

27 November 2014

New Carolin Gold Corp.
1480 Foster Street, Suite 20
White Rock, British Columbia
Canada V4B 3X7

Attn: Bob Thast, CEO

**Re: New Carolin Mine
Independent Third Party Review of Dam Safety Inspection**

Dear Mr. Thast. :

1. INTRODUCTION

This letter presents the observations and conclusions of a third party review of the dam safety inspection (DSI) of the New Carolin Mine Tailings Dam, near Hope, BC. The review was carried out in accordance with your e-mail authorization of 18 November, 2014. The third party review was mandated by the British Columbia Ministry of Energy and Mines, Chief Inspector's Orders, dated August 18, 2014, which stipulated that a DSI be carried out to cover all dam structures for all tailings storage facilities in British Columbia, and that the DSI must be reviewed by an independent qualified engineer from a firm that has not been associated with the tailings dam. The Independent Third Party Review must include a review of the dam consequence classification.

The most recent DSI of the Carolin Mine tailings dam was carried out by Knight Piésold (KP), dated 6 November 2014. This third party review is based on that DSI. No site visit was made for the third party review.

2. BACKGROUND

The Carolin Mine is located in southwestern British Columbia, approximately 18 km northwest of Hope. The mine operated briefly in the early 1980s and closed in 1984. Mine tailings were stored in a Tailings Storage Facility (TSF). The TSF embankment is approximately 43 m high with a crest length of approximately 300 m.

The TSF embankment was constructed primarily of compacted glacial till, with a compacted rockfill zone on the downstream slope. The glacial till and rockfill materials are separated by filter fabric. A glacial till berm was also constructed on the downstream slope. A spillway, described in Golder drawings attached to the 2014 DSI as a "temporary emergency spillway", was constructed on the left abutment of the dam.

Les Galbraith, P.Eng. of KP visited the site on August 18, 2014 in the company of Ed Beswick of New Carolin Gold Corp. to conduct the inspection of the TSF for the current DSI. Previous DSIs were completed in 1995 and 2005 by Golder Associates Ltd. and in 2007, 2008, and 2012 by KP. KP undertook

a Dam Safety Review (DSR) in 2009. KP stated in the 2014 DSI that a common theme from previous inspections and reviews was that there is very limited information available on design and construction of the TSF.

Significant findings of the 2014 DSI included:

- The TSF has a “Significant” dam classification according to the 2014 Canadian Dam Association (CDA) – Technical Bulletin: Application of Dam Safety Guidelines to Mining Dams, 2014.
- There have been no changes to the TSF or surrounding conditions since the previous inspection in 2012.
- There are currently no working piezometers in the dam.
- There have been no significant visual changes to the dam since the previous inspection in 2012.
- No signs of deformation were identified on the tailings embankment. The embankment slopes were approximately planar and there was no evidence of cracking, bulging, or slumping in the embankment fill. The embankment crest also appeared to be relatively level with no signs of differential settlement.

Recommendations of the 2014 DSI include:

- Keep the tailings pond as low as possible and divert clean surface water away from the facility to the maximum practicable extent.
- Develop an Operations, Maintenance and Surveillance (OMS) Manual.
- Install piezometers to replace the pneumatic piezometers which are no longer functioning.
- Complete a dam stability evaluation
- Evaluate the routing capacity of the spillway. The TSF spillway appears to be effectively managing the pond elevation but may be undersized to safely pass the Inflow Design Flood (IDF).

3. CONCLUSIONS AND RECOMMENDATIONS OF 3RD PARTY REVIEW

3.1 The 2014 DSI appears to provide a good summary of the status of the Carolin Mine TSF and to have addressed the key issues as per the Ministry of Energy and Mines Guidelines for Annual Dam Safety Inspection Reports. Recommendations provided in the 2014 DSI are considered appropriate and should be followed.

3.2 The consequence category of the Carolin tailings dam of Significant appears to be appropriate.

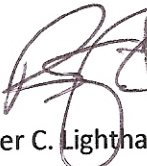

3.3 The dam as described by Knight Piesold is apparently in adequate condition, with no deformation noted and seepage running clear.

3.4 The TSF should be operated under Care and Maintenance conditions, including regular inspections and monitoring, until the future of the New Carolin Mine has been decided.

4. CLOSURE

Thank you for the opportunity to undertake this 3rd party review of the Carolin Mine tailings dam DSI. I would be pleased to provide any additional information or clarification you may require.

Yours truly,

  November 27, 2014

Peter C. Lighthall, P. Eng.
Consulting Geotechnical Engineer

REFERENCES

British Columbia Ministry of Energy and Mines, August 2013. Guidelines for Annual Dam Safety Inspection Reports.

Canadian Dam Association, 2007. Dam Safety Guidelines.

Canadian Dam Association, 2014. Mining Dams Technical Bulletin

Knight Piésold Consulting, 2014. New Carolin Mine Tailings Storage Facility, Report on 2014 Dam Safety Inspection, Prepared for Module Resources Inc., 6 November 2014