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REPLY TO

Matthew Boulton
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Our File: 4920

January 18, 2016

By E-mail and Regular Mail

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Dear Sirs:

Re: KGHM Ajax Mining Inc.'s Application for the proposed Ajax Mine and Outstanding Feasibility Study

We write to you today on behalf of a large and growing group of Kamloops citizens, known as the Kamloops Area Preservation Association ("KAPA"), to request that the review period on the application for the proposed Ajax Mine not commence until KGHM Ajax Mining Inc. ("KGHM") has released its updated feasibility study for the Ajax Mine (the "Mine").

KGHM released its application for the Mine (the "Application") today, January 18, 2016. Unfortunately, the updated feasibility study for the Mine (the "Feasibility Study") was not released as a part of the Application. On January 13, 2016, Abacus Mining and Exploration issued a news release regarding the Feasibility Study. According to that news release, the Feasibility Study may not be released for a further 45 days. The fact the Feasibility Study was not included with the Application and may not be released for a further 45 days is a matter of serious concern for KAPA.

KAPA and the Community Advisory Group previously expressed concerns about the Feasibility Study not being included with the Application in correspondence dated October 28, 2015 and during a meeting with Scott Bailey and Tracy James of the B.C. Environmental Assessment Office held on December 3, 2015.

The Feasibility Study will include essential information for understanding the impacts of the Mine and KGHM's ability to fund mitigation measures and pay for rehabilitation costs associated with spills and the closing of the mine. Indeed, feasibility studies are so crucial that the Mount Polley Review Panel recommended that a feasibility study be part of the approval process for all mine proposals involving tailings ponds; KGHM's proposed mine would have at least one tailings pond. Moreover, in a letter dated March 19, 2015, from Associate Deputy Minister, Doug Caul, to Marcin Mostowy, the Associate Deputy Minister, stated that "the [B.C.] government has accepted all of the recommendations [of the Mount Polley Review Panel] and indicated that they will be implemented." Accordingly, KAPA fully expected that B.C. would require KGHM to include the Feasibility Study in the Application.

A key portion of the Feasibility Study is the drill core assay data. KAPA has long argued that assay data for toxic elements and compounds is critical for understanding the potential health, environmental, and ultimately financial impacts of the Mine. On January 18, 2016, Community Advisory Group member, Don Barz, was informed by KGHM representative, Jean Paul Salley, that the core assay data would not be released because this would allow other companies to do their own modelling of the resource estimate. KAPA is not interested in the assay data showing the gold, silver and copper levels. KAPA is interested in the data for the non-target toxic elements, such as mercury, arsenic and chromium. Therefore, KAPA asks that KGHM be required to release the drill core assay data for all non-target toxic or potentially harmful elements immediately and include that data with its Application.

As you know, the release of the Application triggers the 180 day review period and only 75 days of the 180 day review period are reserved for public comment. If the Feasibility Study, including all Appendices and the above-requested drill core assay data, is not released for a further 45 days, the public, including KAPA, will have inadequate time to fully review and respond to the crucial information the Feasibility Study will contain. This raises serious issues with respect to the principles of natural justice and procedural fairness. Allowing KGHM to withhold the Feasibility Study and the assay data well into the review and public comment period, or to withhold it indefinitely, is an affront to due process and the requirement that the public be meaningfully consulted. Therefore, on behalf of KAPA, we respectfully request that the 180 day review period not commence until the Feasibility Study and assay data is released and added to the Application.

Finally, please be advised that this letter is endorsed by the following groups and organizations:

Kamloops Area Preservation Association
Mining Watch Canada
Kamloops Physicians for a Healthy Environment
Thompson Rivers University Faculty Association Human Rights Committee
Kamloops Moms for Clean Air
Kamloops Concerned Citizens
Sierra Club of B.C.



Thompson Institute of Environmental Studies
Thompson Watershed Coalition
Aberdeen Neighbourhood Association

We trust you will find the foregoing in order and look forward to your response. Please do not hesitate to contact the undersigned should you require any further information.

Yours truly,
Woodward & Company LLP

A handwritten signature in blue ink, appearing to read 'Matt Boulton', with a long, sweeping horizontal line extending to the right.

Matthew Boulton

cc. Don Barz, KAPA (dbarz@shaw.ca)