

November 28th, 2014:

Ms Diane Howe,
Deputy Chief Inspector, Reclamation and Permitting
Ministry of Energy and Mines
Victoria BC

CC: George Warnock & Heather Narynski

RE: Response to Chief Inspectors' Orders – Tailings Dams in British Columbia

Ms Howe,
AuRico Gold Inc. (AuRico) is pleased to respond to the Orders issued by the BC Chief Inspector of Mines in August 2014, pursuant to section 18 of the Mines Act.

Our response relates to the Kemess mine site, which is currently under care and maintenance.

Orders:

Dam Safety Inspection and Independent Third Party Review of Dam Safety Inspection.

1. You are required to conduct a Dam Safety Inspection (DSI) by December 1, 2014. The DSI must cover all dam structures for all tailings storage facilities on your mine site. The DSI must be conducted by a qualified professional engineer consistent with the BC Ministry of Energy and Mines Guidelines for Dam Safety Inspections.

AuRico retains AMEC as the Engineer for the tailings dam inspections at the Kemess site. The site inspection/condition assessment was conducted on August 18, 2014; this inspection/assessment included the main tailings dam and associated water diversion system dams. The inspections were carried out by Mr. Andrew Witte, P.Eng., a registered Professional Engineer in the Province of BC.

The 2014 DSI report has been prepared in accordance with the requirements of the BC Ministry of Energy and Mines (MEM), including MEM's updated guidelines for Annual DSI's, revised August 2013.

The DSI was carried out following the Canadian Dam Association (CDA) 2007 Dam Safety Guidelines, the *BC Water Act* Dam Safety Regulations (Reg. 163/2011), and other best practices and procedures in the industry.

An electronic copy of the report and recommendations has been included as a separate document in our submission.

2. The mine manager must have the DSI reviewed by an independent qualified third party professional engineer from a firm that has not been associated with the tailings dam. The Independent Third Party Review of the DSI must also include a review of the dam consequence classification.

AuRico engaged the services of Klohn Crippen Berger Ltd. (KCB) as the independent third party to complete a review of the 2014 DSI report.

KCB has provided geotechnical engineering for the mining industry both in British Columbia and globally for over 60 years.

KCB completed a review of the 2014 DSI report and associated materials during October and November 2014. KCB also completed a visit to the mine site on the 21st & 22nd October 2014.

An electronic copy of their report and recommendations has been included as a separate document in our submission.

3. Both the DSI and the Independent Third Party Review of the DSI must be sealed by the qualified licensed professional engineers who conducted the work.

Both the DSI and the third party review are sealed by qualified licensed professional engineers.

4. Any recommendations made in the DSI or the Independent Third Party Review of the DSI must be summarized in an accompanying letter from the Mine Manager to the Chief Inspector outlining the commitments for completing the recommended work along with a schedule for implementing the recommended work.

AuRico has reviewed both the 2014 DSI report and the independent Third Party Review. An electronic copy of the recommendations from the DSI and Third Party Review, along with AuRico's work commitments has been included as a separate document in our submission.

5. The DSI, Independent Review of the DSI, and the mine manager's letter to the Chief Inspector must be submitted to the Chief Inspector by December 1, 2014.

Addressed with this letter and the accompanying attachments.

6. All tailings dams that have a failure consequence classification of high, very high or extreme (and taking into account any change in dam classification resulting from the Independent Third Party Review of the DSI under Orders 1 through 5), must have an Emergency Preparedness and Response Plan (EPRP) and a Dam Break Inundation Study.

AuRico has an Emergency Preparedness Plan (EPP) and a Dam Break Inundation Study.

The Tailings EPP has been developed in line with the CDA Guidelines and is attached as part of our submission.

7. The EPRP and Dam Break Inundation Study must be completed and tested consistent with the Canadian Dam Association, Dam Safety Guidelines (CDA Guidelines). If the tailings facility already has an existing EPRP, it must be reviewed and updated for consistency with the CDA Guidelines and with current standards of engineering practice.

The EPP was reviewed for consistency with the CDA guidelines and current standards of engineering practice. Kemess has an existing Dam Breach and Inundation Study. This too, is consistent with the CDA guidelines and current standards of engineering practice.

8. The Dam Break Inundation Study must be prepared by a qualified licensed professional engineer. The EPRP must be informed by the Dam Break Inundation Study with input from the qualified licensed professional engineer.

The Kemess Dam Break Inundation Study was prepared by AMEC. AMEC were also involved with the development, implementation, testing and training of site personnel in the Dam Break Inundation Study and EPP.

9. The Dam Break Inundation Study, the EPRP, and a summary of the EPRP test including any identified gaps and lessons learned from the EPRP test, must be submitted to the Chief Inspector by December 1, 2014.

The Dam Break Inundation Study and the EPP have been included in our submission. A summary of the EPP test, the outcomes and identified gaps have been included as a separate document in our submission

Kind Regards,



Damien Bilsborow
Director, Sustainability
AuRico Gold Inc.