Date: September 30, 2015

To: Rob Muise, Acting General Manager
Teck Coal Limited, Quintette Coal Operations

Cc: Diane Howe, Deputy Chief Inspector, Reclamation and Permitting, MEM
Heather Narynski, A/ Manager Geotechnical Engineering, MEM

Re: Review of Letter of Assurance Submission from June 30, 2015

The Ministry of Energy (MEM) and Mines has engaged a consulting firm to evaluate the consistency and compliance of your letter of assurance in response to the Chief Inspector's orders issued on February 3, 2015. This review has determined that your submission satisfies the requirements of the order.

Below is a summary of the assessment made by your Qualified Professional Engineer (QPE) with associated plans/schedule to address the gaps identified:

Shikano North Tailings Dam (SNTD)

Status of Foundation Condition

> *"The foundation of the SNTD does not contain glaciolacustrine deposits. The SNTD was constructed between two pit walls with bedrock exposed along the base and each abutment."*

Status of Water Balance Adequacy

> *"There is no surplus mine water in the SNTD impoundment. As a "flow-through" dam, increased run-off wet years would be safely passed through the structure as increased seepage and would not accumulate in the impoundment."*

Status of Filter Adequacy

> *"The filter compatibility assessment indicates the coarse and fine filters are filter compatible to prevent internal piping and no further assessment is recommended on filter adequacy for SNTD."*

Plantsite Tailings Dam (PTD)

Status of Foundation Condition

> *"The PTD foundation geology consists of glacial and post-glacial deposits overlying bedrock. Glaciolacustrine deposits (clayey silts and silty clays) were identified in the southwest portion of the PTD foundation during site investigations completed to support design. The available data indicates that the PTD foundation glaciolacustrine deposits are not similar to the Mount Pulley GLU. The PTD design did not specifically account for the presence of glaciolacustrine deposits."*

The mine has committed to:

- *"Perform a stability analysis with assumed undrained and residual strength conditions to confirm that the Factor of Safety values meet current standards (Perform in conjunction with the 2015 DSI work during Q3 and Q4 2015, with final report by end of Q1 2016)."*
- *"Perform a seismic stability analysis to confirm that the Factor of Safety values meet current standards (similar timeline)."*

Status of Water Balance Adequacy

> *"There is no surplus mine water in the PTD impoundment. Inflow during "wet years" will discharge through the closure spillway. The spillway is designed to convey the peak flow from a short duration extreme precipitation event."*

Status of Filter Adequacy

> *"The as-built key filter interfaces were checked and found to be filter compatible based on available data using the USACE (2004) Criteria."*

MEM agrees with the proposed plan of action and timelines. Please ensure any and all work as outlined above is completed within the timeframe specified above. MEM will be following-up by January 15, 2016 and 2017 to obtain a status update with respect to the work completed and commitments made.

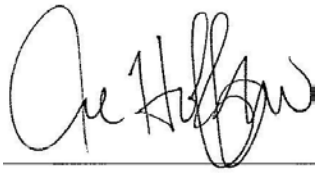
The orders issued on February 3, 2015 have been requested to provide assurance the conditions at the Mount Polley dam do not exist in other facilities. Please ensure that you are meeting your other ongoing requirements to ensure Tailings Storage Facility safety with respect to the following:

- Satisfying any outstanding orders from previous Ministry inspection reports.
- Satisfying any outstanding recommendations from previous Dam Safety Inspections (DSI) or Dam Safety Reviews (DSR).

It is expected that you will ensure dam safety management is continuously reviewed, improved and refined throughout the life of mine.

Thank you for your submission to the orders of February 3, 2015.

Sincerely,



Al Hoffman, P. Eng.
Chief Inspector of Mines
Ministry of Energy and Mines