

**FINAL FINDINGS OF FACT
AND
DECISION**

July 23, 2012

Riversdale Alaska, LLC

Chickaloon Coal

Exploration Project

Exploration Permit Application

E-1501

Final Findings of Fact and Decision

With regard to an exploration application submitted by Riversdale Alaska LLC (RAL), a subsidiary of Riversdale Resources PTY LTD, Level 2, Chifley Tower, Sydney, New South Wales, Australia, 2000, the Division of Mining, Land and Water (DMLW) has reviewed the request, all written comments, and other relevant information received regarding the application and makes the following Findings of Fact and Decision in accordance with 11 AAC 90.907(h), under the authority of AS 27.21.030 and AS 27.21.100.

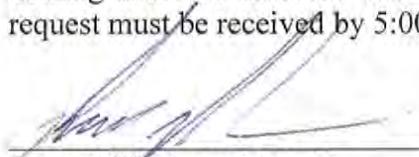
1. An application to issue a Coal Exploration Permit (File No. E-1501) was filed with DMLW on March 27, 2012. The request for exploration was submitted in accordance with AS 27.21.200 and 11 AAC 90 Article 8 "Exploration".
2. Upon receipt of the complete application public notice was provided to the public in accordance with 11 AAC 90.907 (b) and public comments were received. During the Preliminary Findings Phase, the Exploration Permit Application was found to be complete on May 10, 2012. Public notice of the Preliminary Findings of Fact and Application began on May 11, 2012 and ended on June 11, 2012. During the comment period, DMLW received a request to extend the comment period. The deadline to submit comments was extended to June 18, 2012. A legal ad was placed in the Anchorage Daily News on May 11, 2012. The notice was also mailed directly to the DMLW's mailing list of affected persons and agencies and placed on the State's public notice website. During the comment period, 75 comments were received in response to the public notice. Responses to comments concerning the proposed exploration program are located in an attached document titled "Appendix A: Department of Natural Resources (DNR) Responses to Public Comments Regarding The Chickaloon Exploration Permit Application".
3. In accordance with 11 AAC 90.907(h) a Written Findings and Decision was completed. The public notice of this Final Findings of Fact and Decision begins on July 23, 2011 and ends on August 22, 2012. A legal ad will be placed in the Anchorage Daily News on July 23, 2012. The decision will be distributed simultaneously to each person who filed a written comment, DMLW's list of affected persons, state and federal agencies, appropriate local government agencies and placed on the State of Alaska Public Notice Website.
4. This exploration request is for a two-year term and includes permit areas located approximately three miles northwest of Chickaloon within all or parts of Sections 8, 12-24, and 27-32, Township 20 North, Range 5 East, of the Seward Meridian. A total of 9.927.60 acres of land are within the Chickaloon exploration area, which the Alaska Mental Health Trust Authority is the owner of the subsurface rights and the State of Alaska is the owner of the surface rights previously approved in the existing permits. No additional exploration areas or revisions to the preliminary boundaries were proposed.
5. The proposed exploration activities will consist of drilling up to 25 exploration holes and three shallow trenches. In order to acquire data on the groundwater resources within the exploration area some of these drill holes may be retained as hydrologic monitoring wells. All drill sites will be reclaimed and all drill holes not retained as monitoring wells will be sealed immediately upon completion of work at the site. All equipment used on site will be removed upon completion of the exploration program.

6. Pursuant to 11 AAC 90.167(b) the DMLW has determined that the reclamation bond in the amount of \$89,189.00 is sufficient to cover the associated reclamation costs. The portion of the reclamation bond for plugging and abandoning drill holes will be released upon inspection and documentation that they are capped and sealed and meeting the requirements of the permit and 11 AAC 90.303. The remaining bond for the reestablishment of the vegetative cover will be held for a minimum of one year and until there is at least 90 percent ground cover consisting of grasses and native vegetation has been established on disturbed areas (drill pads, trenches, trails, etc).
7. The approved permit area is not within an area designated unsuitable for mining under AS 27.21.260. The proposed coal exploration activities will not affect threatened or endangered species or their critical habitat
8. The activities proposed in the application are being updated to meet the requirements of AS 27.21.200 and 11 AAC 90.163 through 11 AAC 90.167, subject to all the existing general and special stipulations of the permit, which ensure that the exploration and reclamation will comply with these requirements. The exploration permit may be approved at a later date.
9. The following stipulations will be included as part of the final (complete) permit:
 - a. Unless approved by DNR, drill holes must be sealed and the drill sites must be reclaimed and reseeded before disturbing a new location.
 - b. All new roads, trails, pads, trenches, and other ground disturbance will be limited to that necessary to complete exploration activities.
 - c. All new roads, trails, pads, trenches, and other disturbed areas are to be reclaimed after exploration activities are completed.
 - d. Prior to any ground work, excavation, leveling or drilling carried out by Riversdale Alaska an archaeological walk-over will be conducted of the area to be disturbed and cleared with the State of Alaska Office of History and Archaeology.
 - e. Exploration activities that substantially disturb the environment and vegetation clearing shall not occur within one hundred feet (100') of the California Creek, Edwardson Gulch Creek or any unnamed intermittent or perennial streams or naturally occurring mineral licks. Mineral licks are known to occur within sections 13, 21, 22, and 24 of Township 20 North, Range 5 East.
 - f. In order to encourage native vegetation, Riversdale will minimize the use of seeding and fertilizer on reclaimed topsoil.
 - g. All vegetation within access routes cleared for drilling equipment shall be cut off at the snow depth. Smaller-diameter vegetation may be driven over rather than cut off. The cleared width of the access route shall be the minimum sufficient to pass the largest single piece of equipment.
 - h. All project lands subject to reclamation are to be enhanced to provide productive habitat for moose via introduction of willow plantings and other natural vegetation.
 - i. Water withdrawals or motorized crossings as well as upgrade or replacement of culverts in fish bearing streams will require Fish Habitat Permits.

- j. No blasting is authorized under this exploration permit until a blasting plan is submitted and is noticed under 11 AAC 90.375.
 - k. All roads, access trails, and other impacted lands remain open to public use during exploration activities to the maximum extent practicable.
10. Appropriate water use authorization must be acquired prior to withdrawing any water
 11. It has been brought to the attention of DMLW that there are questions regarding valid surface access to the lease area. If needed, appropriate legal right-of-way access must be acquired prior to accessing the site for road based exploration purposes.
 12. Issuance of an exploration permit does not relieve the applicant from the obligation to obtain approvals and permits from other federal, state, or local regulatory authority.

Copies of the Preliminary Findings of Fact and Decision, the Final Findings of Facts and Decision, and Response to Comments are available for review at the Alaska Department of Natural Resources, Division of Mining, Land and Water, 550 W. 7th Ave., Suite 920, Anchorage, AK 99501-3577, or on our website (www.dnr.state.ak.us/mlw/mining/index.htm).

The applicant or a person with an interest, which is or may be adversely affected by this decision may request in writing a hearing under AS 27.21.150 to review the reasons for this decision. The request for a hearing may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural Resources, 550 West 7th Avenue, Suite 1400, Anchorage, AK 99501; faxed to 907.269.8918; or sent by electronic mail to dnr.appeals@alaska.gov. The request for a hearing must be received within 30 days after the applicant is notified of this decision; the request must be received by 5:00 p.m. August 22, 2012.



Russell Kirkham, Manager,
Coal Regulatory Program

July 23, 2012
Date