

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

TONY KNOWLES, GOVERNOR

3700 AIRPORT WAY
FAIRBANKS, AK 99709-4699
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December 20, 2000

Fairbanks Gold Mining, Inc.
P.O. Box 73726
Fairbanks, AK 99707-3726
Attn: William Jeffress

Re: Approved Plan of Operation for the True North Project

Dear Mr. Jeffress:

The Alaska Department of Natural Resources, Division of Mining and Water Management (DNR), in accordance with and subject to the requirements and general stipulations of Alaska Statutes 27.19 (Reclamation) and 38.05 (Alaska Land Act) and the Alaska Administrative Code, Title 11 and Chapters 86.800 (Plan of Operations), 96 (Miscellaneous Land Use) and 97 (Mining Reclamation), approves the Plan of Operations F017522 for the True North Project submitted by:

Fairbanks Gold Mining, Inc.
P.O. Box 73726
Fairbanks, AK 99707-3726

LaTeko Resources, Inc.
P.O. Box 73726
Fairbanks, AK 99707-3726

Throughout this document, unless otherwise specifically indicated, reference to Fairbanks Gold Mining, Inc. (FGMI) is considered a reference to both Fairbanks Gold Mining, Inc. and LaTeko Resources, Inc., as tenants in common under the True North Joint Venture Agreement.

Effective dates of this plan approval are January 20, 2001 through January 20, 2006, unless sooner revoked for cause; however, Fairbanks Gold Mining, Inc.'s (FGMI's) obligations under the terms and conditions of this plan approval shall continue, unless sooner terminated in accordance with the provisions of this plan approval, until completion of all requirements under and pursuant to the Plan of Operations.

Throughout this document, the Plan of Operations is considered to consist of the True North Project Description - September 2000, True North Monitoring Plan - December 2000 and the True North Reclamation Plan - December 2000. Reference to any of these plans throughout this document is considered to be a reference to the Plan of Operations. Likewise any and all stipulations associated with the approval of any of these individual plans is considered to be a requirement of the Plan of Operations Approval.

This Plan of Operations Approval does not take effect until FGMI submits a bond in a form and substance approved by DNR. The Bond shall not be released until all affected areas have been reclaimed and are approved by the Authorized Officer and all other terms of this plan of operations are met. Modifications to this Plan of Operations may, at DNR's discretion, require bond review and update. The Bond of \$1,301,100.00 has been accepted.

This plan approval is for activities upon State managed lands listed in Appendix B of the True North Reclamation Plan.

This plan approval does not constitute certification of any property right or land status claimed by the applicant.

The Plan of Operations was found to be complete and is approved with the following conditions:

PLAN-SPECIFIC STIPULATIONS

- 1. Terms of this Plan Approval.** The Terms and Conditions contained within the True North Project Description - September 2000, True North Monitoring Plan - December 2000, the True North Reclamation Plan – December 2000, and the True North Mine Project Millsite Lease (ADL 416509) are hereby included as stipulations of this Plan Approval. If there is a difference between the Plan of Operations as submitted and the terms contained within this Plan Approval, the terms contained within this Plan Approval take precedence.

- 2. The Authorized Officer** for DNR is the Director of the Division of Mining, Land and Water or his designee. The Authorized Officer may be contacted at 3700 Airport Way, Fairbanks, Alaska 99709, telephone (907) 451-2795, and fax (907) 451-2703 or at stevem@dnr.state.ak.us. FGMI will be notified of changes to the authorized officer as needed.

- 3. Alaska Historic Preservation Act.** The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the Commissioner. Activities described in the plan are subject to the following stipulations:
 - a. The requirements outlined in the November 2, 2000 Memorandum from Judith E. Bittner, State Historic Preservation Officer to Dick LeFebvre regarding file No: 3130-2R DOL, Subject: True North Joint Venture Assessment of Cultural Resources; are hereby incorporated into the requirements of the Plan of Operations Approval by reference. See attached Memorandum (Appendix A).

 - b. If cultural or paleontological resources are inadvertently discovered as a result of or during the activities authorized by this plan approval, all activities which would disturb such

resources shall be stopped and measures taken to protect the site. The Army Corps of Engineers archaeologist (907-753-2716) and the State Historic Preservation Officer (907-269-8720) shall be contacted immediately so that compliance with state and federal laws may begin.

- c. Under the Alaska Historic Preservation Act (41.35.200) all burials on state land are protected. If burials or human remains are found, all land altering activities that would disturb the burial or remains shall cease and measures are to be taken to protect it in place. The Army Corps of Engineers Archeologist, State Historic Preservation Officer and the State Troopers are to be notified immediately.

4. Salvageable Timber. All timber on the Millsite Area that will be cleared to allow Millsite Operations shall be salvaged in accordance with Division of Forestry requirements.

5. Monitoring Plan. Monitoring results obtained during a reporting period shall be summarized and reported to the Authorized Officer quarterly, on or before the 15th day of the month following the quarter, in an electronic format acceptable to DNR. Electronic copies should also be sent to ADNR (Jim Vohden at jimv@dnr.state.ak.us), ADEC (Pete McGee at pmcgee@envircon.state.ak.us), and the Alaska Department of Fish & Game (ADF&G) (Phyllis Weber-Scannell at phyllis_weber_scannell@fishgame.state.ak.us). Amendments to this distribution list will be provided to FGMI as needed.

Quarterly monitoring reports should include at a minimum all compliance and static water level monitoring listed in the True North Monitoring Plan – December 2000.

FGMI shall submit to ADNR an annual “as built” map illustrating the current development of all facilities within the millsite lease boundary. The plan maps shall show cleared and grubbed areas; growth medium stockpiles; roads; waste rock dump development; pit bench development; current pit backfill and expected pit backfill for the next quarter. Maps shall be 1”-500’ or other appropriate scale necessary to review the development of individual facilities.

6. True North Project Description.

- A. Mining Below Water Table. FGMI shall adequately monitor water table elevations and adjust mine plans to ensure that mining does not intersect the water table and an adequate thickness of insitu material remains above the water table to avoid adverse impacts to both surface and ground water quality.
- B. Waste rock shall not be removed from the millsite boundary

7. True North Project Reclamation Plan.

- a. *Facility Removal and Reclamation.* Unless otherwise approved by DNR, all reclamation shall be completed within 2.5 to 5 years after the cessation of the transport of ore from the True North Project.
- b. *Exploration Drill Hole Closure.* Unless retained for monitoring purposes, all drill holes will be abandoned in compliance with ADEC requirements.
- c. *Stipulations regarding specific sections of True North Project Reclamation Plan – September 2000:*

4.1.7.3.1. Growth Medium. Growth medium replacement depths on waste rock dumps, pits and roads will be determined based upon water quality monitoring data and final facility closure plans developed to achieve closure water quality objectives. Revegetation success may also affect growth medium replacement requirements.

8. Permanent Closure.

For purposes of determining monitoring requirements and bond release, closure of a facility is achieved when the following requirements are met:

- Meet both applicable surface and ground water quality;
- If required the growth medium caps on the waste rock dumps and Hindenburg Pit bottom are in place; and
- The 70% vegetative cover criteria has been achieved.

9. Public Access.

FGMI may be required to re-establish access to the remaining segments of the RS-2477. FGMI shall develop site access roads in such a manner that controlled public access can be maintained to the RS-2477 where it extends beyond the project haul roads.

Standard Stipulations

10. Fuel and Hazardous Substances.

Secondary containment shall be provided for fuel or hazardous substances.

- a. **Container marking.** All independent fuel and hazardous substance containers shall be marked with the contents and the permittee's name using paint or a permanent label.
- b. **Fuel or hazardous substance transfers.** Secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose

connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times.

- c. **Storing containers within 100 feet of water bodies.** Containers with a total capacity larger than 55 gallons, which contain fuel or hazardous substances, shall not be stored within 100 feet of a water body.
- d. **Exceptions.** The Authorized Officer may, under certain circumstances, grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions must be made to the Authorized Officer.

Definitions.

"Containers" means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks or any tanks in a series must be considered as single independent containers. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.

"Hazardous substances" are defined under AS 46.03.826(5) as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

"Secondary containment" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.

"Surface liner" means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

- 11. Notification of Discharge of Fuel or Hazardous Substances.** The permittee shall immediately notify DNR by phone of any unauthorized discharges of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons solely to land and outside an impermeable revetment. If a discharge of oil is greater than 10 gallons but less than 55 gallons it must be reported within 48 hours by phone or fax. If a discharge is less than 10 gallons it may be reported in writing on a monthly basis. All fires and explosions must also be reported.

The DNR 24-hour spill report number is (907) 451-2678; the fax number is 451-2751. The Northern Regional office of the Division of Mining, Land and Water shall be supplied with all follow-up incident reports.

- 12. Inspection and Entry.** FGMI shall permit authorized representatives of DNR to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice for the purpose of inspecting the area and activities covered under this plan approval. Said inspections shall be subject to such safety and security procedures as FGMI may from time to time adopt.

At any time upon DNR's written request, FGMI shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation, ordinance or this Plan of Operations Approval available to DNR for inspection and copying as reasonably required by DNR to determine FGMI compliance with local, state and federal laws applicable to the operations authorized under this plan approval.

- 13. Violations.** This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and State).
- 14. Assignment.** This plan approval may be transferred or assigned with prior written approval from DNR. DNR will only disapprove a transfer with good cause and will evaluate whether the proposed assignee (1) is qualified to hold interests in state mining rights under AS 38.05.190 and to acquire all other permits and authorizations necessary to conduct operations under the plan; (2) is on notice of default or subject to an enforcement action by any state agency on any lease, reclamation bond, or other permit within the state. Any assignee must commit in writing to be bound by this plan approval to the same extent as FGMI; and, provide to DNR all proofs of insurance, bonds, or undertakings required by this plan approval. Transfer of this plan approval may, at DNR's discretion, require bond review and update.
- 15. Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the Permittee to obtain authorizations required by other agencies for this activity.
- 16. Valid Existing Rights.** This authorization is subject to all valid existing rights in and to the land under this authorization. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, to the existence, number, or nature of such valid existing rights.
- 17. Reservation of Rights.** DNR reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.

- 18. Change of Address.** Any change of address must be submitted in writing to the Authorized Officer.
- 19. Modifications.** Any request for modification of the plan of operations and any other affected permits or authorizations must be made by written application to DNR. Amendments to the Plan of Operations may, at the discretion of DNR, require bond review and update.
- 20. Statutes and Regulations.** This plan approval is subject to all applicable state and federal statutes, including state, federal, and any local statutes and ordinances in effect on the effective date of this plan approval, new statutes, regulations, and ordinances enacted or promulgated after said effective date, and changes to existing statutes and regulations made after the effective date, to the extent constitutionally permissible.
- 21. Severability.** If any clause or provision herein contained shall be adjudicated to be invalid, it shall not affect the validity or effect of any other clause or provision of this plan approval, nor constitute any cause of action in favor of either FGMI or DNR as against the other.

Commencement of permitted activities deems an acceptance of these special stipulations.



Approved:



Pat Pourchot, Commissioner
Department of Natural Resources

December 20, 2000

Date

Appeal Right and Procedure

This is a final administrative order and decision of the department for purposes of an appeal to Superior Court. A person adversely affected by this final order and decision may (1) appeal to Superior Court within 30 days in accordance with the rules of the court, and to the extent permitted by applicable law, or (2) first request reconsideration of this decision, in accordance with AS 44.37.011 and 11 AAC 02.020, to Pat Pourchot, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501. Any such request for reconsideration must be received at that address, or received by being faxed to 1-907-269-8918, by January 9, 2001. Failure of the commissioner to act on a request for reconsideration by January 19, 2001 is a denial of reconsideration and is also a final administrative order and decision

for purposes of an appeal to Superior Court. It may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources. This decision goes into effect January 20, 2001 unless the commissioner first orders reconsideration.

At the time a request for reconsideration is filed, an appellant may submit additional written material to support it, including evidence or legal argument. If the Commissioner orders reconsideration and if the Commissioner in his discretion under 11 AAC 02.050(a) further determines that there are questions of fact to be resolved that require a hearing, the hearing will be held in Fairbanks on January 16, 2001 at 10:00 A.M. at the Noel Wien Library. The hearing procedures under 11 AAC 02.050(b) will be announced at the time of his determination, if any. If a hearing is held, an appellant may submit additional written material at the hearing.

APPENDIX A

Assessment of Cultural Resources

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF PARKS & OUTDOOR RECREATION
Office of History and Archaeology

STATE OF ALASKA

TO: Dick LeFebvre
Division of Mining, Land
And Water

DATE: November 2, 2000

FILE NO: 3130-2R DOL

TELEPHONE NO.: 269-8720

FROM: Judith E. Bittner
State Historic Preservation
Officer

SUBJECT: True North Joint Venture
Assessment of Cultural
Resources

We have reviewed the current placements of the rock dumpsites as noted on the True North Project's Wetlands Map, dated 8/18/2000. From a cultural resources standpoint, the proposed placements protect the resources by avoiding the Davidson Ditch (LIV-073). In general, our concerns for all the resources within the millsite lease boundary area remain, whether the project is under state or federal jurisdiction. Under the Alaska Historic Preservation Act, these resources are to be protected from destruction, injury, removal and appropriation [41.35.200(a)]. Within the area of potential effect of the millsite lease boundary, exist five historic properties determined eligible for listing in the National Register of Historic Places. The following stipulations address data recordation, management and protection of these significant historic properties.

- 1) **Maps.** Two maps shall be submitted to the Office of History and Archaeology (OHA). The permittee shall obtain a copy of the original map(s) of the historic Davidson Ditch. A project map shall also be prepared according to Historic American Buildings Survey/Historic American Engineering Record (HABS/HAER) Level I standards. This map shall delineate the project area, the millsite lease boundary area, and the location of each historic property found within and adjacent to the millsite lease boundary area. The map shall include the portion of the ditch, which weaves in and out of the millsite lease boundary area and the location of all known associated features, structures, and buildings.
- 2) **Mitigation for the National Register eligible properties shall include :**
 - A. Davidson Ditch (LIV-073)**
 1. HABS/HAER photographs shall be taken of a representative of each class of feature, structure, and building.
 2. As-built drawings or HABS/HAER drawings shall be produced of a representative of each class, structure, and building.
 3. Designated crossings of the Davidson Ditch shall be identified, and the permittee shall notify the archaeologist who will record any significant feature, structure or building which will be affected by the crossing. The archaeologist shall contact the OHA prior to fieldwork. Upon completion of mining operations, the crossings shall be reclaimed to match the contours of the remaining original ditch.
 - B. Chomco Cabin (LIV-092)**
 1. HABS/HAER drawings and photographs of this property shall be made.

2. An architectural data form shall be written for the cabin, the privy, the Davidson Ditch in this vicinity, and any other feature deemed worth recording.

C. Spruce Creek Camp (LIV-253)

1. Annual site visit shall be conducted to monitor if any impacts have occurred to this site (see Stipulation 8).

D. Little Eldorado Penstock (LIV-252)

1. HABS/HAER drawings and photographs of the penstock shall be produced.
2. An architectural data form shall be written for the penstock.

E. Mother Lode Mine (LIV-259)

1. HABS/HAER drawings and photographs of this property shall be produced.
2. An architectural data form for the main cabin and any other feature deemed worth recording shall be written.

3) Level of HABS/HAER documentation

Unless otherwise stipulated in the text, all drawings shall be produced at Level I. The written documentation shall be recorded at Level IV. Photographs shall be 35mm black and white, Level IV.

4) Collection and Curation of Artifacts

Any unusual or unique artifacts encountered during this mitigation process shall be collected by the archaeologists in consultation with the OHA and the permittee. Artifacts shall be offered to the following repositories in descending order, University of Alaska Museum in Fairbanks, Fairbanks Community Museum, and the Pioneer Museum at Alaskaland.

5) Submission of the HABS/HAER documentation

- A. Drafts of drawings of as-builts, architectural data forms, and photographs of the historic properties listed in Stipulation 2 shall be submitted by 07/15/2001.
- B. Should additional documentation be required, the OHA shall review the documentation and notify the permittee within ten days of receipt.
- C. Final submission of photographs to OHA and the University of Alaska at Fairbanks Archives shall consist of one set of contact sheets and the negatives each. Negatives and contact sheets shall be processed archivally.
- D. Final submission of architectural data forms to OHA shall consist of the original and the three copies of each.
- E. Plans and As-builts:
 1. Any as-builts or historic drawings shall be reproduced on mylar and reduced to 8 ½" x 11". The mylar original and two paper copies shall be submitted. A full-size blue line shall also be submitted if the drawing is in good enough shape.
 2. Architectural renderings (including maps of Stipulation 1) shall include the original mylar and one mylar copy and two paper copies reduced to 8 ½" x 11".
 3. Final submission of HABS/HAER documentation shall take place within six months of completion of the 2001 field season.

6) Mitigation Report

- A. The draft mitigation report shall include a synopsis of the overall project; descriptions of the five historic properties; descriptions of the mitigation measures for the properties; 8 ½" x 11" copies of the drawings, plans, maps, photographs and architectural data forms; and conclusions.
- B. The mitigation report is not intended to duplicate the Cultural Resources Inventory Report of October 1996.
- C. A draft mitigation report shall be submitted to the OHA within six months of completion of the 2001 field season.
- D. Comments by the OHA shall be given to the permittee no later than 30 days after receiving the draft.

E. Within 50 days, the permittee shall provide three copies of the final report to the OHA.

7) Discovery

If cultural or paleontological resources are discovered as a result of or during the activities authorized by this permit, all work that might disturb these resources shall cease. The Office of History and Archaeology shall be contacted immediately, so that compliance with cultural resource procedures may begin. If vandalism is discovered to have occurred to these resources, the OHA shall be notified immediately.

8) Monitoring

Annual monitoring of the five historic properties listed in Stipulation 2 shall be conducted to note impacts from vandalism or any land altering activities. An annual report, submitted each December to the OHA, shall discuss the results of the monitoring.

9) Change of Scope of Work

If there is a change to the scope of work of this project, it will be necessary for OHA to conduct another review. OHA will need to assess the impacts to cultural resources by the changes.