



**New Carolin Gold Corp.**  
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Diane Howe  
Deputy Chief Inspector, Reclamation and Permitting  
Ministry of Energy and Mines  
Victoria, BC V8W 9N3

November 28, 2014

**Re: Independent Review of Dam Safety and Consequence Classification – Carolin Mine.**

Dear Diane,

Please accept this letter in response to the Chief Inspectors orders dated August 18, 2014.

Attached are reports from engineering firm Knight Piésold Ltd. and from Peter C. Lighthall P Eng., respectively.

Recommendations of the 2014 DSI by Knight Piésold include: Keeping the tailings pond as low as possible and diverting clean surface water away from the facility where practicable; Developing an Operations, Maintenance and Surveillance Manual; Replacement of the pneumatic piezometers; completion of a dam stability evaluation and an evaluation of the routing capacity of the TSF spillway.

Conclusions and Recommendations of Mr. Lighthall P. Eng who conducted the third party review include:

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.

2. The consequence category of the Carolin tailings dam of Significant appears to be appropriate.
3. The dam as described by Knight Piésold is apparently in adequate condition, with no deformation noted and seepage running clear.
4. The TSF should be operated under care and maintenance conditions, including regular inspections and monitoring until the future of the Carolin Mine has been decided.

This letter confirms that I have reviewed the consultant's recommendations.

In this regard the Company will maintain the TSF on a care and maintenance basis as has been the case for several years, and as recommended. In respect to scheduling the Company proposes that at least twice per year an inspection be undertaken to ensure that the spillway has been cleared of any debris. Further the Company will continue to monitor water levels and expects to improve conditions at the entrance to the spillway, to ensure it will continue to function in a satisfactory manner.

This letter also confirms the Company's intent to carry out the additional studies prior to resuming production, either from the Carolin Mine site or from the potential Carolin tailings reclamation project, currently under consideration.

Yours truly,  
New Carolin Gold Corp.

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President and CEO

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