

March 29, 2018

Al Hoffman  
Chief Inspector of Mines  
Ministry of Energy, Mines and Petroleum Resources  
Victoria, BC

Dear Mr. Hoffman,

**Reference: Nyrstar Myra Falls Mine – Independent Tailings Review Board  
Summary of 2017 Activities**

This memo summarizes the observations and recommendations from the first site visit and meeting of the Myra Falls Mine Independent Tailings Review Board (ITRB) which took place on May 2-3 2017. The ITRB consists of Steve Januszewski P. Eng., Peter Lighthall P. Eng., and Rick Sisson Ph. D., P. Eng. The ITRB was asked to provide an independent opinion to Nyrstar Myra Falls (NMF) as to whether the Myra Falls tailing storage facilities (TSFs) meet the dam safety requirements of the required technical guidelines, to review and comment on the design process and results as well as to provide non-binding advice to NMF associated with their findings.

The ITRB was accompanied on the site tour by Martin Bussiers, P.Eng NMF chief metallurgist and designated TSF qualified person, and by Dan Hughes-Games, P.Eng of AMEC Foster Wheeler (AmecFW) and the Engineer of Record (EOR) for the Myra Falls TSF.

The Findings from the meeting and site tour include the following:

In general, tailings storage will be a key limiting factor to future mine operations. A significant amount of progress has been completed in 2016 towards issues with TSF closure and water management. This has also resulted in improved relationships with the BC Ministry of Energy and Mines.

Future work on the old TSF planned for the 2017 construction season includes the upper portion of Waste Rock Dump #6 (WRD6) is to be removed and the slope adjacent to the APA is to be re-contoured to its closure configuration. The Board questions whether the proposed cover system will be constructible on the proposed 2:1 slope, and recommends assessing whether a flatter slope would be possible given the site constraints. The Board recommends developing a detailed schedule for completing the Old TSF closure plan, to provide assurance to regulators that NMF has a firm plan and commitment to the project.

Plans to resume work on the Lynx TSF in 2017 are necessary to provide tailings storage above the current crest elevation. AmecFW presented a plan to construct a 5.7 m crest raise. The Board suggests that AmecFW consider reducing the raise height, and constructing raises in smaller lifts to reduce the rock fill requirements and also to conserve tailings storage volume that would otherwise be displaced by rock fill. A sinkhole has been noted in the centre of the Lynx TSF tailings deposition area, indicating that tailings material is leaking from the facility, either into voids in the waste rock perimeter berm or into underground openings below the facility. The Board recommends that the sinkhole be visually monitored to assess whether the rate of material loss remains consistent or increases. NMF reported that, at times of high runoff, some water quality impacts are noted in Myra Creek upstream from the present Old TDF Outer Drain, and downslope of the Lynx TSF. It is recommended that NMF investigate whether an extension to the Old TSF outer drain (or an alternative) is required to intercept contaminated groundwater from flowing towards Myra Creek from the Lynx TSF area.

During the restart of operations in early 2018, changes to the TSF management and governance should be implemented to emphasize NMF's commitment to best practices to develop an operating culture that recognizes the significance of water and tailings management challenges at the unique site and acts consistently with Nyrstar's principals. The TSF Qualified Person will require significant time, resources and support staff to meet roles and responsibilities described in the Guidance Document to Part 10 of the

BC Health Safety and Reclamation Code for Mines in British Columbia. The Board recommends consideration of organizational structure adjustments as plans for restart are refined.

The members of the ITRB indicated that Nyrstar Myra Falls Mine has been responsive to recommendations from the EoR, and that the work reviewed during 2017 met their expectations of reasonably good practice.

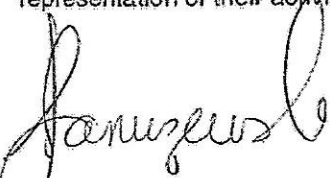
Yours truly



Glenn Smith  
Acting General Manager

Acknowledgment by the Members of the Independent Tailings Review Board

The above summary is confirmed by the **NMF** ITRB members to be a true and accurate representation of their activities during 2017.



Steve Januszewski P. Eng.,



Peter Lighthall, P.Eng.



Rick Sisson, P.Eng.