facility.

The article published in the Vancouver Sun on September 26th under the header “Crack in Mount Polley mine’s dam noted in 2010 inspection report” was based on the reading of four annual reports which describe only a small portion of the processes and information gathering involved in the construction and operation of the Mount Polley tailings facility.

The independent panel and other authorities reviewing the root cause of the breach at Mount Polley have access to and will review all of the information that MPMC and the Province have with respect to the Mount Polley tailings facility and will collect additional information, including new drilling data.

MPMC has adopted a policy of not commenting on the possible causes of the breach or responding to questions concerning the management and operation of the tailings facility at Mount Polley, until such time as these reviews are complete. However, MPMC feels compelled to offer the following clarifications to the September 26th article, and provide the necessary context to lend perspective to the concerns raised in this article.

The article highlights certain elements discussed in the Report on 2010 Annual Inspection (“2010 Report”) submitted to MPMC in December, 2010. This was the last report by Knight Piésold, and it is normal during a transition from one Engineer of Record to a new Engineer of Record for the annual inspection to provide a very detailed update so nothing will be missed in the transition.

The main concern identified in the September 26th article was a crack in the perimeter embankment that appeared during the construction of the 2010 embankment raise. This crack occurred approximately 900 meters from the August 2014 breach and, in fact, was raised as a concern by MPMC to Knight Piésold’s senior engineer during his inspection in October of 2010. In addition, Knight Piésold engineers were on site to monitor and inspect all dam construction activities in 2010, when the crack was first observed.

The crack was thought to be associated with localized settlement of loosely compacted material along the downstream slope of the embankment. No signs of distress were identified anywhere else in the tailings embankments.

The 2010 Report recommended that the crack be evaluated as part of the Stage 7 design phase and that any additional excavation within the borrow area should be reviewed and approved by the Engineer of Record. This recommendation from the 2010 Report was implemented in 2011 by MPMC under the direction of the Engineer of Record and included a review of available information and a geotechnical investigation in the vicinity of the crack. This geotechnical investigation included drilling a hole and installation of a piezometer. An inclinometer was also installed in this area in 2012.

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The 2010 Report also recommended a stability assessment be carried out. The stability assessment was completed by the Engineer of Record in 2011 and confirmed that the factor of safety in the vicinity of the crack was more than adequate, exceeding the required safety standards.

To date, no further cracking or other indication of distress has been observed in the vicinity of the crack, supporting the original assessment associating it with localized settlement of loosely compacted material.

The 2010 Report also noted the presence of broken instrumentation and recommended they be replaced. In compliance with this recommendation, a significant instrument replacement program was carried out in 2011 with installation of 23 piezometers and 3 inclinometers. Two additional inclinometers were installed in 2012.

The concern expressed in the September 26th article about buttressing was addressed by completing a stability analysis in 2011, for this purpose, as recommended in the 2010 Report. This analysis indicated that no additional buttress was required. The need for additional buttress was again evaluated by the Engineer of Record as part of the design for construction of additional dam in 2012. It also indicated that no additional buttress was required. The stability analysis completed as part of the design in 2013 indicated that a buttress along the Main Embankment was recommended. This buttress was completed in 2013 by MPMC under the direction of the Engineer of Record.

Since the date of the 2010 Report, MPMC has enhanced the tailings system to provide more sand to all locations around the dam, and has changed the methods used to build sand cells to provide the buffer between the embankment and the water stored in the pond.

In conclusion, the crack referred to in the 2010 Report and the Vancouver Sun article was 900 metres from the August 2014 breach. The crack was the subject of a series of recommendations by the Engineer of Record, which were fully complied with by MPMC under the direction of the Engineer of Record. After carrying out the recommended measures, MPMC received no indication that there remained any issues of concern. MPMC has always operated the Mount Polley tailings facility in a prudent manner and under the guidance of the Engineer of Record and that practice was adhered to in this case.
