



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF MINING, LAND & WATER
Mining Section

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May 21, 2015

Frank Bergstrom (Consultant)
Alaska Gold Company, LLC
PO Box 640
Nome, AK 99762

Subject: Rock Creek Mine Reclamation Plan Approval (F20159578)

Dear Mr. Bergstrom,

On December 4, 2014 the Department of Natural Resources, Division of Mining, Land & Water (DMLW) received your *Draft Rock Creek Mine Reclamation and Closure Plan – Nanuug Project – Amended*. After agency review, revisions were made and the plan re-submitted under a revised title in March 2015, along with the final cost estimate.

The review of your *Rock Creek Mine Reclamation Plan - Amended* (April 2015) and the accompanying cost estimate excel worksheets titled *RC Closure Cost Estimate-2015-03-04-Final* has been completed.

DMLW has consulted with the Alaska Department of Conservation (ADEC) and the Alaska Department of Fish and Game and the agencies concur with the changes to the Rock Creek Mine Reclamation and Closure Plan (October 2011). The Bering Straits Native Corporation (BSNC) along with its wholly owned subsidiary Alaska Gold Corporation (AGC) have expressed the desire to reclaim the overburden/ore stockpile and tailings material in place as opposed to backfilling the pit in order to preserve the possibility of future mining. Additionally, BSNC has requested that certain facilities remain for commercial uses. As landowners, BSNC and Sitnasuak Native Corporation can make these changes to the plan in accordance with post mining land use provisions in AS 27.19.030 (b) and 11 AAC 97.300. The amended plan and cost estimate result in a significant reduction to the financial assurance obligation.

AGC's remaining obligations for reclamation are accounted for in the excel worksheet titled *RC Closure Cost Estimate-2015-03-04-Final*. DMLW concurs with the new financial assurance amount of \$8,595,235. The Irrevocable Standby Letter of Credit numbered NZS578405 (amendment # 2) may be reduced by \$4,910,597 for the remaining obligation costs for the Rock Creek Mine. This reduction would change the Rock Creek Mine financial assurance amount from \$13,505,832 to \$8,595,235.

If you have any questions regarding this approval, please contact Brent Martellaro at 907-451-2788.

Sincerely,



Scott Pexton
Mining Section Chief

Enclosure: DMLW Approval No. F20159578 for the Rock Creek Mine Reclamation Plan

Cc via email: Brent Martellaro, ADNR Stephanie Lovell, ADNR
Carolyn Curley, ADNR Kyle Moselle, ADNR
David Schade, ADNR Charlie Cobb, ADNR
Tim Pilon, ADEC Jack Winters, ADF&G
Jerold Brown, BSNC

Rock Creek Mine

Reclamation Plan Approval

No. F20159578



DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water

May 21, 2015

The Alaska Department of Natural Resources, Division of Mining, Land and Water (ADNR), in accordance with and subject to Alaska Statutes 27.19 (Reclamation) and the Alaska Administrative Code, Title 11 (Natural Resources) and Chapter 97 (Mining Reclamation), approves the Reclamation Plan for the Rock Creek Mine submitted by:

Alaska Gold Company, LLC
P.O. Box 640
Nome, Alaska 99762

Throughout this document, unless otherwise specifically indicated, reference to Alaska Gold Company, AGC, and “the Permittee” are considered a reference to Alaska Gold Company, LLC a wholly owned subsidiary of Bering Straits Native Corporation.

Throughout this document, unless otherwise specifically indicated, reference to the State, Department, ADNR, DNR or Division are considered a reference to the State of Alaska – Department of Natural Resources – Division of Mining, Land & Water.

Throughout this Reclamation Plan Approval (plan approval), the Reclamation Plan is considered to consist of:

- Rock Creek Mine Reclamation Plan - Amended (April 2015); and
- RC Closure Cost Estimate-2015-03-04-Final.xlsm.

Reference to any of these documents throughout this plan approval is considered to be a reference to the Reclamation Plan. Likewise any and all stipulations associated with the approval of any of these individual documents are considered to be a requirement of the Reclamation Plan Approval.

Effective dates of this plan approval are May 21, 2015 through May 21, 2020, unless sooner revoked; however, AGC’s obligations under the terms and conditions of this plan approval shall continue, unless sooner terminated in accordance with the provisions of this plan approval, until completion of all requirements under and pursuant to the Reclamation Plan.

This plan approval is for activities upon private lands encompassed by the Rock Creek Mine as described in the Rock Creek Mine Reclamation Plan – Amended (April 2015).

This plan approval does not constitute certification of any property right or land status claimed by the applicant.

The Reclamation Plan was found to be complete and is approved with the following conditions:

General Stipulations

Financial Assurance. This Reclamation Plan Approval does not take effect until the Permittee submits a bond in a form and substance approved by ADNR. The bond can be released or decreased as allowed per 11 AAC 97.435. Modifications to this Reclamation Plan may, at ADNR's discretion, require bond review and update. The total financial assurance amount of \$8,595,235 has been accepted for the Rock Creek Mine.

Terms of this Plan Approval. The Terms and Conditions contained within the:

- Rock Creek Mine Reclamation Plan - Amended (April 2015);
- RC Closure Cost Estimate-2015-03-04-Final.xlsm,

are hereby included as stipulations of this plan approval. If there is a difference between the Reclamation Plan as submitted and the terms contained within this plan approval, the terms contained within this plan approval take precedence. Changes to the documents incorporated herein must be approved by ADNR if they affect this plan approval. If ADNR approves the changes, they become terms of this Reclamation Plan Approval.

Authorized Officer. The Authorized Officer for ADNR is the Director of the Division of Mining, Land and Water or his designee. The Authorized Officer is designated as the Mining Section Chief within the Division of Mining, Land and Water, currently Scott Pexton. The Authorized Officer may be contacted at 550 West 7th Avenue, Suite 900D, Anchorage, Alaska 99501-2577, Attention: Scott Pexton, telephone (907) 269-8621, and fax (907) 269-8930 or at scott.pexton@alaska.gov. The Permittee will be notified of changes to the authorized officer as needed.

Erosion Standard. Erosion features which form in areas that have been recontoured and covered with topsoil must be stabilized if they affect the long-term stability of the reclaimed area or may result in additional erosion or sedimentation. Actions to stabilize erosion features shall be conducted in a manner that minimizes disturbance to adjacent areas. Subsequent inspections shall be completed to verify that rills and gullies do not persist. If chronic or long-term erosion features are identified, then remediation of the site drainage that is contributing to the formation of the rills and gullies shall be completed.

Invasive Weed Control. The Permittee shall inspect revegetated areas to identify invasive plant species and eradicate these species to the extent practicable. If invasive plant species are identified, the Permittee shall notify the Authorized Officer.

Standard Stipulations

Fuel and Hazardous Substances. Secondary containment shall be provided for fuel or hazardous substances.

- 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.** Except for hand operated equipment, 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, where feasible and prudent. 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.

Vehicle refueling shall not occur below the ordinary high waterline of any waterbody. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.

- c. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.
- 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.
- e. **Definitions.**
 - 1) **"Containers"** means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolder tanks or any tanks in a series must be considered as a single container. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.
 - 2) **"Hazardous substance"** is defined under AS 46.03.826(5) as (A) an element or compound which, when it enters into the atmosphere, or in or upon the water, or surface or subsurface land of the state, presents and imminent and substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural

habitat in which they are found; (B) oil; or (C) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

- 3) "**Secondary containment**" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest container. Double-walled tanks do not qualify as secondary containment unless valves and piping are contained within the outer double wall.
 - 4) "**Surface liner**" means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.
- f. **Notification.** The Permittee shall immediately notify ADNR and the Alaska Department of Environmental Conservation (DEC) by phone 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 to ADNR. The ADNR 24 hour incident notification number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. ADNR and DEC shall be supplied with all follow-up incident reports.
- g. **Remediation.** Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the Permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the Permittee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

Inspection and Entry. The Permittee shall permit authorized representatives of ADNR to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice for the purpose of inspecting the area and activities covered under this plan approval. Said inspections shall be subject to such safety and security procedures as the Permittee may from time to time adopt.

At any time upon ADNR's written request, the Permittee shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation, ordinance or this Reclamation Plan Approval available to ADNR for inspection and copying as reasonably required by ADNR to determine the Permittee in compliance with local, state and federal laws applicable to the operations authorized under this plan approval.

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).

Assignment. This plan approval may be transferred or assigned with prior written approval from ADNR. ADNR will only disapprove a transfer with good cause and will evaluate whether the proposed assignee (1) is qualified to hold interests in state mining rights under AS 38.05.190 and to acquire all other permits and authorizations necessary to conduct operations under the plan; (2) is on notice of default or subject to an enforcement action by any state agency on any lease, reclamation bond, or other permit within the state. Any assignee must commit in writing to be bound by this plan approval to the same extent as the Permittee, and must provide to ADNR all proofs of insurance, bonds, or undertakings required by this plan approval. Transfer of this plan approval may, at ADNR's discretion, require bond review and update.

Other Authorizations. The issuance of this authorization does not alleviate the necessity of the Permittee to obtain authorizations required by other local, state or federal agencies for this activity.

Valid Existing Rights. 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.

Change of Address. Any change of address must be submitted in writing to the Authorized Officer.

Modifications. Any request for modification of the Reclamation Plan and any other affected permits or authorizations must be made by written application to ADNR. Amendments to these plans may, at the discretion of ADNR, require bond review and update.

Statutes and Regulations. This plan approval is subject to all applicable state and federal statutes, including state, federal, and any local statutes and ordinances in effect on the effective date of this plan approval, new statutes, regulations, and ordinances enacted or promulgated after said effective date, and changes to existing statutes and regulations made after the effective date, to the extent constitutionally permissible.

Severability. If any clause or provision herein contained shall be adjudicated to be invalid, it shall not affect the validity or effect of any other clause or provision of this plan approval, nor constitute any cause of action in favor of either the Permittee or ADNR as against the other.

Save Harmless. The recipient of this Reclamation Plan Approval shall indemnify, save harmless, and defend the ADNR, 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 approved activities or AGC's performance under this Reclamation Plan Approval. However, this provision has no effect, if, and only if, the sole proximate cause of the injury is the ADNR's negligence.

Commencement of permitted activities will be considered an acceptance by Alaska Gold Company, LLC of these stipulations.

Approved: Scott Pexton
Scott Pexton
Chief, Mining Section
Division of Mining, Land & Water
Alaska Department of Natural Resources

May 21, 2015
Date

Appeal Right and Procedure

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of “issuance” of this decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to Mark Myers, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. 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.

