



**LAND USE PERMIT
AS 38.05.850**

PERMIT # LAS 34053

Graphite One (Alaska) Inc., herein known as the Grantee, is issued this permit from the Department of Natural Resources, herein known as the Grantor, authorizing the use of state land within:

Legal Description

Kateel River Meridian:

Sections 6, 7, 14, 15, 16, 17, 18, 21, 22, 23, and 24 of Township 7 South, Range 33 West;

Section 1, Township 7 South, Range 34 West:

Sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35, and 36 of Township 6 South, Range 34 West;
and

Sections 23, 24, 25, 26, 35, and 36 of Township 5 South, Range 34 West.

This permit is issued for the purpose of authorizing the following:

The cross country travel of 6,000 lb tracked drill rig as well as drilling up to 100 feet.

This permit is effective beginning **June 1, 2022**, and ending **November, 2023**, unless sooner terminated at the state's discretion. This permit does not convey an interest in state land and as such is revocable, with or without cause. The Grantor will give 30 days' notice before revoking a permit at will. A revocation for cause is effective immediately. No preference right for use or conveyance of the land is granted or implied by this authorization.

This permit is issued subject to the following:

- Payment of the annual use fee in the amount of \$240 due on or before the annual anniversary date and any additional fees identified in the stipulations below.
- Proof of insurance as described in stipulations below.
- Remittance of a performance guaranty in the amount of \$3000 as required in the stipulations below.
- Signed copy of permit.

The non-receipt of a courtesy billing notice does not relieve the Grantee from the responsibility of paying fees on or before the due date.

All activities shall be conducted in accordance with the following stipulations:

1. **Authorized Officer:** The Authorized Officer (AO) for the State of Alaska (State), Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), is the Regional Manager or designee.

2. **Change of Contact Information:** The Grantee shall maintain current contact information with the AO. Any change of contact information must be submitted in writing to the AO.
3. **Valid Existing Rights:** This authorization is subject to all valid existing rights and reservations in and to the authorized area. The State makes no representations or warranties, whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.
4. **Preference Right:** No preference right for subsequent authorizations is granted or implied by this authorization.
5. **Inspections:** The AO shall have reasonable access to the authorized area for inspection, which may be conducted without prior notice. If the Grantee is found to be in noncompliance the authorized area may be subject to reinspection. The Grantee may be charged for actual expenses of any inspection.
6. **Public Access:** The construction, operation, use, and maintenance of the authorized area shall not interfere with public use of roads, trails, waters, landing areas, and public access easements. The ability to use or access state land or public waters may not be restricted in any manner. However, if a specific activity poses a safety concern, the AO may allow the restriction of public access for a specific period of time. The Grantee is required to contact the AO in advance for approval. No restriction is allowed unless specifically authorized in writing by the AO.
7. **Public Trust Doctrine:** The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This authorization is subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The AO reserves the right to grant other interests consistent with the Public Trust Doctrine.
8. **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, archaeological or paleontological site without written approval from the DNR Commissioner. Should any sites be discovered, the Grantee shall cease any activities that may cause damage and immediately contact the AO and the Office of History and Archaeology in the Division of Parks and Recreation.
9. **Compliance with Government Requirements:** The Grantee shall, at its expense, comply with all federal, state, and local laws, regulations, and ordinances directly or indirectly related to this authorization. The Grantee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
10. **Incurred Expenses:** The Grantor shall in no way be held liable for expenses incurred by the Grantee connected with the activities directly or indirectly related to this authorization.

- 11. Waiver of Forbearance:** Any failure on the part of the AO to enforce the terms of this authorization, or the waiver of any right under this authorization by the Grantee, unless in writing, shall not discharge or invalidate the authorization of such terms. No forbearance or written waiver affects the right of the AO to enforce any terms in the event of any subsequent violations of terms of this authorization.
- 12. Severability Clause:** If any clause or provision of this authorization is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the Grantor and the Grantee agree that the remainder of this authorization will not be affected, and in lieu of each clause or provision of this authorization that is illegal, invalid, or unenforceable, there will be added as a part of this authorization a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.
- 13. Permit Extensions/Reissuance:** Any request for permit extension or reissuance should be submitted at least 90 days prior to the end of the authorized term. A written statement requesting a one-year extension confirming there will be no changes to the development/operations plan, including photographs clearly depicting the current condition of the site and any improvements, must be submitted to the AO with any required filing fee. A new Land Use Permit application and any required filing fee is required when requesting reissuance of up to five years or for modifications to the approved development/operations plan on file with DMLW.
- 14. Assignment:** This permit may not be transferred or assigned.
- 15. Reservation of Rights:** The AO reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. Authorized concurrent users of state land, their agents, employees, contractors, subcontractors, and licensees, shall not interfere with the operation or maintenance activities of each user. The AO may require authorized concurrent users of state land to enter into an equitable operation or maintenance agreement.
- 16. Violations:** A violation of this authorization is subject to any action available to the State for enforcement and remedies, including revocation of the permit, civil action for forcible entry and detainer, ejectment, trespass, damages, and associated costs, or arrest and prosecution for criminal trespass in the second degree. The State may seek damages available under a civil action, including restoration damages, compensatory damages, and treble damages under AS 09.45.730 or AS 09.45.735 for violations involving injuring or removing trees or shrubs, gathering geotechnical data, or taking mineral resources.
- 17. Directives:** Directives may be issued for corrective actions that are required to correct a deviation from design criteria, project specifications, stipulations, State statutes or regulations. Work at the area subject to the Directive may continue while implementing the corrective action. Corrective action may include halting or avoiding specific conduct, implementing alternative measures, repairing any damage to state resources that may have resulted from the conduct, or other action as determined by DNR.

18. Stop Work Orders: Stop Work Orders may be issued if there is a deviation from design criteria, project specifications, stipulations, State statutes or regulations and that deviation is causing or is likely to cause significant damage to state resources. Under a Stop Work Order, work at the area subject to the Stop Work Order may not resume until the deviation is cured and corrective action is taken. Corrective action may include halting or avoiding specific conduct, implementing alternative measures, repairing any damage to state resources that may have resulted from the conduct, or other action as determined by DNR.

19. Notification of Discharge: Notification of Discharge: The Grantee shall immediately notify the Department of Environmental Conservation (DEC) and AO of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported immediately.

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, the Grantee shall report the discharge within 48 hours. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis.

Notification of discharge during normal business hours must be made to the nearest DEC Area Response Team: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-5245. To report a spill outside of normal business hours, call toll free 1-800-478-9300 or international 1-907-269-0667.

Notification of discharge must be made to the appropriate DNR Office, preferably by e-mail: Anchorage email dnr.scro.spill@alaska.gov, (907) 269-8528; Fairbanks email dnr.nro.spill@alaska.gov, (907) 451-2739; Juneau email sero@alaska.gov, (907) 465-3513. The Grantee shall supply the AO with all incident reports submitted to DEC.

20. Returned Check Penalty: A returned check penalty of \$50.00 will be charged for any check on which the bank refuses payment. Late payment penalties shall continue to accrue.

21. Late Payment Penalty Charges: The Grantee shall pay a fee for any late payment. The amount is the greater of either \$50.00 or interest accrued daily at the rate of 10.5% per annum and will be assessed on each past-due payment until paid in full.

22. Use Fees: The Grantee shall pay to DMLW an annual use fee of \$240. The use fee is due on or before the annual anniversary of the effective date of this permit without the necessity of any billing by DMLW. The annual use fee is subject to adjustments in any relevant fee schedule.

- 23. Request for Information:** The AO, at any time, may require the Grantee to provide any information directly or indirectly related to this authorization, in a manner prescribed by the AO.
- 24. Completion Report:** A completion report shall be submitted prior to relinquishment, or within 30 days after expiration or termination of the authorization. Failure to submit a satisfactory report subjects the site to a field inspection requirement for which the Grantee may be assessed an inspection fee, as outlined herein. The report shall contain the following information:
- a. actual routes of travel, the location of permit activities, and the location of all camps in a GPS track log file;
 - b. a list of vehicles used for any off-road travel that may have taken place;
 - c. a statement of restoration activities and methods of debris disposal;
 - d. a statement that the Grantee has removed all improvements and personal property from the authorized area;
 - e. and, a report covering any known incidents of damage to the vegetative mat and underlying substrate, and follow-up corrective actions that may have taken place while operating under this authorization;
- 25. Site Disturbance:** Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems. Brush clearing is allowed but should be kept to the minimum necessary. Removal or destruction of the vegetative mat is not authorized under this permit. Establishment of, or improvements to, landing areas (i.e. leveling the ground or removing or modifying a substantial amount of vegetation) is prohibited. Attention must be paid to prevent pollution and siltation of streams, lakes, ponds, wetlands, and disturbances to fish and wildlife habitat. Any ground disturbances which may have occurred shall be contoured to blend with the natural topography to protect human and wildlife health and safety.
- 26. Site Restoration:** On or before permit expiration (if a reissuance application has not been submitted) or termination of this authorization by the Grantee, the Grantee shall remove all improvements, personal property, and other chattels, and return the permitted area to a clean and safe condition. In the event the Grantee fails to comply with this requirement, the Grantee shall be held liable for any and all costs incurred by the State to return the permitted area to a clean and safe condition.
- 27. Geo-tech Holes/Excavations:** All holes shall be backfilled with sand, gravel, native materials, or a substitute approved by the AO.
- 28. Ground Disturbance Restoration:** The Grantee shall immediately restore areas where soil has been disturbed, or the vegetative mat has been damaged or destroyed. Restoration shall be accomplished in accordance with the directives of the DNR Plant Materials Center, 5310 S. Bodenbug Road, Palmer, AK 99645, (907) 745-4469. All rehabilitation shall be completed to the satisfaction of the AO.

- 29. Indemnification:** The Grantee 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. The Grantee shall defend, indemnify, and hold harmless the State, 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 the Grantee, its employees, agents, contractors, subcontractors, licensees, or invitees, unless the proximate cause of the injury or damage is the sole negligence or willful misconduct of the State or a person acting on the State's behalf. Within 15 days, the Grantee shall accept any such cause, action or proceeding upon tender by the State. This indemnification shall survive the termination of the permit.
- 30. Performance Guaranty:** Pursuant to 11 AAC 96.060, the Grantee shall provide a surety bond or other form of security acceptable to the DMLW in the amount of \$3000 payable to the State of Alaska. Such performance guaranty shall remain in effect for the term of this authorization and shall secure performance of the Grantee's obligations hereunder. The amount of the performance guaranty may be adjusted by the AO 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. The guaranty may be utilized by the State to cover actual costs incurred by the State to pay for any necessary corrective actions in the event the Grantee does not comply with the site utilization, restoration requirements and other stipulations contained in this permit agreement. If the Grantee fails to perform the obligations under this permit within a reasonable timeframe, the State may perform the Grantee's obligations at the Grantee's expense. The Grantee agrees to pay within 20 days following demand, all costs and expenses incurred by the State as a result of the failure of the Grantee to comply with the terms and conditions of this permit. Failure to do so may result in the termination of an authorization and/or forfeiture of the performance guaranty. The provisions of this permit shall not prejudice the State's right to obtain a remedy under any law or regulation. If the AO determines that the Grantee has satisfied the terms and conditions of this authorization, the performance guaranty will be subject to release. The performance guaranty may only be released in writing by the AO.
- 31. Insurance:** Pursuant to 11 AAC 96.065 the Grantee shall secure or purchase at its own expense and maintain in force at all times during the term of this permit, liability coverage and limits consistent with what is professionally recommended as adequate to protect the Grantee (the insured) and Grantor (the State, its officers, agents and employees) from the liability exposures of ALL the insured's operations on state land. Certificates of Insurance must be furnished to the AO prior to the issuance of this permit and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. The Grantee must provide for a 60-day prior notice to the State before they cancel, not renew or make material changes to conditions to the policy. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of this permit and shall be grounds, at the option of the State, for termination of the permit. All insurance policies shall comply with, and be issued by, insurers licensed to transact the

business of insurance under Alaska Statute, Title 21. 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, Department of Administration. The State must be named as an additional named insured on the policy with respect to the operations of the Grantee on or in conjunction with the permitted premises, referred to as LAS 34053.


- 33. Fuel and Hazardous Substances:** No fuel or hazardous substances may be stored on state land.
- 35. Waste disposal:** On-site refuse disposal is prohibited unless specifically authorized. All waste generated during operation, maintenance, and termination activities under this authorization shall be removed and disposed of at an off-site DEC approved disposal facility. Waste, in this paragraph, means all discarded matter, including but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and discarded equipment.
- 36. Solid Waste:** All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by DEC on a regular basis such that the premise be maintained to ensure a healthy and safe environment.
- 37. Destruction of Markers:** The Grantee shall protect all survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed corner posts against damage, destruction, or obliteration. The Grantee shall notify the AO of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the Grantee's expense in accordance with accepted survey practices of the DMLW.
- 38. Site Maintenance:** The authorized area shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter, except as specifically authorized herein. Nothing may be stored that would be an attractive nuisance to wildlife or create a potentially hazardous situation.
- 39. Maintenance of Improvements:** The Grantor is not responsible for maintenance of authorized improvements or liable for injuries or damages related to those improvements. No action or inaction of the Grantor is to be construed as assumption of responsibility.
- 40. Amendment or Modification:** The Grantee may request an amendment or modification of this authorization; the Grantee's request must be in writing. Any amendment or modification must be approved by the AO in advance and may require additional fees and changes to the terms of this authorization.
- 41. Development Plan:** Development shall be limited to the authorized area and improvements specified in the approved development plan or subsequent modifications approved by the AO. The Grantee is responsible for accurately siting development and

operations within the authorized area. Any proposed revisions to the development plan must be approved in writing by the AO before the change in use or development occurs.

- 42. Proper Location:** This authorization is for activities on state lands or interests managed by DMLW. It does not authorize any activities on private, federal, native, and municipal lands, or lands which are owned or solely managed by other offices and agencies of the State of Alaska. The Grantee is responsible for proper location within the authorized area.
- 43. General Operation of Vehicles:** A permit from the AO is required for any off-road vehicular travel other than generally allowed use not included in this authorization. Vehicles shall be operated without disturbing the vegetative mat and underlying substrate. Crossing waterway courses will be made using an existing low angle approach in order not to disrupt the naturally occurring stream or lake banks. There shall be no bank modification.
- 44. Cross Country Travel:**
- a. Trail surface may be cleared of timber, brush, stumps and snags in a manner which does not disturb the vegetative mat.
 - b. Blading or removal of the vegetative mat is prohibited except as approved by the AO.
 - c. Potentially hazardous berms created along the authorized travel route must be clearly marked or fenced with materials that do not blend in with the surrounding environment. Such berms shall be removed upon completion of the project.
 - d. Movement of equipment through willow (*Salix*) stands shall be avoided where possible.
 - e. Stream banks shall not be altered to facilitate crossing or be disturbed in any way. If stream banks are inadvertently disturbed, they shall be immediately stabilized to prevent erosion and any resultant sedimentation into fish streams which may occur during or after construction. Stabilization shall include re-vegetation to be accomplished during the growing season in accordance with the directives of the DNR Plant Materials Center, 5310 S. Bodenburg Road, Palmer, AK 99645, (907) 745-4469.
 - f. Immediately following the cessation of cross country travel, the Grantee shall restore areas where soil has been disturbed, or the vegetative mat has been damaged or destroyed. Restoration shall be accomplished in accordance with the directives of the DNR Plant Materials Center, 5310 S. Bodenburg Road, Palmer, AK 99645, (907) 745-4469. All rehabilitation shall be completed to the satisfaction of DNR or the applicable land manager.
 - g. Incidents of damage to the vegetative mat and follow-up corrective actions that have occurred while operating under this authorization shall be reported to the AO within 72 hours of occurrence.
- 45. Fire Prevention, Protection and Liability:** The Grantee shall take all reasonable precautions to prevent and suppress forest, structure, brush and grass fires, and shall assume full liability for any damage to state land and structures resulting from the negligent use of fire. The State is not liable for damage to the Grantee's personal property and is not responsible for forest fire protection of the Grantee's activity. To report a wildfire, call 911 or 1-800-237-3633.

The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary. The Grantee will be advised before any such modifications or additions are finalized. DNR has the authority to implement and enforce these conditions under AS 38.05.850. Any correspondence on this permit may be directed to the Department of Natural Resources, Division of Mining, Land and Water, Northern Regional Land Office, 3700 Airport Way, Fairbanks, AK 99709, (907) 451-2740.

I have read and understand all of the foregoing and attached stipulations. By signing this permit, I agree to conduct the authorized activity in accordance with the terms and conditions of this permit.

	PERMITTING MANAGER	6/14/2022
Signature of Grantee or Authorized Representative	Title	Date
P.O. Box 240781	ANCHORAGE	AK
Grantee's Address	City	State
		Zip
ED FOGELS	(907) 830-9107	(907) 830-9107
Contact Person	Home Phone	Work Phone

	NRS II	6/15/22
Signature of Authorized State Representative	Title	Date