



The Best Place on Earth

Thursday, September 13, 2007

File:18040-02-07
Mine No.: 1101163

Tim Fisch
Imperial Metals Corporation
Po Box 12
Likely BC, VOL 1N0

Dear Sir:

Re: Mine Inspection Tuesday, July 31, 2007
Property: Mount Polley Mine

Enclosed is an electronic copy of my Geotechnical Inspection Report for the above noted property and date.

Please have this report posted in a conspicuous place on the property in accordance with Section 30(1) of the Mines Act.

As noted on page one of the report, please provide comments within 15 days.

Yours truly,

Nick Rose, P. Eng.
Inspector of Mines, Geotechnical

Enclosure

cc David Morgan (MEMPR), Bruce Milligan (MEMPR)



Ministry of Energy, Mines and Petroleum Resources

Mining & Minerals Division

Report of Inspector of Mines

Geotechnical

(issued pursuant to Section 15 of the Mines Act)

Inspection No.: 14355

File: 18040-02-07

Mine No: 1101163

Emp/Cont: 0 0

Orders H&S: RECL:

Stop Work:

Name of Property: **Mount Polley Mine** Permit No.: **M-200**
Location: **Likely**
Owner, Manager: **Tim Fisch**
Company: **Imperial Metals Corporation**
Address: **Vancouver BC V6C 3B6**
Persons Contacted: **Tim Fisch, Art Frye, Dayle Rusk, Ron Martel**
Type of Mining: **METAL MINE - SURFACE**
Date of Inspection: **July 31, 2007**
Copies To: **David Morgan (MEMPR), Bruce Milligan (MEMPR)**

Written response is required from the Mine Manager within 15 days of receiving the report. In this document, Code means Health, Safety and Reclamation Code for Mines in British Columbia

The Bell Pit, Northeast Zone Dump and Wight Pit were inspected on the morning of July 31, 2007 in the company of Art Frye, Dayle Rusk and Bruce Milligan (MEMPR District Inspector). An inspection of the tailings storage facility (TSF) was carried out in the company of Ron Martel and Bruce Milligan. A meeting to summarize the results of the inspection was held on the afternoon of July 31 (Tim Fisch, Art Frye, Dayle Rusk, Ron Martel and Bruce Milligan in attendance).

Bell Pit

Contract mining of the east ramp of the Bell Pit was being carried out by Ledcor. Raveling conditions on the upper east wall have led to filled catchment berms above the active east wall mining area. The Ministry understands that this area was being monitored weekly according to procedures outlined in MPMC's October 5, 2006 response letter to the last geotechnical inspection report. A north trending, steeply dipping fault and a moderate west dipping joint set appear to be affecting bench stability on the east wall. Bench crests shall be scaled with the shovel bucket and bench toes shall be cleared to improve catchment for potential rockfalls. Extra precaution shall be taken while operating near the pit wall in this area.

Heap Leach Pad

Baseline monitoring of potential waste dump settlements in the area of the proposed heap leach pad shall be conducted and provided to the heap leach design consultant.

Northeast Zone Dump

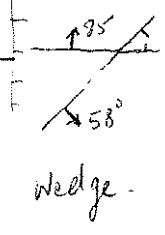
Operation of the TSF Haulage Road and Northeast Dump Expansion shall follow the M200 permit and variance conditions granted by the Chief Inspector for the Northeast Zone Dump.

No geotechnical concerns were noted with respect to the Northeast Zone Dump.

Nick Rose, P. Eng.
Inspector of Mines, Geotechnical

Date September 13,
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Wight Pit



Instability has developed on the west wall of the Wight Pit. Slope movements appear to be bounded on the south by east-southeast trending, steeply north dipping faults and dykes (MPMC indicated 85°/015° dip/dip direction) and on the north by a northeast trending, moderately southeast dipping fault (MPMC indicated 58°/157° dip/dip direction). Ditching for surface water control is indicated to possibly be channeling slope runoff water into the headscarp area of the instability. Possible adjustments to the surface ditching system shall be investigated to help improve conveyance of surface water away from the area of instability.

Four prisms were established behind the pit crest in late April 2007 and were surveyed five times at intervals of one day to one month up to mid July. The Ministry understands that tension cracks were identified behind the pit crest in mid July at which time an additional seven prisms were installed on the 900m and 972m Levels and behind the pit crest. The prisms were monitored at one to four day intervals up to the time of the July 31, 2007 geotechnical inspection. Since that time an additional eleven prisms have been installed on the slope and have been monitored at intervals of one to seven days. The geotechnical design consultant is understood to be reviewing the slope monitoring data on a weekly basis.

Standard slope monitoring procedures, threshold movement rates and operational response criteria shall be developed for the Wight Pit and submitted to the Ministry within 15 days of the receipt of this report. The standard procedures shall include criteria for frequency of monitoring, interpretation of monitoring results, restrictions to mining activities and inspection of the area behind the pit crest based on slope movement rates. The Ministry understands that remedial design changes to the Wight Pit mine plan may be implemented based on ongoing review of slope performance and recommendations by the geotechnical design consultant.

A design report is pending for the overburden materials in the southeast pit sector. The Ministry requests a copy of that report when it is completed.

Tailings Storage Facility

Construction of the Stage 5 dam raise was in progress on the Perimeter and South embankments. The pond elevation was at 947.09m on July 28, 2007. On the Main Embankment, dam construction had reached the 950m elevation. No geotechnical concerns were identified with respect to the TSF.

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.