Taseko Gibraltar

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June 30, 2015

Ministry of Energy, Mines and Natural Gas
PO Box 9320, Stn Provincial Government
Victoria, BC V8W 9N3

Attention: Al Hoffman, P. Eng

Re: MEM Memorandum – Feb. 3, 2015

Dear Al:

Please accept this letter in response to your Feb. 3rd memo requesting further assurances on the Gibraltar Tailings facility. Please find the attached sealed report from our Engineer of Record Klohn, Crippen, Berger (KCB) which provides a detailed response to the questions posed in your memo. In summary the report highlights the following:

1. **Undrained shear failure of silt and clay foundations:** From the information reviewed, similar foundation conditions as Mount Polley do not exist under the three dam structures (cyclone sand dam (CSD), north earth dam (NED), and east saddle dam (ESD)) at Gibraltar. A gap in the historical information shows there is no information available for CSD foundation conditions below 10 m of depth in two areas. Despite the fact that stability analysis indicates if a layer did exist it would likely not pose a problem, a drill program is being planned this year that will drill down to bedrock and obtain the necessary foundation condition information.

2. **Water Balance Adequacy:** Gibraltar currently has an excess of 37 million cubic meters of water stored in the Tailings Storage facility. A temporary permit amendment to increase water discharge to the Fraser River from 0.2 m^3/s to 0.3 m^3/s was applied for in June 2015. This increase along with year round discharge will make the site water balance negative and start removing the excess water. With respect to beach widths, Gibraltar currently maintains at least the minimum required by design and with the current practices and controls will be able to maintain them into the future. In the event of a wet year, Gibraltar is working with its engineer of record to develop an adaptive management plan to optimize performance and aid in decision making. As well in an emergency situation Gibraltar can pump water to Granite pit, but as a consequence there would be an impact to mining operations.

3. **Filter Adequacy:** No concerns were identified with respect to filter adequacy for all three dam structures (CSD, NED, and ESD) at Gibraltar.

In summary the KCB report found no critical issues that need to be addressed immediately. But it did highlight a gap in information that steps are currently being taken to fill.

Taseko/Gibraltar, is committed and well on the way to implementing the Toward Sustainable Mining initiatives of Mining Association Canada. The Tailings related indicators have already been externally verified at a AA rating.

With respect to adopting an Independent Tailings Dam Review Board (ITRB) we have not yet made a final decision. There are a number of benefits associated with adopting an ITRB but a number of legal questions concerning board liabilities and accountabilities still need to be clarified before a final decision will be made.

If you have any further questions or require any additional clarification please contact me at (250) 992-1800 Ext 269.

Sincerely

Jun. 30/15

Richard Tremblay, MBA, P. Eng
General Manager

Cc: Diane Howe, Deputy Chief Inspector, Reclamation and Permitting, MEM
Heather Narynski, Acting Manager of Geotechnical, MEM
Brent Beattie Sr. Geotechnical Inspector, MEM