



INTERNATIONAL RAW MATERIALS LTD

Dear Neighbours,

International Raw Materials (IRM) is committed to safely transporting our products through the community, and worldwide. Over the past six months, incidents have occurred relating to truck transport of sulphuric acid that have had a major impact on our community. IRM would like to sincerely apologize for these incidents. We would also like to share with you the significant steps we have taken to improve the safety and management of this critical activity.

These measures include:

- Retaining a new trucking carrier, Trimac Transportation, who are purchasing four brand new trailer sets for transport of sulphuric acid;
- Completing a full Hazard Risk Assessment of shipping procedures conducted by an external third party engineering firm, with subsequent corrective measures implemented;
- Establishing updated guidelines for safe transportation and handling of product, with carriers audited on an ongoing basis to ensure compliance;
- Reviewing emergency response measures to ensure safety of the community and environment.

Trucking of Sulphuric Acid will not resume until IRM, the trucking companies and Teck are satisfied that the product can be moved safely. With the work underway we expect trucking to start slowly ramping up in the coming weeks. We will be taking a phased approach to resume shipping to ensure all measures are working appropriately.

About Sulphuric Acid

Across North America, industrial producers that care about the environment, like Teck, have worked to clean up sulphur emitting stacks that directly contributed to acid rain. Thanks to their efforts, acid rain is a thing of the past and the molecules that used to precipitate across the country are now collected and distributed to important downstream applications such as water treatment, pulp and paper manufacturing, and food production.

The recovered sulphur is refined into sulphuric acid. Sulphuric acid is a clear, odorless liquid which is corrosive to metals and organic materials. It is one of the most important industrial commodities in the world, with more than 30 million tonnes sold in North America every year. It is used in fertilizer production, precious metals mining, and water treatment. Teck sells the sulphuric acid to IRM, and we distribute approximately 350,000 tonnes annually to consumers.

Product Transportation

We work hard to ship the product in the safest way possible. Some of the product can be shipped by rail or truck directly from Teck Trail Operations. The balance of the product is shipped via truck to the Quirk Spur Reload Centre in Waneta, where it is transloaded into railcars. Having multiple shipping methods is necessary to ensure this crucial ingredient can be shipped every day to locations across Canada and the United States. We maintain a rail fleet of nearly 600 cars to keep sulphuric acid shipping 365 days a year.



INTERNATIONAL RAW MATERIALS LTD

IRM utilizes third party service providers to facilitate the shipment of products. The trucking transport from Trail Operations to Quirk Spur Reload in Waneta has been conducted by Westcan Bulk Transport. The recent incidents occurred during the execution of this part of the operation.

Response to Incidents

Following the April 10, 2018 and May 23, 2018 acid spills, we invested a significant amount of time, effort, and money to examine these operations and evaluate how to improve. We suspended Westcan trucking for six weeks and secured an alternative trucking company, Trimac Transportation, to provide interim trucking services. We engaged Wood Engineering to complete a Hazard Risk Assessment of the entire trucking operation and provide a full inspection of the equipment used to haul the product. We also reviewed our fundamental approach to the transload and trucking operations in Trail with the goal of finding the safest possible option.

As of October 1, 2018, IRM is the new transload operator at Quirk Spur Reload Centre. We have hired experienced local management and staff to oversee our trucking partners and their operations in Trail. We have also completed a full review of our own operating procedures, employee training requirements, and emergency response.

Trimac Transportation, a company that has operated in Trail for over 30 years, will be the new trucking carrier. They have made significant investment into this business by purchasing four brand new trailer sets to safely haul acid. These trailers have undergone a 3rd party engineering inspection prior to being put into service. Trimac has also incorporated the findings of the Hazard Risk Assessment into their operating procedures, training requirements, and equipment.

In addition to the operational changes, we are making changes to our procedures and carrier requirements. IRM has issued Guidelines for the Safe Transportation and Handling of Sulphuric Acid to all our carriers, which outlines the equipment and operational safety requirements for hauling sulphuric acid. We will be auditing our carriers on an ongoing basis to ensure compliance with these guidelines.

We are also working with Teck and local emergency responders to review and improve our emergency response plans to ensure the safety of the community and the environment.

In summary, we are committed to providing the leadership and resources to manage the safety and health of this operation. We expected that all our employees and contractors put safety first. IRM will use systematic processes to identify and eliminate risks. We want the community to know that the safety of all Trail residents and the environment is our highest priority.

Best regards,

W. P. O'Neill, Jr.
President