



THE STATE
of **ALASKA**
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Department of Natural Resources

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Response to Comments on the Department of Natural Resources

Draft Reclamation Plan Approval A20243253RPA Amendment 1

For the

Johnson Tract Project

J T Mining, Incorporated

July 2, 2026

Introduction

Notice to the Public Start: April 3, 2026

Notice to the Public End: May 4, 2026

Johnson Tract is a polymetallic (gold, zinc, copper, silver, lead) exploration project, operated by J T Mining Inc., a subsidiary of Contango Silver and Gold Inc. J T Mining acquired the project through a lease agreement with Cook Inlet Region, Inc. (CIRI), one of 12 land-based Alaska Native regional corporations created by the Alaska Native Claims Settlement Act of 1971.

The proposed amendment to surface disturbance in the Reclamation Plan (March 18, 2026) is on CIRI private lands. This modification request is being submitted and reviewed for approval to amend the Reclamation Plan for placement of a portal and tunnel for underground exploration drilling which includes a dewatering pipeline and Rapid Infiltration Basin (RIB).

The exploration program at Johnson Tract is directed at continued evaluation of the technical and economic viability of developing an underground mine.

The Alaska Department of Natural Resources (DNR) draft Reclamation Plan Approval (RPA) No. F20259339RPA stipulates the requirements for reclaiming the proposed disturbance on private lands in accordance with AS 27.19 and 11 AAC 97 and outlines the costs associated with conducting reclamation activities by a third-party contractor to meet the State's financial assurance requirements.

This document addresses the substantive comments received concerning the requirements outlined under DNR's RPA draft, and the State's responses to those comments. This document does not address comments outside the scope or beyond the regulatory authority of this approval. Changes made to the draft DNR approvals resulting from comments received during the public notice period are reflected in the final approval document. Minor changes made to the approval for correcting typographical and grammatical errors, formatting or clarifying information are not detailed in this document.

Opportunities for Public Participation:

To ensure public and agency opportunities for participation, the DNR:

- Published a Notice to the Public and Request for Information with associated documents to the State of Alaska Online Public Notice site from April 3, 2026, through May 4, 2026.
- Webpage (DNR, DMLW, Mining Section, Large Mine Projects) for Johnson Tract Project shared the information for the public notice in the News section beginning April 3, 2026.

Comment Overview:

The State received comments from 3 individuals prior to the deadline. The State received unique comments from Mr. Dave Chambers on behalf of The Center for Science in Public Participation and Mr. Cooper Freeman from the Center for Biological Diversity with a list of concerns and approval-specific comments. Comments in opposition were also received from Mr. David Coray.

Concerns addressed are noted under the following topics: Alaska Constitution, Reclamation, Structural Portal Plug, Developmental Rock, Water Management, and Financial Assurance.

Outlined below are substantive comments in opposition to DNR’s proposed RPA and the State’s responses to those comments. DNR has grouped some of the comments that are similar in scope to succinctly address these concerns. Comments are in italics to show a distinction between a direct quote and the DNRs responses.

Comment Topic: Alaska Constitution

The Alaska Constitution declares that is the policy of the State to develop its resources “consistent with the public interest.” The Constitution mandates that state agencies conserve “...all natural resources belonging to the state, including land and waters, for the maximum benefit of its people.” In addition, fish, wildlife, and all other natural resources shall be “maintained on the sustained yield principle, subject to preferences among beneficial uses.”

DMLW Response:

DNR complies with the full text of Alaska's Constitutional law¹ for adjudication of authorizations. There is no disposal of a State interest in resources as a part of this reclamation plan approval.

Comment Topic: Reclamation

This reclamation plan does not show that it will leave the site in a stable condition and prevent unnecessary and undue degradation of land and water resources.

DMLW Response:

The applicant addressed reclamation under Section 2 of the ***J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)***. Installing a portal plug along with regrading any remaining rock stockpiled within the portal pad and laydown yards to stable contours meets the requirements of 11 AAC 97.310 and 11 AAC 97.220.

This comment letter extensively documents the failure of the applicant to show that they will stabilize and properly seal the exploration adit and tunnel to ensure protection of the public, wildlife, and the environment and prevent acid mine drainage. The plan amendment provided by Contango excludes required information.

DMLW Response:

Under 11 AAC 97.220, "A miner shall stabilize and properly seal the openings of all shafts, adits, tunnels, and air vents to underground mine workings after mine closure to ensure protection of the public, wildlife, and the environment." AS 27.19.020 notes, "A mining operation shall be conducted in a manner that prevents unnecessary and undue degradation of land and water resources, and the mining operation shall be reclaimed as contemporaneously as practicable with the mining operation to leave the site in a stable condition." The applicant addressed portal reclamation under Section 2.1 of the ***J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)***. This meets the requirements of 11 AAC 97.310(b)

¹AK Const. art. VIII, §1.

(6)(b). Should conditions change, the company will need to request a modification of the Reclamation Plan to account for additional mining disturbance and/or adjustment to the financial assurance requirement.

One comment noted, *“Inadequate schedule for the completion of reclamation activities.”*

DMLW Response:

The applicant addressed the reclamation schedule under Section 4.1 of the *J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)*. This meets the requirements of 11 AAC 97.310(b)(6).

Comment Topic: Portal and Ventilation

Portal Plug

The underground adit was not addressed in the original reclamation plan submission. Normally, reclamation plans are meant to be a part of an overall project plan. This is significant because there is no corresponding exploration permit from ADNR, or an operations plan, or any technical reports, documenting the conclusion reached on engineering and monitoring aspects of the underground development.

ADNR has not considered or approved the design and operation of the exploration activity that it is approving for reclamation.

DMLW Response:

Conditions encountered during operations must allow for a reclamation plan to be amended so that both the company and agencies are aware of any potential issues that must be addressed to remain in compliance.

Reclamation plans are part of an overall project and are allowed to be amended as those projects develop as outlined under 11 AAC 97.330 (Amendment of reclamation plan). DNR has also approved a Reclamation Plan for any disturbance associated with this exploration project on private lands since 2018, which has been renewed several times, and will remain active until 2027. These approvals have been issued under the APMA program under approval #3253.

DNR does not have the regulatory authority to approve exploration activities or the use of the surface or sub-surface estate on private land. DNR has authority under AS 27.19 and 11 AAC 97 to require all mining related disturbance on private property is either reclaimed to state standards or is left in place for post-secondary use proposed by the property owner. Reclamation standards include enforcement to prevent the offsite discharge of acid rock drainage.

The operational characteristics of the underground adit and drill sites drive the reclamation requirements. Is there a corresponding exploration plan from JT Mining that would provide details on the operational aspects of underground mining that govern the reclamation and closure requirements for the adit?

DMLW Response:

Reclamation plans are part of an overall project and are allowed to be amended as those projects develop as outlined under 11 AAC 97.330 (Amendment of reclamation plan). Any disturbance on private land from adit and tunnel construction have been accounted for under J T Mining’s submission. The property owners have specifically requested leaving the adit pad in place for future uses.²

Under 11 AAC 97.220, "A miner shall stabilize and properly seal the openings of all shafts, adits, tunnels, and air vents to underground mine workings after mine closure to ensure protection of the public, wildlife, and the environment." AS 27.19.020 notes, "A mining operation shall be conducted in a manner that prevents unnecessary and undue degradation of land and water resources, and the mining operation shall be reclaimed as contemporaneously as practicable with the mining operation to leave the site in a stable condition."

Under 11 AAC 97.330 (a), "A miner shall ensure that reclamation work complies with an approved reclamation plan. If changing product prices, economics, financing, unanticipated conditions, or suspension of mining operations necessitates a change in the reclamation plan, the miner shall submit an amended reclamation plan for approval before modifying the approved reclamation work."

This amendment fulfills the requirement for the miner to remain in compliance with an approved reclamation plan.

The reports on the design of the plug should be available to ADNR, and to the public, in order to properly evaluate this permit application.

DMLW Response:

J T Mining proposed requirements for the portal plug and outlined the design, installation, labor, and materials for its installation³. Final design is determined by actual site conditions.

² Contango Ore. (March 18, 2026). *J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)*. Pg’s 3-5.

³ Id. Pg. 1.

Comments addressed the lack of a plan for ventilation shaft reclamation.

DMLW Response:

The company has not proposed the installation of a ventilation shaft. Should the company request to install a ventilation shaft, they will need to request a modification of the Reclamation Plan to account for additional mining disturbance and/or adjustment to the financial assurance requirement.

Comment Topic: Developmental Rock

Geochemical Characterization and Handling

In order to confirm that the development rock has the assumed geochemical characteristics, geochemical testing of the development rock should be required.

DMLW Response:

A Project Specific Stipulation will be implemented to specify that if development rock is used for construction or stored long term, it cannot have the potential to discharge acid rock drainage. If development rock is determined to have potential to generate acid, it must be stored in a manner that prevents the generation of acid rock drainage or prevents the offsite discharge of acid rock drainage.

Annual Accounting of Materials

No annual accounting of the estimated number of yards or tons of overburden or waste and ore or materials to be mined during each year covered by the plan.

DMLW Response:

J T Mining's submissions states, "*Underground development for the exploration drift is estimated to generate ~101,000 cubic yards (CY) of development rock including 35% swell, equivalent to ~75,000 CY in-situ.*"⁴ This is not an annual accounting as required under 11 AAC 97.310(b)(5) but an estimated total amount to be stockpiled and or used for construction per the property owners post-secondary land use. Under the draft authorization provided with the public notice; DNR has annual reporting requirements for reporting disturbance.

⁴ Contango Ore. (March 18, 2026). *J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)*. Section 2.1.3. Pg 7.

Comment Topic: Groundwater Management

JT Mining made assumptions that would affect the adit discharge quantity (p8)

- *Not considering increases in groundwater inflow to the adit during summer months following spring break-up and summer precipitation, which will underestimate flow requiring discharge at the RIB.*
- *Not requiring a release valve in the proposed portal plug to prevent groundwater blowouts.*
- *Assuming that absolutely no seepage will emanate from the portal plug in perpetuity, and that no monitoring will be needed after five years.*

DMLW Response:

Under 11 AAC 97.220, "A miner shall stabilize and properly seal the openings of all shafts, adits, tunnels, and air vents to underground mine workings after mine closure to ensure protection of the public, wildlife, and the environment." AS 27.19.020 notes, "A mining operation shall be conducted in a manner that prevents unnecessary and undue degradation of land and water resources, and the mining operation shall be reclaimed as contemporaneously as practicable with the mining operation to leave the site in a stable condition."

The portal plug will have an engineered design to fit the condition at the time of closure. If conditions change prior to the completion of reclamation, the plan may be amended to address those changes. The financial assurance amount to properly seal and plug the adit will not be released until DNR is satisfied that the portal plug is properly sealed and its construction is sound to prevent any discharge of acid rock drainage.

The applicant states, *"Post-reclamation monitoring will include annual inspection of the portal plug to ensure the plug remains stable and there is no discharge of mine water from the portal. A review of formally disturbed areas of the dewatering pipeline and RIB system to ensure that vegetation is properly established and no erosion is occurring."*⁵ Upon closure, DNR will hold the financial assurance, and only release funds, until the designed and state regulatory requirements have been satisfied under 11 AAC 97.200 (Reclamation Performance Standards).

Comment Topic: Financial Assurance Cost Estimate

However, even assuming that the reclamation is "straightforward" does not justify applying the lowest allowable percentage for each Indirect Cost category as provided under ADNR financial assurance guidelines.

Each indirect cost category needs to be considered on a category-by-category basis. It is not fiscally conservative to merely assume the lowest allowable indirect cost based on the assumption that this reclamation plan is "straightforward".

⁵ Contango Ore. (March 18, 2026). *J T Mining Inc. – Johnson Tract Critical Metals Project Portal Reclamation, Dewatering Pipeline, and Rapid Infiltration Basin (RIB)*. Section 3. Pg 10.

In addition, JT Mining has combined the Scope and Bid categories, which have separate indirect cost recommendations, and in doing so have significantly undercut even the minimum recommended indirect cost percentage. As a result, the indirect cost contributions JT Mining is suggesting are less than even the minimum recommended by ADNR (Dowl 2015).

- The scope and bid categories should be separate, as recommended by the ADNR guidelines (Dowl 2015)*
- The ADNR indirect cost guidelines should be conservatively applied to this financial assurance calculation. It is inappropriate to assume the lowest recommended indirect costs.*

It also does not show that adequate financial assurance will be secured to initiate and complete the reclamation plan.

DMLW Response:

Alaska statutes require financial assurance to be based upon “reasonable and probable” estimates of reclamation costs. It is the duty of the Department to determine the required reclamation bond using the guiding principle of a “reasonable and probable” analysis. If conditions change prior to the completion of reclamation, DNR may require the company to amend the plan, update the cost estimate, and update the financial assurance under 11 AAC 97.415(b) “After a multi-year reclamation plan goes into effect, the miner shall ensure that the bond amount is sufficient at all times to cover any area to be mined during the current calendar year, plus any area mined in a previous year that has not yet been reclaimed.”