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Our Reference: VA101-1/23-A.01
Continuity Nbr.: VA08-01473

July 24, 2008

Mr Don Parsons
Vice President - Operations
P.O. Box 12
Likely, BC V0L 1N0

Dear Don,

Re: Capacity of the Existing Mine Tailings Pipeline

The operation of the Mt Polley tailings pipeline has been modeled.

Our conclusion is that the current gravity based tailings discharge system can deliver all tailings flows to the furthest point of the pipeline, for mill throughputs of at least 25,000 tonnes per day (tpd) and an embankment crest elevation of 970 m. This can be achieved without exceeding the nominal pressure rating of the existing pipelines.

However, as flows approach 30,000 tpd, pumping will be required and pressures in some sections of the pipeline may approach or exceed the pressure rating of the currently installed pipe.

The attached Figure 1 shows the approximate ground profile and slurry Hydraulic Grade Lines (pressure head in m slurry) for several mill throughputs between 18,000 and 30,000 tpd. The location of key points in the pipeline, are indicated above the hydraulic profiles for the different throughputs.

This assessment is based on the following assumptions:

- Tailings head-box elevation is 1106.8 m
- Pipeline maximum length is 7000 m
- Tailings embankment elevation is 970 m
- Pipeline is free of any settled or deposited tailings material or other debris
- Pipeline is in good condition, free of any excessive wear or physical damage that would lower the effective pipe pressure rating
- Pipeline fittings, including mechanical joints and off-takes are in good condition, correctly installed and suitably pressure rated, to equal or exceed the rating of the section of pipe in which they are located
- Tailings slurry flow has a solids content of 35% solids by weight and a solids SG of 2.65 t/m^3
- The pipeline consists of approximately 2500 m of 24" DR11 HDPE laid from the mill to Bootjack Creek at an elevation of 979 m, with the remaining 4500m consisting of 24" DR 15.5 HDPE, mostly laid flat at an elevation of 970 m, on the embankment
- Pipeline is essentially free of significant high or low sections, in which air or solids may accumulate.

Reliable modeling of slurry pipeline flow requires good information on the solids size gradation and the slurry rheological properties (viscosity). It is understand that the current grind is similar to the historical project data that Knight Piésold has available. No slurry rheological data for Mt Polley tailings has been generated. A conservative value for viscosity was assumed for input to the SRC 2007 model that was used for slurry head loss modeling.

We suggest sending a representative 4 litre sample of saturated tailings to a testing laboratory for an assessment of the rheological and for other properties appropriate for modeling of the pipeline flow. A budget price estimate of $6000, from SRC in Saskatoon, is currently on record for this service.

We trust that this provides the level of review that you need at this time. Please do not hesitate to call if additional assessment or information is required.

Yours sincerely,
KNIGHT PIESOLD LTD.

Harvey Dew, P.Eng.
Specialist Engineer

for Ken Brouwer, P.Eng.
Managing Director

Attachment: Figure 1 Rev 0 - Tailings Pipeline Hydraulic Grade Lines

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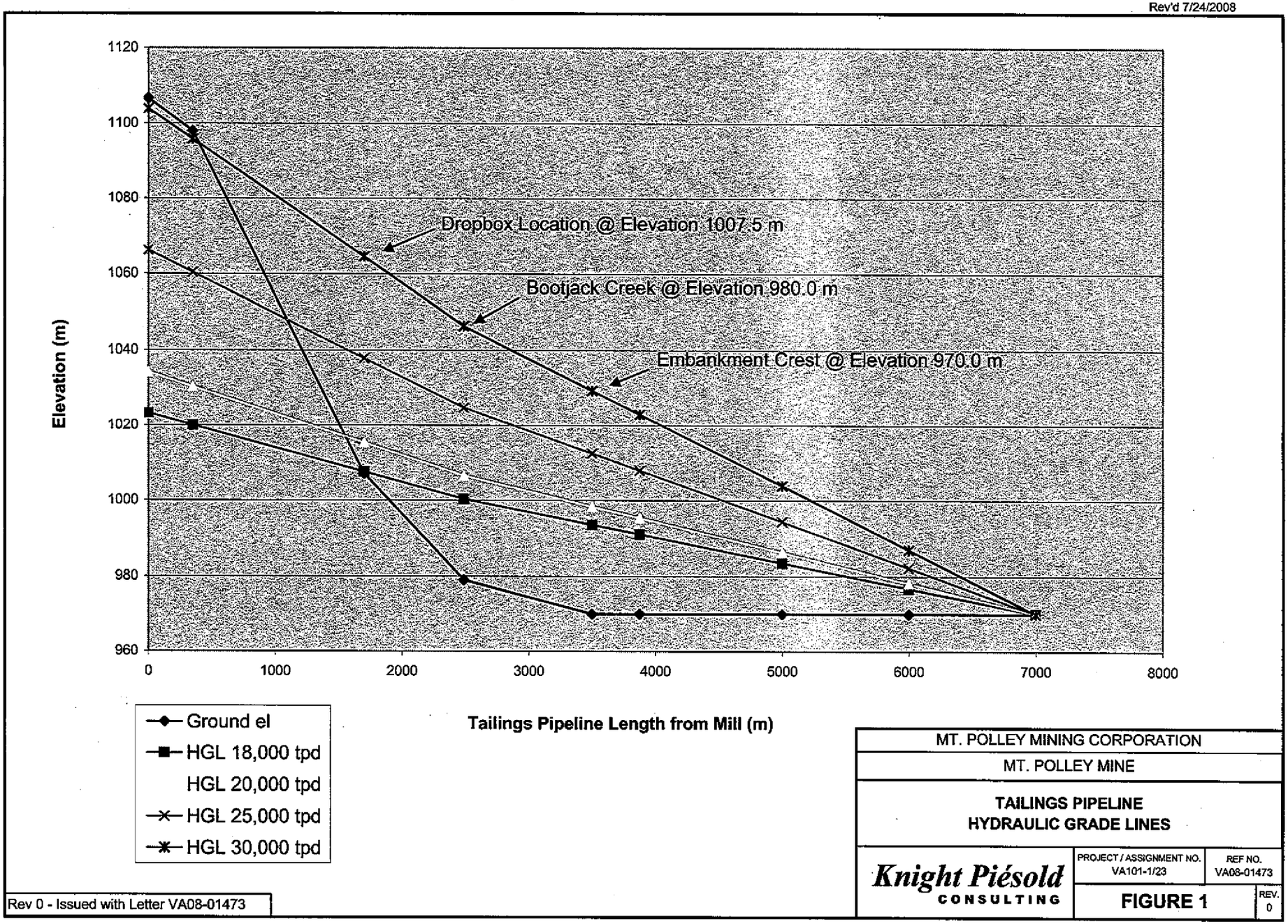

Rev 0 - Issued with Letter VA08-01473

MT. POLLEY MINING CORPORATION

MT. POLLEY MINE

TAILINGS PIPELINE
HYDRAULIC GRADE LINES

Knight Piésold CONSULTING

PROJECT / ASSIGNMENT NO. VA101-1/23

REF NO. VA08-01473

FIGURE 1

REV. 0

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