

TERMS OF AUTHORIZATION

Sec 1. RECLAMATION STIPULATIONS: In accordance with AS 38.05 (Alaska Land Act), approval of your application is hereby granted, and the following reclamation stipulations will be used:

- a. Topsoil and overburden muck, not promptly redistributed to an area being reclaimed, shall be separated and stockpiled for future use. This material shall be protected from erosion and contamination by acidic or toxic materials and shall not be buried by broken rock.
- b. The area reclaimed shall be reshaped to blend with surrounding physiography using strippings, and overburden, then be stabilized to a condition that shall retain sufficient moisture to allow for natural revegetation.
- c. Stockpiled topsoil, overburden muck and organic material shall be spread over the contoured exploration to promote natural plant growth.
- d. Shallow auger holes (limited to depth of overburden) shall be backfilled with drill cuttings or other locally available material in such a manner that closes the hole to minimize the risk to humans, livestock and wildlife.
- e. All drill hole casings shall be removed or cut off at, or below, ground level.
- f. All drill holes shall be plugged by the end of the exploration season during which they are drilled, unless otherwise specifically approved by the Division of Mining, Land & Water.
- g. All drill holes shall be plugged with bentonite holeplug, a benseal mud, or equivalent slurry, for a minimum of 10 feet within the top 20 feet of the drill hole in competent material. The remainder of the hole will be backfilled to the surface with drill cuttings. If water is encountered in any drill hole, a minimum of 7 feet of bentonite holeplug, a benseal mud, or equivalent slurry shall be placed immediately above the static water level in the drill hole. Complete filling of the drill holes, from bottom to top, with a bentonite holeplug, benseal mud, or equivalent slurry is also permitted and is considered to be the preferred method of hole closure.
- h. If artesian conditions are encountered, the operator shall contact the Department of Environmental Conservation (907) 451-2136 for hole plugging requirements.
- i. Upon completion of drilling activity, drill pads shall be reclaimed as necessary, including reseeding, to encourage natural revegetation of the sites and protect them from erosion.
- j. Roads and surface disturbance shall be held to a minimum. Exploration roads, drills pads and trenches shall be constructed in such a manner that vegetation and topsoil will not be buried beneath overburden or broken rock. This may require the use of a track excavator for construction of these facilities on slopes so as to allow for segregation of materials during construction and subsequent reclamation. Exploration spur roads will have water bars installed for erosion control, and at the end of the project will be reclaimed by backfilling, contouring, and spreading of organic rich overburden to promote stabilization and natural revegetation.

Sec 2. OPERATION OF VEHICLES OUTSIDE OF CLAIM BLOCK: This permit does not authorize any operation of vehicles outside of the claim block. Operation of vehicles outside of the claim block must be within the scope of generally allowed uses as described in 11 AAC 96.020-.025.

Sec 3. GENERAL PROVISIONS: Operations under this authorization shall be conducted in conformance with applicable Federal, State, and local laws and regulations now, or hereafter, in effect during the life of the authorization.

Sec. 4. PERFORMANCE GUARANTY: The permittee shall provide a surety bond or other form of security acceptable to the Division in the amount of \$5,000 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 permittee's obligations hereunder. The amount of the performance guaranty may be adjusted by the Authorized Officer upon approval of amendments to this authorization, changes in the development plan, upon any change in the activities conducted

or performance of 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 of Alaska as a result of the failure of the 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. If the authorized officer determines that the permittee has satisfied the terms and conditions of this authorization the performance guaranty may be released. The performance guaranty may only be released in a writing signed by the Authorized Officer. The Department reserves the right to evaluate the amount and scope of this performance guaranty it at any time during the permit term.

Sec 4. SURFACE USE. A locator does not have exclusive use of the surface of the location. A locator may not restrict public access to the surface without approved authorization (11 AAC 86.145). **Issuance of this authorization is not automatic authorization to restrict public access, except for those closures associated with the use of seismic refraction study explosive charges**. In accordance with Alaska Statute 02.20.050, no airstrip, public or private, may be blocked or rutted in such a way as to endanger aircraft.

Sec 5. SURFACE STRUCTURES: The building, placing, or use of surface structures or other surface improvements, including airstrips and roads, within the boundaries of a mining property must be approved by the Director, in writing, through a plan of operations, land use permit, or other written authorization. (11 AAC 86.145) As indicated above, roads and airstrips cannot be blocked to restrict public access. Issuance of this authorization is not automatic authorization for surface structures to remain beyond the expiration of this authorization. Upon the expiration of this authorization, if surface structures remain, they must be immediately authorized through another operations approval and land use permit or other written authorization, even if no mining is occurring, otherwise the surface structures will be deemed to be in trespass.

- a. The request to place and utilize and/or use existing structures listed in the application, during the time frame of seasonal mining activity is approved, subject to the stipulations contained in Section 8 of this authorization. Use of structures is authorized only for activities directly associated with the mining operations described in the application. Mining camp facilities shall not be used to conduct or support tourism related activities, hunting, fishing, or outfitting.
- b. Improvements, additions to, or enlargements of the existing structure are not authorized. Routine maintenance and upkeep is permitted. Routine maintenance is defined as normal and minor repairs which do not increase the size or scope of the existing structure.
- c. The building, placing, or use of surface structures or other surface improvements, including airstrips and roads, within the boundaries of a state mining property must be approved by the Director, in writing, through a plan of operations, land use permit, or other written authorization (11 AAC 86.145). Issuance of this authorization is not automatic authorization to construct nor to place surface structures.

Sec 6. OTHER OPERATIONS:

- a. The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. 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, as to the existence, number, or nature of such valid existing rights.
- b. Where this authorization grants the right to enter land owned, leased, or otherwise lawfully occupied by another, the permittee shall make provisions before entering the land to pay for all damages sustained by said owner, lessee, or lawful occupant by reason of entering upon said land. (AS 38.05.130).

Sec 7. ALASKA HISTORIC PRESERVATION ACT: The Alaska Historic Preservation Act (AS41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the Commissioner. 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 State Historic Preservation Officer (907-269-8722) shall be contacted immediately so that compliance with state laws may begin. If burials or human remains are found, in addition to the State Historical Preservation Officer, the State Troopers are to be notified immediately.

Sec 8. DISPOSAL OF BUILDINGS, STRUCTURES, AND DEBRIS ON STATE LAND: A miner shall remove, dismantle, or otherwise properly dispose of buildings and structures constructed, used, or improved on state land, unless granted written authorization for the structures to remain. A miner shall remove or otherwise properly dispose of all equipment, scrap iron, tools, piping, hardware, chemicals, fuels, waste, and general mining debris on state lands in a manner approved by ADEC ((11 AAC 97.210) and 11 AAC 96.040(f)). All structures, equipment, and debris remaining unclaimed on state land 180 days after the claims are no longer valid, are subject to disposition by the state as provided in 11 AAC 97.630. The locator shall pay to the state all costs of moving, storing, and disposing of such structures, equipment, and debris. The state shall not be responsible for any damages to or loss of structures and equipment caused by the moving, storing, or disposal.

Sec 9. INSPECTION AND ENTRY: Permittee shall permit the authorized representatives of the Division to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice.

Sec 10. 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). Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, permittee, at its expense shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska. A permittee who is charged & convicted of any violation of state hunting, trapping, and/or fishing license may be subject to revocation of this authorization.

Sec 11. FUEL AND HAZARDOUS SUBSTANCES: Secondary containment shall be provided for fuel or hazardous substances in accordance with EPA Emergency Spill Response Regulations.

- 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 unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.

Sec 12. NOTIFICATION OF DISCHARGE: The Permittee shall immediately notify the Department of Environmental Conservation (DEC) and Authorized Officer of any unauthorized discharge of any amount of oil to water, a discharge of any amount of a 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 Permittee 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 must be made to DEC online at ReportSpills.alaska.gov or by phone at 1-800-478-9300.

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

Sec 13. CHANGE OF ADDRESS: Any change of address must be submitted in writing to the Division at 3700 Airport Way, Fairbanks, AK 99709-4699.

Sec 14. OTHER PERMITS: Be advised that issuance of this authorization does not relieve the applicant of the responsibility of securing other permits required by Federal, State, or local authorities. Neither does this approval constitute certification of any property right nor land status claimed by the applicant.

Sec. 15. EAGLE AVOIDANCE: Bald and Golden Eagles are Federally protected species regulated through the U.S. Fish & Wildlife Service (USFWS). Eagles are protected under the Bald and Golden Eagle Protection Act (Eagle Act), and the Migratory Bird Treaty Act. The Eagle Act prohibits the direct and indirect take of eagles, their parts, eggs and nests (even unoccupied/alternative nest). If an eagle nest is located within one-half mile of the mining footprint, an eagle or nest take permit might be recommended. The USFWS can provide general and project-specific recommendations that help to avoid and minimize unlawful eagle take. Please contact their office as soon as possible for assistance. They can be reached by calling the Northern Alaska Field Office in Fairbanks at (907) 456-0203 or the Southern Alaska Field Office in Anchorage at (907) 271-2888.

Sec 16. SAVE HARMLESS: The recipient of this authorization (permittee) shall indemnify, save harmless, and defend the Department, its agents and its employees from any and all claims, actions or liabilities for injuries or damages sustained by any person or property arising directly or indirectly from permitted activities or the permittee's performance under this authorization. However, this provision has no effect, if, and only if, the sole proximate cause of the injury is the Department's negligence.

Sec 17. DEFAULT: If permittee should fail to comply with the terms and stipulations contained in this authorization, the provisions of the Miscellaneous Land Use Regulations (11 AAC 96) and (AS 27.19), Reclamation Act, and after receiving written notice, fails to remedy such default within the time specified in the notice, the Director may cancel this authorization.

Sec 18. APPEAL: An eligible person affected by this decision may appeal to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any appeal must be received within twenty (20) calendar days after issuance of this decision under 11 AAC 02.040. An eligible person must first appeal a decision to the Commissioner before seeking relief in superior court. The Alaska Court System establishes its own rules for timely appealing final administrative orders and decisions of the department. Appeals may be mailed or hand-delivered to the DNR Commissioner's Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; or faxed to (907)-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Appeals must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a)-(b). A copy of 11 AAC 02 is available on the department's website at <https://dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf>.

This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st calendar day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

All land use activity is subject to the Generally Allowed Uses on State Land as listed in 11 AAC 96.020. Questions concerning these regulations or this authorization should be directed to the State Division of Mining Land & Water, Northern Regional Office, 3700 Airport Way, Fairbanks, AK 99709-4699; or by telephone to

(907) 451-2736.

Special Stipulations:

Annual Exploration / Reclamation Report:

You are required to file an Annual Exploration Report by December 31st of each year; please ensure that your report contains the following information:

- A written narrative describing your activities and the reclamation measures utilized at all disturbances.
- A topographic map showing the portion of the claim block where surface disturbing exploration activities have occurred. The plan map should be at a scale of 1"=1/2 mile, or other appropriate scale sufficient to illustrate: existing trails and roads; new trails and roads; drill hole locations (other than shallow auger holes); trench locations; the camp location; and, any other surface disturbances (please distinguish between reclaimed and unreclaimed features).
- A photo, with appropriate caption, of each reclaimed drill site and exploration trench.
- A photo of representative sections of any new road or trail construction.
- A detailed description of the methods used to plug the drill holes.
- A list of Mining Claims by ADL# that contain unreclaimed disturbance at the end of the year and a total acreage that remains unreclaimed.

Additionally, each calendar year of the permit, the applicant shall file a work plan detailing the number, type and location of proposed activities under this authorization to be conducted for that exploration year, including any repairs and details of the repair plans. The Annual Work Plan is due by March 31. If no work is proposed, a timely statement shall still be filed.

Action Requirements on Inspection Reports

Complete and report any outstanding work requirements identified in any Department inspection report by the date specified in the inspection report for completion.

Fire Prevention, Protection, and Liability:

- a. The applicant shall take all reasonable precautions to prevent and suppress forest, brush, and grass fires and shall assume full liability for any damages to state land resulting from the negligent use of fire.
- b. The State of Alaska is not liable for damage to the applicant's personal property and is not responsible for forest fire protection of the applicant's activity.

Water Use:

In any fish bearing waters, each water intake structure shall be centered and enclosed in a screened box designed to prevent fish entrapment, entrainment or injury. The effective screen opening may not exceed ¼ inch. To reduce

fish impingement on screened surfaces, water velocity at the screen/water interface may not exceed 0.5 feet per second when the pump is operating.

Stream Fording:

In water fords are subject to the following:

1. Overall project activities must be sequenced such that the permittee is limiting the in-water fording of Glacier and Plateau Creek to the maximum extent practicable.
2. Where practicable, the permittee shall utilize log corduroy, geotextile matting, or similar methods to limit the disturbance caused by in water- fording of Plateau Creek and immediately adjacent wetlands to reduce sediment turbidity and stream disturbance.
3. Crossings shall be made from bank to bank in a direction substantially perpendicular to the direction of stream flow; avoiding small braided channels within riffles, in areas with large cobbles.
4. Crossings shall be made only at locations with gradual down sloping banks. There shall be no crossings at locations with sheer or cut banks.

Except as approved for road and access trail construction, beyond ordinary impact, stream slopes or banks shall not be altered or disturbed in any way to facilitate crossings. Any inadvertent damage to banks or slopes shall be immediately stabilized by recontouring the slope or bank; planting seed or transplanting vegetation (if necessary), to avoid sediment erosion into the stream. Examples of corrective measures include, recontouring soil and replacing vegetation in disturbed sand and gravel areas; covering frozen ground with the vegetation mat or other vegetation, etc. In all cases, avoid causing additional damage. Within the trip completion report, the Permittee shall include location maps, photos and description of corrective measures taken to stabilize affected slopes and banks. Upon inspection, if damage has not been properly corrected, the permittee may be required to reconstruct and revegetate the slopes and banks according to measures defined by the Division of Mining, Land & Water and the Alaska Department of Fish & Game.

Bald and Golden Eagles:

An avoidance buffer of 660' from Bald Eagle nests for access construction utilizing heavy equipment and at the geotech drill sites is required. A 1320' or quarter-mile buffer is required for seismic blasting activities. For all project activities, a half-mile avoidance buffer from Golden Eagle nest is required.

Constantine must disclose the location of any prior identified raptor nests (in use, alternate, or even presumed abandoned), nests identified in any continuing surveys during the duration of this permit, and any nests inadvertently discovered during field activities prior to the onset of project activities or within 48 hour for future discoveries. This requirement applies to any nest within a half mile of the activities authorized in the issued Plan of Operations Approval.

Access Roads:

All road construction activities must meet or exceed the Division of Forestry and Fire Protection's Road construction standards for Forest Road building in Southeast Alaska. These road standards establish minimum acceptable designs for executing the development of industrial use forest roads throughout SE Alaska that protect the important resources of the Forest and adhere to State regulations. The DOF is responsible for administration of all Forest Road development within the HSFRMA to ensure that the Forest Resource Protection Act (FRPA) is met, and the Haines State Forest Management Plan policy is followed. After reviewing the proposed

development, the DOF requires the opportunity to modify the applicant proposed road locations as presented, prior to development activities and in consultation with the applicant, to responsibly apply the SE Forest Road Construction Standards to required infrastructure which will provide the access to resources on state mining claims requested.

The Division of Forestry may be reached at 907-766-2120 or greg.palmeri@alaska.gov for more information and to coordinate the implementation of this special stipulation.

Timber Requirements:

Operations under this permit are located within the legislatively designated boundary of the Haines State Forest (AS 41.17.400). Pursuant to 11 AAC 86.145(a)(e), a surface classification or designation of forest lands is prima facie evidence that the property is considered timberlands for the of AS 38.05.255. Prior to clearing, using, or removing timber from the mineral locations the Alaska Division of Forestry shall be contacted for a determination of the timber resources that must be purchased via a timber sale or retained onsite in an approved manner for the State of Alaska's future beneficial use. The Authorized Officer may issue written directives regarding the timber resources in order to implement this subsection and to protect the states' rights and interest in the timberlands. Failure to comply with this condition, a directive, and/or default on timber sale contract issued for compliance with AS 38.05.225(a) shall be a violation under Sec 11 of this authorization.

The Division of Forestry requires all timber removal associated with the exploration activities described within the Haines State Forest Resource Management Area, not for use by the applicant in the development activities, to be managed in a manner that will be determined by the DOF to address impacts to other resources or loss of value to the State. The DOF may require the distribution of non-commercial timber in a method that will prevent the spread of insects and disease. The DOF will require the harvest and placement of commercial timber to provide for the liquidation of those resources as determined in the best interest of the State.

The Division of Forestry may be reached at 907-766-2120 or greg.palmeri@alaska.gov for more information and to coordinate the implementation of this special stipulation.

Annual Project Meeting and Road Maintenance Agreement

An annual project meeting with the Authorized Officer, the Division of Forestry, and the permittee will be required during the life of this approval and will occur each year prior to the start of the permittees groundwork within the Haines State Forest or by May 15th, whichever is earlier. This meeting will establish several target points based on the details provided for the execution of the work in each season allowing collaborative management of the development ensuring regulations and policy requirements are satisfactorily addressed. The meeting will also establish the maintenance standards required for all Forest Roads once construction is completed. When road construction is completed, the applicant is required to enter into a Road Maintenance Agreement with the DOF for commercial Forest Road Use. The agreement will define the necessary maintenance responsibilities of the permittee for the Forest Road Use as described in the permit request addressing the impact of use to the Forest Road system and other resources managed by the DOF within the Haines State Forest.

Commencement of permitted activities deems an acceptance of these stipulations.