STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, LAND and WATER

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POGO INSPECTION REPORT

Inspection Date: Weather: Time of Inspection: Operator Contact: Agency Personnel: Inspection Objectives: June 5, 2012 Cloudy, 65 degrees F. Recent Rain 10:30 am to 3:00 pm Chris Kennedy, Sally McLeod – Sumitomo Pogo Brent Martellaro, Jenny Wynne – ADNR General Inspection of Mine Site

Agency personnel arrived at the Pogo road gate at approximately 10:30 a.m. The road into the mine site was in good condition. Little to no dust was observed due to significant recent rains. An excavator was being utilized to construct additional safety berms near mile 35 (Photo 1).

We observed erosion of the access road to the communication tower near mile 38 (Photo 2). This erosion appeared to be the result of recent heavy rains.

We arrived at the Pogo mine site at 11:30 am. Construction of a new incinerator in the area of the lower camp has been completed (Photo 3). This incinerator began operation in February.

After Pogo personnel conducted site-specific training, we drove to the area of the North diversion ditch. Significant water was observed flowing in the diversion ditch. Crews were active constructing the new diversion ditch that will accommodate the expansion of the Dry Stack (Photo 4). A temporary culvert has been installed to provide access across the current diversion ditch (Photo 5).

We drove above the dry stack to the South diversion ditch. Survey flags for the new South diversion ditch were observed but clearing has not begun in this area. Water also flowed in the South diversion ditch and reported to the spillway below the RTP.

We also observed the RTP and noted the water levels were too high for the planned grouting program to commence (Photo 6). Pogo personnel indicated the RTP contained approximately 10.8 million gallons. Pogo will continue to draw down the water within the RTP with the hope of beginning the grouting program by the end of June.

Placement of mineralized waste rock continues on the Drystack in 6-foot lifts, with a minimum of 50 feet from the outer edge (Photo 7). The tailings placement "encapsulates" the mineralized waste in 3-foot lifts. Construction of the Drystack Shell numbers "2" and "3" continues (Photo 8).

A new weather station has been installed in the area of the airstrip (Photo 9).

Pogo Inspection Report

Flow in the Goodpaster River was running high but the Off River Treatment Works appeared to be functioning normally.

Conclusions

Dry Stack placement and other operations continue to be conducted in a manner consistent with the terms of the Plan of Operations Approval. Dumps, stockpiles, and haul roads appear to be maintained in a stable configuration that minimizes the potential for erosion, however, erosion was observed in the access road to the communication tower.

Action Items

The access road to the communication tower is in need of maintenance due to the recent heavy rains. Installation of water bars may be necessary to stabilize the road and prevent additional erosion.



Photo 1 – Construction of Safety Berms



Photo 2 – Erosion of Communication Tower Access Road



Photo 3 – New Incinerator

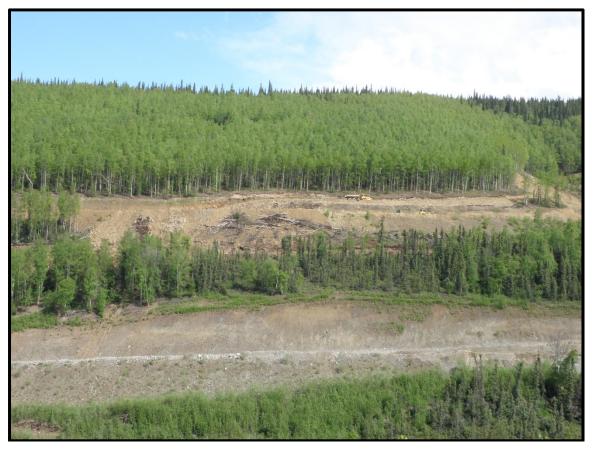


Photo 4 – North Diversion Ditch Construction and Old Diversion Ditch



Photo 5 – Culvert and Access Crossing Old Diversion Ditch to New Diversion Ditch

Pogo Inspection Report



Photo 6 – RTP



Photo 7 – Dry Stack



Photo 8 – Dry Stack Shells 2 and 3



Photo 9 – New Weather Station



Photo 10 – A Mouth Full of Fluff !

cc: Ed Fogels, ADNR, Anchorage Sharmon Stambaugh, OPMP, Anchorage Tom Crafford, OPMP, Anchorage Scott Pexton, ADNR, Anchorage Jim Vohden, ADNR, Fairbanks Tim Pilon, ADEC, Fairbanks Pete McGee, ADEC, Fairbanks Charlie Cobb, ADNR, Anchorage Jack Winters, ADFG, Fairbanks Brad Wendling, ADFG, Fairbanks Cam Leonard, AGO, Fairbanks Sally McLeod, Sumitomo Pogo, Fairbanks Chris Milles, ADNR, Fairbanks Cyndi Godsey, EPA, Anchorage