

ALASKA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND AND WATER

Southeast Region  
400 Willoughby Ave., P.O. Box 111020  
Juneau, AK 99811-1020  
(907) 465-3400

LAND USE PERMIT (SHORELANDS)  
AS 38.05.850

Permit No. LAS 26679

Name of Permittee: Redfern Resources Ltd.

Suite 800-1281 West Georgia St. Vancouver British Columbia Canada V6E 3J7  
Permittee's Address City State Zip

(604) 669-4775 FAX (604) 69-5330 Tim Davies  
Home Phone Work Phone Contact Person

(Permittee is responsible for maintaining a current address with the Division for the entire term of this authorization.)

Legal Description: Copper River Meridian, Township 40S, Range 69E, Sections 1, 2, 10, 16, 21, 28, 33;  
Copper River Meridian, Township 39S, Range 69E, Sections 12, 13, 24, 25, 36;  
Copper River Meridian, Township 39S, Range 70E, Sections 1, 2, 3, 4, 5, 7, 8;  
Copper River Meridian, Township 38S, Range 71E, Sections 14, 15, 22, 27, 28, 31, 32, 33

Other description: Project is located on the State shorelands of the Taku River between the US/Canada border and the mouth of the Taku River near Annex Creek. Figure 1 in the attached Operations Plan (Attachment A) shows the location of the proposed operation.

Term. This permit is issued effective beginning \_\_\_\_\_ and expires on [five years from effective date], unless sooner terminated at the State's discretion.

Permitted Use. This permit is issued for the purpose of conducting amphibious tug and barge operations on the shorelands of the Taku River, a navigable waterway, to and from the Tulsequah Chief Mine in British Columbia under the conditions and limitations specified in the Tulsequah Chief Mine Air Cushion Barge Transportation System Operations Plan (Attachment A).

This permit is revocable without cause by the Division of Mining, Land and Water. This permit is also revocable for any breach of the following conditions:

1. **Rent.** This permit is subject to an annual fee of **\$17,600.00** which must be paid on or before [the anniversary date] of every year during the permit term. **The non-receipt of a courtesy billing notice does not relieve the permittee from the responsibility of paying fees on or before the due date.**
2. **Performance Guarantee.** Permittee shall provide a surety bond or other form of security acceptable to the Division in the amount of \$ [amount TBD – minimum of \$250,0000] payable to the State of Alaska. Such performance guarantee shall remain in effect for the term of this authorization and shall secure performance of Permittee's obligations hereunder. The amount of the performance guarantee may be adjusted by the Regional Manager in the event of approved amendments to this authorization, changes in the development plan, or any change in the activities or operations conducted on the premises. If Permittee fails to perform the obligations under this permit within a reasonable time, the State may perform Permittee's obligations at Permittee's expense. Permittee agrees to pay, within 20 days

following demand, all costs and expenses reasonably incurred by the State as a result of the failure of Permittee to comply with the terms of this permit. The provisions of this permit shall not prejudice the State's right to obtain a remedy under any law or regulation. Failure by Permittee to provide replacement security, upon notice of non-renewal of an existing form of security, shall be grounds for the State to make a claim upon the existing security to protect the State's interests. If the Regional Manager determines that Permittee has satisfied the terms and conditions of this authorization, the performance guarantee may be released. The performance guarantee may only be released in writing by the Regional Manager.

3. **Assignment.** Permittee may not transfer or assign this permit to any other individual or corporation.
4. **Operation Plan.** The operations authorized by this permit shall be limited to that specified in the Tulsequah Chief Mine Air Cushion Barge Transportation System Operations Plan, dated November 2007, and included as Attachment A. Permittee is responsible for conducting operations in this manner. Any proposed revisions to the operations plan must be approved in writing by the Regional Manager before the change in operations occurs. Permittee shall take all reasonable precautions to prevent water pollution, erosion, or sedimentation on or in the vicinity of the operating area.
5. **Compliance with Government Requirements.** Permittee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and with the requirements and conditions of this authorization. Permittee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
6. **Inspection.** Authorized representatives of the State of Alaska shall have reasonable access to permittee's operations within the permitted area for purposes of inspection. Permittee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of operations, inspections concerning non-compliance, and final close-out inspection.
7. **Indemnification.** Permittee assumes all responsibility, risk and liability for its activities and those of its employees, agents, contractors, subcontractors, licensees, or invitees, directly or indirectly related to this permit, including environmental and hazardous substance risk and liability, whether accruing during or after the term of this permit. Permittee shall defend, indemnify, and hold harmless the State of Alaska, its agents and employees, from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Permittee, its employees, agents, contractors, subcontractors, licensees, or invitees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or a person acting on the State's behalf. Within 15 days, Permittee shall accept any such cause, action or proceeding upon tender by the State. This indemnification shall survive the termination of the permit.
8. **Termination.** This permit does not convey an interest in State land, and is immediately revocable with or without cause.
9. **Violations.** This authorization is immediately revocable upon violation of any of its terms or conditions, for nonpayment of fees, or upon failure to comply with any other applicable federal or State law, statute or regulation. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the act or omission of Permittee or its employees, agents, contractors, subcontractors, licensees, or invitees, Permittee shall be obligated at its expense to clean up the area to the reasonable satisfaction of the State of Alaska. A permittee charged and convicted of any violation of state hunting, trapping or fishing laws or regulations may be subject to permit revocation.
10. **Site Restoration.** Upon expiration, completion, or termination of this authorization, the permitted area shall be vacated and all improvements, personal property, and other chattels shall be removed or they will become the property of the State. The operating area shall be left in a clean, safe condition acceptable to the Regional Manager.
11. **Public Trust Doctrine.** This authorization is issued subject to the Public Trust Doctrine, which guarantees public access to, and the public's right to use, all navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. Permittee is authorized to make exclusive use of Permittee's improvements, but may not preclude or restrict public access on and through the permitted area. The Division of Mining, Land and Water reserves the right to grant other interests consistent with the Public Trust Doctrine.

12. **Wastewater Disposal.** Disposal of wastewater from any operation associated with this authorization must satisfy the requirements of the Alaska Department of Environmental Conservation. All floating structures that provide for human habitation shall be equipped with an approved marine sanitation device or other Coast Guard approved system.
13. **Solid Waste.** All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by the Alaska Department of Environmental Conservation. Temporary storage and accumulation of solid waste prior to its removal shall meet the following requirements:
  - (a) Solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080;
  - (b) Putrescible waste (waste that can decompose and cause obnoxious odor) shall be stored in a manner that prevents the attraction of or access to wildlife or disease vectors; and
  - (c) The operating area shall be maintained free of solid waste that might create a health or safety hazard.
14. **Fuel and Hazardous Substances.** To ensure future use of public lands as well as tide and submerged lands, fuel and hazardous substance use shall occur in a manner that avoids toxic discharge and run-off. Permittee is responsible for preventing spillage and contamination of contiguous land and water as well as cleaning up any oil or other pollutants that result from activities associated with this permit. Appropriate spill response equipment must be on hand to respond to spills from any transfer or handling of fuel or other hazardous substances. All independent fuel and hazardous substance containers shall be marked with the contents and Permittee's name using paint or a permanent label.
15. **Notification.** Permittee shall immediately notify DEC by telephone, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail, informing DEC of any unauthorized discharge of oil to water; any discharge of hazardous substances other than oil; or any discharge or cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, Permittee shall report the discharge within 48 hours, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail. Any discharge of oil, including a cumulative discharge, solely to land greater than one gallon up to 10 gallons must be reported in writing on a monthly basis. Posting of information shall occur as provided by 18 AAC 75.305. The requirements of 18 AAC 75.310, Scope and Duration of Initial Response Actions, and the spill reporting requirements of 18 AAC 75, Article 3 will be met.

Permittee shall supply DEC with all follow-up incident reports. Notification of a discharge must be made to DEC Area Response Team during working hours in Juneau: (907) 465-5340, fax (907) 465-2237. The DEC oil spill report number outside normal business hours is (800) 478-9300.
16. **Other Authorizations.** The issuance of this authorization does not relieve Permittee from obtaining any other authorizations required by other agencies for this activity. Use of shoreties connected to the uplands is prohibited unless written permission is first obtained from the upland owner. Unauthorized use of the uplands where a permit is required shall constitute just cause for termination of this permit.
17. **Maintenance.** The State assumes no responsibility for maintenance of improvements constructed on State land, or liability for injuries or damages attributable to that construction.
18. **Late Payment Penalty Charges.** Permittee shall pay a penalty for any late payment. The penalty amount will be the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a), and will be assessed on a past-due account until payment is received by the State.
19. **Returned Check Penalty.** A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. Late payment penalties shall continue to accumulate.
20. **Change of Address.** Any change of address must be submitted in writing to the Regional Manager.
21. **Alaska Coastal Management Program.** Pursuant to AS 46.40 and 11 AAC 110 and the final consistency determination, #AK0711-014J dated \_\_\_\_\_, Permittee shall comply with the final project description.
22. **Insurance.** Permittee shall:

- a) Consult, as appropriate, with an insurance professional licensed to transact the business of insurance under Alaska Statute, Title 21, to determine what types and levels of insurance are adequate to protect the Permittee and Permitter (the State, its officers, agents and employees) relative to the liability exposures of the Permittee's commercial operations.
- b) Secure or purchase at Permittee's own expense, and maintain in full force at all times during the term of the permit, adequate insurance policies and coverage levels recommended by an insurance professional, licensed to transact the business of insurance under Alaska Statute, Title 21, and acceptable to the State of Alaska. The State will expect, at a minimum, the following types of coverage:
  - Commercial General Liability Insurance:** The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Alaska Department of Administration.
  - Workers' Compensation Insurance:** Permittee shall provide and maintain, for all its employees, Workers' Compensation Insurance as required by AS 23.30.045. Where applicable, coverage must comply with any other statutory obligations, whether Federal (i.e. USLH, Jones Act) or other state laws in which employees are engaged in work on the permitted premises. The insurance policy must contain a waiver of subrogation clause in favor of the State of Alaska.
- c) Ensure that the State of Alaska, Department of Natural Resources is included as an additional insured on all liability policies held by the permittee that provide coverage for liabilities connected to the operations of the permittee on or in conjunction with the permitted premises.
- d) Provide proof of insurance to the Southeast Regional Manager on a yearly basis. The certificate must provide for a 30-day prior notice to the State of Alaska in the event of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance, or lapse of the policy are material breaches of the permit and shall be grounds, at the option of Permitter, for termination of the permit. Generally, the State of Alaska will rely upon the best professional judgment of the licensed insurance agent and, at renewal, the agent's annual re-assessment of the insured's liability exposure for determination of adequate levels of coverage. The State of Alaska reserves the right to require additional coverage if, in its discretion, it determines that it may be warranted. Any changes in the approved permit development and operations plan, or the existence of significant claims against the liability coverage, would warrant examination of the insurance by the State to determine adequacy.
- e) In the event that Permittee becomes aware of a claim against any of its liability coverage, Permittee shall notify and provide documentation and full disclosure of the claim to the Southeast Regional Manager within 20 days.

23. **Specific Conditions.** *[To be determined if necessary]*

**Advisory Regarding Violations of the Permit Guidelines:** Pursuant to 11 AAC 96.145, a person who violates a condition of a permit issued under 11 AAC 96 is subject to any action available to DNR for enforcement and remedy, including permit revocation, civil action for forcible entry and detainer, ejection, trespass, damages, and associated costs, or arrest and prosecution for criminal trespass in the second degree. DNR may seek damages available under civil action, including restoration damages, compensatory damages, and treble damages under AS 09.45.730 or 09.45.735, for violations involving injuring or removing trees or shrubs, gathering geotechnical data, or taking mineral resources.

If a person responsible for an unremedied violation of 11 AAC 96 or a condition of a permit issued under 11 AAC 96 applies for a new authorization from DNR under AS 38.05.035 or 38.05.850, DNR may require the applicant to remedy the violation as a condition of the new authorization, or to begin remediation and provide security under 11 AAC 96.060 to complete the remediation before receiving the new authorization. If a person who applies for a new authorization under AS 38.05.035 or 38.05.850 has previously been responsible for a violation of 11 AAC 96 or a condition of a permit issued under this chapter, whether remedied or unremedied, that resulted in substantial damage to the environment or to the public, DNR will consider that violation in determining the amount of the security to be furnished under 11 AAC 96.060, and may require the applicant to furnish three times the security that would otherwise be required.

The Regional Manager reserves the right to alter these conditions before the permit is issued, in which case Permittee will be so advised. DNR has the authority to implement and enforce these conditions under AS 38.05.850.

**Direct all questions on this permit to the Division of Mining, Land and Water, Southeast Region, 400 Willoughby Ave., P.O. Box 111020, Juneau, AK 99811-1020, telephone (907) 465-3400.**

**Signature of Permittee or Authorized Representative hereby agreeing to comply with all conditions of this permit:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**Signature of Authorized DNR Representative:**

\_\_\_\_\_  
Ed Collazzi, Southeast Regional Manager

\_\_\_\_\_  
Date

DRAFT

## Tulsequah Chief Mine

# Air Cushion Barge Transportation System: Taku River Operations Plan



Prepared for  
**Redfern Resources Limited**

Submitted by  
**Gartner Lee Limited**

**November, 2007**

Note:

For purposes of public review, and due to size of the document, only the cover page of Attachment A is included within the draft land use permit.

This document in its entirety is available for separate review at <http://www.dnr.state.ak.us/mlw/mining/largemine/tulsequah/permittingdocs.htm>