



8 March 2010

Pebble Limited Partnership
3201 C Street, Suite 604
Anchorage, AK 99503

Mr. Kerwin Krause
Alaska Department of Natural Resources
Division Mining Land & Water (MLW)
550 W 7th Avenue, Suite 900 B
Anchorage, Alaska 99501-3577

Subject: 2009 Annual Reclamation Report – Pebble Project

Dear Mr. Krause:

Executive Summary

Pebble Limited Partnership (PLP) is submitting the attached 2009 Annual Reclamation Report for the Pebble Project, Iliamna Alaska. This letter provides a brief summary of proposed versus actual activities performed during the 2009 field season. Land reclamation was conducted between May and October 2009 concurrently with exploration in accordance with Miscellaneous Land Use Permit For Hardrock Exploration & Reclamation A096118 (effective dates 26 February 2009 through 31 December 2010) granted by the Alaska Department of Natural Resources, Division of Mining, Land & Water (ADNR-DMLW) on 26 February 2009.

According to the 2009 – 2010 Plan of Operations for the Pebble Exploration Project, submitted to ADNR-DMLW on 31 December 2008, project management anticipated a land disturbance of 21.6 acres related to the following activities.

Proposed acreage to be disturbed between January 1, 2009 and December 31, 2010:

- One hundred (100) diamond core drilling boreholes;
- Three hundred and twenty-five (325) mud rotary and reverse circulation drilling borehole sites (hydrologic/ geotechnical drilling);
- Three hundred and twenty (320) shallow soil test pits; and
- Thirty-four (34) seismic lines totaling no more than 220,000 feet.

4.6 acres	Diamond core drilling boreholes
1.0 acres	Upland drill water sump locations
15.0 acres	Mud rotary & reverse circulation drilling sites
0.2 acres	Shallow soil test pits
<u>0.8 acres</u>	Seismic lines
21.6 acres	TOTAL



Based on the initial assumptions used for the 2009 – 2010 Plan of Operations, total land disturbed during 2009 was 1.52 acres out of the 21.6 acres permitted by Miscellaneous Land Use Permit A096118. Activities performed during 2009 included:

Actual acres disturbed between May 3 and October 25, 2009:

- Thirty-three (33) diamond boreholes for exploratory purposes [Diamond Drill Holes (DDH) 9445 through 9477, inclusive];
- Mud rotary and reverse circulation drilling planned for 2009 – 2010 was not conducted this season; therefore, currently no reclamation was necessary for 15 acres permitted for this activity;
- Shallow soil test pit excavation planned for 2009 – 2010 was not conducted this season; therefore, currently no reclamation was necessary for 0.2 acres permitted for this activity; and
- Seismic studies planned for 2009 – 2010 were not conducted this season; therefore, currently no land reclamation was necessary for 0.8 acres permitted for this activity.

1.52 acres	Diamond core drilling boreholes
0.00 acres	Upland drill water sump locations
0.00 acres	Mud rotary & reverse circulation drilling sites
0.00 acres	Shallow test pits
<u>0.00 acres</u>	Seismic lines
1.52 acres	TOTAL

During 2009 a total of 4.03 acres were reclaimed from work completed during the 2008/09 field programs, leaving approximately 0.5 acres to be reclaimed as soon as conditions allow.

2009 Land Disturbance Vs. Reclamation (1 acre = 43,560 sq ft.)

- 3.02 – disturbed acres remaining following 2008 program, reclaimed during 2009
- 0.00 – acres remaining to be reclaimed from 2008 exploration program
- 1.52 – total acres disturbed during 2009 exploration program
- 1.01 – acres disturbed during 2009 exploration program, reclaimed during 2009
- 0.51 – acres disturbed from 2009 exploration program remaining to be reclaimed

For the purposes of the 2009 – 2010 Plan of Operations and the 2009 Annual Reclamation report, the values for land disturbance were calculated based on the condition of the drill site prior to rig setup (i.e., mineral soil disturbance and footprint of temporary structures set on top of tundra pads); therefore, values take into account crushed vegetation as well as mineral soil disturbance. In recent correspondence, ADNR-DMLW has indicated that PLP has been overestimating the actual land disturbance given that “the disturbed acreage should include ground where the vegetative matt has been removed or destroyed. It should



not include areas where the vegetation has simply been compressed or covered by decking.” (Fredericksen 26 February 2010 letter, Appendix A of the report). Typically, the areal disturbance of mineral soil at a diamond core drill site consists of a 3-ft by 20-ft trench extending from the drill collar to a series of three 4-ft by 12-ft drill sumps which catch drill cuttings and make a reservoir for fluid discharge. **Based on this information, the actual land disturbance was 6,732 ft² or 0.15 acres (equivalent to an area approximately 82 ft by 82 ft) for the 33 diamond core drill sites completed during 2009.** Future land permitting applications will take this into account and base land disturbance on the estimated areal extent of mineral soil disturbance only.

Should you have any questions please contact me at (907) 339-2600 or email at gernotwober@pebblepartnership.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Gernot Wober". The signature is written in a cursive, flowing style.

Gernot Wober
Director, Site Operations

cc: // Rick Fredericksen, ADNR DMLW-Land Anchorage
Jack Kerin, ADNR MLW-Land Fairbanks
Thomas Crafford, ADNR Office of Project Mgmt/Permit Anchorage
Gernot Wober, PLP
Michael Smith, PLP
Gary DeSchutter, Anglo American