



4 March 2011

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: 2010 Annual Reclamation Report – Pebble Project

Dear Mr. Krause:

Executive Summary

Pebble Limited Partnership (PLP) is submitting the attached 2010 Annual Reclamation Report for the Pebble Project, Iliamna Alaska. This letter provides a brief summary of proposed versus actual activities performed during the 2010 field season. Land reclamation was conducted between June and October 2010 concurrently with exploration in accordance with the following Miscellaneous Land Use Permit (MLUP) and Amendments for Hardrock Exploration & Reclamation:

- A096118 (MLUP 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;
- A096118#1 (MLUP amendment #1 effective 9 October 2009 through 31 December 2010) granted by the ADNR-DMLW on 9 October 2009;
- A096118#2 (MLUP amendment #2 effective 11 June 2010 through 31 December 2010) granted by the ADNR-DMLW on 11 June 2010.

According to the 2010 Plan of Operations for the Pebble Exploration Project, submitted to ADNR on 18 March 2010, project management anticipated a land disturbance of 2.71 acres related to the following activities.

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

- One hundred (110) diamond core drilling boreholes;
- Three hundred and twenty-five (325) mud rotary and reverse circulation drilling borehole sites (hydrologic/ geotechnical drilling);
- Three hundred (300) shallow soil test pits; and
- Thirty-four (34) seismic lines totaling no more than 220,000 feet.



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|-------------------|---|
| 0.53 acres | Diamond core drilling boreholes |
| 0.25 acres | Upland drill water sump locations |
| 1.01 acres | Mud rotary & reverse circulation drilling sites |
| 0.19 acres | Shallow soil test pits |
| <u>0.73 acres</u> | Seismic lines |
| 2.71 acres | TOTAL |

Total land disturbed during the 2010 field operations was 0.72 acres. Activities actually performed during 2010 included:

Actual acres disturbed between June and October 2010:

- Forty-eight (48) diamond core boreholes for exploratory purposes [Diamond Drill Holes (DDH) DDH 10478 through DDH 10525, inclusive];
- Eighteen (18) mud rotary boreholes for geotechnical purposes [Geotechnical holes (GH) GH10-211 through GH10-228, inclusive]. No reverse circulation drilling was conducted this season;
- One-hundred-six shallow soil test pits for engineering purposes [Test Pits (TP) TP10-319 through TP10-424, inclusive]; and
- Thirteen (13) seismic lines [Seismic Lines (SL) SL-A through SL-F, and SL-I through SL-O, inclusive] totaling 91,468 feet.

| | |
|-------------------|-----------------------------------|
| 0.31 acres | Diamond core drilling boreholes |
| 0.00 acres | Upland drill water sump locations |
| 0.04 acres | Mud rotary drilling boreholes |
| 0.07 acres | Shallow test pits |
| <u>0.30 acres</u> | Seismic lines |
| 0.72 acres | TOTAL |

During 2010 approximately 0.4 acres were reclaimed from work completed during the 2009/2010 field programs, leaving approximately 0.4 acres to be reclaimed as soon as conditions allow.

2010 Land Disturbance vs. Reclamation (1 acre = 43,560 sq ft.)

The following is a summary of the number of acres disturbed and/or reclaimed during 2010. “Disturbed” is defined as the vegetative matt removed or destroyed.

- 0.05 – disturbed acres remaining following 2009 program, reclaimed during 2010
- 0.00 – acres still remaining to be reclaimed from 2009 exploration program
- 0.72 – total acres disturbed during 2010 exploration program
- 0.34 – acres disturbed during 2010 exploration program, reclaimed during 2010
- 0.38 – acres disturbed from 2010 exploration program remaining to be reclaimed



Contrary to previous years, values for disturbed acreage this year are calculated based on mineral soil disturbance only and did not account for areal footprint of the temporary structures set on top of tundra pads or where vegetation was simply compressed. (Fredericksen 26 February 2010 letter, Appendix A of the report).

As reported in the “2009 Annual Reclamation Report - Pebble Project, Iliamna, Alaska”, dated 8 March 2010, there was a value of 0.51 acres related to 2009 sites left to be reclaimed. While there is an apparent discrepancy in the value conveyed in this 2010 report (i.e., 0.05 acres), this is only because the basis for the disturbed acreage was revised during 2010. All 2009 sites have been reclaimed in accordance with State of Alaska regulations.

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 that reads "Gernot Wober". The signature is written in a cursive, flowing style.

Gernot Wober
Director, Site Operations

cc: // Rick Fredericksen, ADNR DMLW-Land Anchorage
Thomas Crafford, ADNR Office of Project Mgmt/Permit Anchorage
Gernot Wober, PLP
Gary DeSchutter, Anglo American
Jeff Norberg, JBN Consultants, Inc.