



Red Chris Development Company Ltd.
200-580 Hornby Street, Vancouver, BC V6C 3B6

December 1, 2014

Al Hoffman,
Chief Inspector of Mines
Executive Director, Health Safety and Permitting
PO Box 9320m Stn Prov Govt
Victoria, B.C V8W 9N3

Re: 2014 Dam Safety Inspection report for Red Chris Development Company Ltd

Under cover of this letter, please find the 2014 Dam Safety Inspection (DSI) reports for the North Starter Dam tailings facilities at Red Chris Development Company Ltd and the results of the third-party review. The DSI reports were prepared by the Engineer of Record, BGC Engineering Inc and the DSI report was subsequently provided third-party review by Mr. Bryan Watts of Klohn Krippen Berger.

The Red Chris Development Company Ltd is committed to ensuring the safe operation of all tailings facilities and dam structures under our control. You may be aware that Red Chris Mine construction is nearing final completion and commissioning is in progress. As such the Red Chris tailings facilities are currently inactive, yet these facilities are inspected daily by on-site personnel. DSIs will be conducted on an annual basis and detailed Dam Safety Reviews will be conducted by a third-party engineer every five (5) years. All monitoring and surveillance practices meet industry standards.

As outlined in the DSI and confirmed by the third-party engineer review, no immediate safety or stability concerns were noted for the Red Chris Mine tailings storage facilities or dam structures. The independent review has also confirmed the current assigned Consequence Classifications for our dam.

All tailings dams with a failure consequence classification of high, very high or extreme require a dam break and inundation study. This has been conducted by BGC Engineering Inc. We have an emergency preparedness and response plan (EPRP) in place. However, as the tailings facility at Red Chris Mine is still inactive, the EPRP has not yet been tested.

Several recommendations pertaining to maintenance and/or opportunities to further develop leading industry practices were identified in the DSI report. Table 12-1 has been provided by our engineer of record in order to rank the priority of the recommendations from the report against priority descriptors that are being used by MABC membership during this process. Red Chris Development Company Ltd is taking steps to address each recommendation as required and as detailed in Table 12-2.. Items marked as Priority 3 were identified by the Engineer of Record as non-urgent and not expected to result in a dam safety issue. Recommendations marked as Priority 4 were identified by the Engineer of Record as opportunities to further meet industry best practices, but timeline for completion is more than one year.

The Red Chris Development Company Ltd. is focused on meeting the highest standards of safety for our tailings facilities. Annual inspection reports are one component of the comprehensive system in place for the safe operation and monitoring of our tailing facilities. These systems follow industry best practices, including all of the applicable guidance provided by the Canadian Dam Association and the Mining Association of Canada.

The reports have been provided for the Ministries access via our Sharepoint FTP : <ftp://rcmine.ftpaccess.cc> . User credentials will be attached with the attached e-mail. Additionally, a flash drive containing all the reports has been couriered to your office, attention Ms. Heather Narynski and Mr. George Warnock.

Please do not hesitate to contact me if you have any further questions regarding the operation, maintenance and monitoring of our tailings facilities.

Sincerely,

A handwritten signature in purple ink, appearing to read 'Tim Fisch', with a stylized flourish at the end.

Tim Fisch
General Manager
Red Chris Development Company Ltd.
Office – 604-800-9200 ext 101
