



Date: October 27, 2017

Permit: M-232
File 14675-35-04
Mine #: 100019

To: Chieftain Metals Inc.
Chieftain Metals Corp.,
Tulsequah Mine
c/o Grant Thornton Ltd.
(Court Appointed Receiver, Agent for Tulsequah Mine)
11th Floor, 200 King Street West
Box 11
Toronto, Ont.
M5H 3T4

Mr Bruce Bando
[Sent by Email: Bruce.Bando@ca.gt.com]

Cc: Tania Demchuk, Deputy Chief Inspector, Compliance and Enforcement, MEMPR
Diane Howe, Deputy Chief Inspector of Mines, Reclamation and Permitting, MEMPR
Kathy Eichenberger, Executive Director, MEMPR

Re: Tulsequah Mine, Review of Compliance

The Ministry of Energy, Mines and Petroleum Resources (MEMPR) carried out a compliance review of regulatory documentation related to the Tulsequah Mine including *Mines Act* permit M-232, annual reports and the April 2017 report "*2016 Aquatic Ecological Risk Assessment, Tulsequah Chief Mine, Skeena Region.*" In particular, MEMPR has reviewed performance in relation to the requirement to collect and treat acid waters discharged from the mine portals which waters are currently being discharged directly into the receiving environment. Through this review, MEMPR has determined that you are out of compliance with the following requirements:

1. Health Safety and Reclamation Code for Mines in British Columbia, Part 10.7.20 "*If water quality from any component of the mine results in exceedances of applicable provincial water quality standards in the receiving environment, when required by the chief inspector, remediation strategies shall be implemented for as long as is necessary to mitigate the problem.*"

**Ministry of
Energy, Mines and
Petroleum Resources**

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2. The following conditions of the *Mines Act* permit M-232 dated July 7, 2011:

C. Protection of the Land and Watercourses

1. Drainage Collection System and Acid-Water Treatment Plant

- (a) The Permittee shall collect and treat all water discharging from the 5200, 5400 and 5900 level portals.
- (b) The Permittee shall make efforts to maximize the collection and treatment of contaminated site runoff within the limitations of the approved water management facilities.
- (c) All drainage collection and treatment facilities shall be operated and maintained for as long as is necessary to achieve environmental protection requirements, as required by the Chief Inspector.
- (d) The Permittee shall track the volume and quality of drainage inputs and outputs of the treatment system (including pH, acidity, metal concentrations), as well as the volume of lime used and sludge volumes generated. This information shall be reported in the Annual Reclamation Report.

Order

Pursuant to Section 35(1) of the *Mines Act*, the permittee shall provide the Chief Inspector of Mines with a plan that sets out remediation strategies and an implementation plan to mitigate the discharge of the acid waters into the receiving environment and the exceedances of applicable provincial water quality standards in that environment. It is expected that this plan will include consideration of required mine reclamation activities that will contribute to mitigation efforts, as well as capital and operating costs associated with implementation of the plan. This plan shall be submitted to the Chief Inspector of Mines by November 30, 2017.

MEMPR is aware that SLR Consulting (Canada) Ltd. is conducting work on behalf of West Face Capital Inc. to produce a report that may address the requirements of this order. The Chief Inspector of Mines may be willing to consider submission of that report by November 30, 2017 as meeting the requirements of this order, provided that the report addresses the objectives set out in the scoping document for the report provided to MEMPR on August 29, 2017.

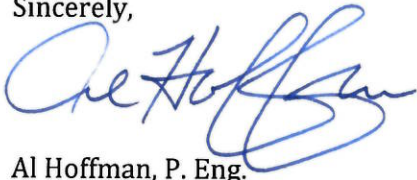
This order serves as notice under Section 10(8) of the *Mines Act* to remedy a failure to comply with a condition of the M-232 permit to the satisfaction of the Chief Inspector of Mines. Failure to comply with this order may result in all or part of the reclamation security

held by the province being used toward payment of the cost of work required to be performed.

If this deadline is not met, the Chief Inspector of Mines may pursue additional escalating enforcement action.

If you require clarification on any items outlined in this letter, please address these questions/concerns to Diane Howe, Deputy Chief Inspector of Mines, Reclamation and Permitting: diane.howe@gov.bc.ca or (250) 952-0183.

Sincerely,



Al Hoffman, P. Eng.

Chief Inspector of Mines

Ministry of Energy, Mines and Petroleum Resources

