

EXPLORATION PERMIT

Permit Name: Hoseanna Creek and Emma Creek Exploration

Permit Number: 02-86-795

Date Issued: August 5, 2013

DECISION

The Alaska Department of Natural Resources, Division of Mining Land, and Water in accordance with AS 27.21 and 11 AAC 90, hereby approves Coal Exploration Permit No. 02-86-795. This permit is subject to the requirements of AS 27.21 and 11AAC 90 for coal exploration activities.

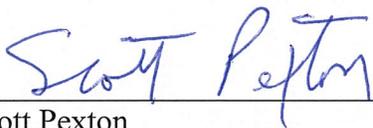
CONDITIONS OF PERMIT

1. **TERM:** This Exploration Permit is for a term of two years, beginning August 5, 2013 and ending on August 5, 2015.
2. **CONFORMANCE WITH APPLICATION:** This permit authorizes the continued monitoring of the 22 monitoring wells and the drilling of 13 exploration holes.

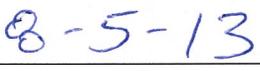
All exploration and reclamation activities are to be conducted as described in the exploration application and permit, as revised, and in compliance with 11 AAC 90.167. Any variation from the plan presented in the application must be discussed with the Division and may require further revision of the permit.
3. **BOND:** The reclamation bond in the amount of \$57,729.50 is adequate to cover the associated reclamation costs.
4. **COMPLIANCE WITH LAW:** Operations under this permit shall be conducted in conformance with applicable federal, state, and local laws and regulations now or hereafter in effect during the life of the permits.
5. **REPORTS:** Upon completion of operations and at other times, if requested, the permittee shall report in writing to the Director on matters relevant to the character and progress of operations under this permit. The completion report shall include a detailed statement of the work that was accomplished. Reports shall be filed with the Division of Mining, Land and Water, 550 W. 7th Ave., Suite 920, Anchorage, AK 99501 (fax: (907) 269-8930).
6. **OTHER OPERATIONS ON STATE LAND:** The granting of this renewal does not preclude the issuance of other permits or leases on the same land. Valid existing prior rights acquired on the lands described herein will not be adversely affected by this permit. Where these permits grant the right to enter land owned, leased, or otherwise lawfully occupied by another, the permittee shall make provisions before entering the land to pay for all damages sustained by said owner, lessee, or lawful occupant, by reason of entering upon said land.

7. **CHANGE OF ADDRESS:** The permittee shall immediately notify the Director of the Division, in writing, of any change in the address of the permittee or the representative conducting surface coal mining and reclamation operations on site.
8. **FAILURE TO COMPLY:** If the permittee fails to comply with the conditions and stipulations contained in the permits or applicable laws or regulations, depending on the circumstances, the Director may issue a notice of violation, issue a cessation order, assess a civil penalty, seize the reclamation bond, or take other action.
9. **APPLICATION AND PERMITS TO BE MAINTAINED ON SITE:** The permittee shall maintain and have available on site a copy of the exploration permit and any approved revisions, while exploration activities are taking place. Equipment operators are to be advised of permit conditions and stipulations, where appropriate.
10. **WATER USE AUTHORIZATION:** Appropriate water use authorization must be acquired prior to withdrawing any water
11. **FEDERAL, STATE OR LOCAL APPROVAL:** 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 authorities.
12. **SPECIAL STIPULATIONS:** In accordance with AS 27.21 and 11 AAC 90, approval of the application is granted subject to all the existing general and special stipulations of the 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.

APPROVAL:



Scott Pexton
Mining Section Chief



Date