

October 1, 2014

Mr. Al Hoffman  
**Chief Inspector of Mines/Executive Director of Health and Safety & Permitting**  
Al.hoffman@gov.ab.ca

Dear Mr. Hoffman:

**Re: Annual Dam Safety Inspection – Historic Afton Tailings Storage Facility**

KGHM has completed the Annual Dam Safety Inspection as per Inspection No. 28777, and Section 10.5.3 of the Code: *The manager shall submit an annual dam safety inspection report prepared by a professional engineer on the operation, maintenance and surveillance of the tailings and water management facilities and associated dams to the chief inspector.* A copy of the report is attached.

KGHM retained Knight Peisold, the engineer of record for the facility, to complete the Dam Safety Inspection. KGHM has endeavored to address recommendations in advance of this submission such as installation of new instrumentation, which commences October 3, 2014. A request to lower the water levels in the facility through a transfer to New Gold New Afton's TSF was made to MEM via email on September 23, 2014. Once approved, a plan will be put in place to lower the levels as soon as practical.

Potential interactions with New Gold's New Afton mining operations and the Afton East Dam have been highlighted in the report. KGHM has engaged in discussions to review monitoring and modelling data, tour the areas of concern, discuss instrumentation plans and further understand the mining operations. KGHM and New Gold continue to work closely on development of a monitoring program as well as a communication and data sharing plan.

KGHM is also working towards completion of the Chief Inspector orders outlined in correspondence dated August 18, 2014 related to this facility.

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If you have any questions, please contact Kate Parsons at 778-471-2536 or kate.parsons@kghm.com.

Kind regards,

A handwritten signature in cursive script that reads "Kate Parsons".

**Kate Parsons, P. Eng**  
Environmental Manager

KP:oc

Enclosure: Afton Tailings Storage Facility: Report on 2014 Annual Inspection

Cc : Bruce Hupman, Regional Director MEM  
Rick Adams, Inspector, MEM

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