

# **Kensington Gold Mine**

## **Reclamation Plan Approval**

**J20133158**



**Alaska Department of Natural Resources**

Division of Mining, Land and Water

May 3, 2013

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

Coeur Alaska Incorporated  
3031 Clinton Drive Suite 202  
Juneau, Alaska 99801

Throughout this document, the Reclamation Plan is considered to consist of the *2013 RECLAMATION AND CLOSURE PLAN UPDATE FOR THE KENSINGTON GOLD PROJECT, BOROUGH OF JUNEAU, ALASKA* dated April 2013. The Reclamation Plan applies to privately owned land and National Forest System lands managed by the United States Forest Service (Forest Service).

Throughout this document, reference to the Forest Service is considered to be a reference to the Department of Agriculture – United States Forest Service, Tongass National Forest. Throughout this document, reference to the State is considered to be a reference to the Alaska Department of Natural Resources – Division of Mining, Land and Water. Reference to the agencies is considered to be a reference to the ADNR and/or Forest Service.

The effective dates of this Plan Approval are May 3, 2013 through May 3, 2018 unless sooner revoked for cause; however, Coeur Alaska'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, or until completion of all requirements under and pursuant to the approved Reclamation Plan.

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

Alaska Statute AS 27.19.030(b) and Alaska Administrative Code 11 AAC 97.310(b) (6) & (7) allow the owner of private land to have "an alternate post-mining land use". On private property, the owner may propose an alternate post-mining land use that can include trails and commercial uses. Hyak Mining Company has documented that the buildings and equipment present at the Jualin Minesite would become the property of Hyak Mining consistent with Appendix E of the Reclamation Plan. Therefore, bonding for the reclamation of these facilities will not be required.

## **The Reclamation Plan is hereby approved by ADNR with the following conditions:**

**Financial Assurance.** This Reclamation Plan Approval does not take effect until Coeur Alaska submits a financial assurance mechanism in a form and substance approved by ADNR and the Forest Service. The financial assurance or portion thereof shall not be released until disturbed areas have been reclaimed and a written approval provided by the ADNR Authorized Officer and the Forest Service and other applicable terms of this Reclamation Plan Approval are met. ADNR may, at its discretion, review the Reclamation Plan and bond for adequate coverage. The total financial assurance amount of **\$28,727,011** is approved for the Kensington Gold Project. Documentation that the financial assurance for the total amount is provided must be received by ADNR no later than June 30, 2013, unless otherwise approved in advance by the Authorized Officer.

Included in the amount indicated above is \$695,000 for the Long Term Care and Maintenance (LTCM) of the Lower Slate Lake Tailings Dam. Prior to submitting an application to ADNR for a Stage 3 modification of the Lower Slate Lake Tailings Dam, financial assurance designated for the long term operation, maintenance, and inspection of the dam, appurtenant works, and access roads in perpetuity after mine closure must be established in a trust fund acceptable to ADNR and the Forest Service. After a detailed LTCM Plan and cost estimate are developed by Coeur and approved by ADNR and the Forest Service, and the trust fund is established, the amount of the financial assurance indicated above may be reduced by up to \$695,000.

**Terms of this Plan Approval.** The Terms and Conditions contained within the 2013 Reclamation Plan are hereby incorporated by reference as stipulations of this Plan Approval. Any changes to the documents contained herein must be approved by ADNR. If approved, the changes become terms of this Reclamation Plan Approval. If there is a discrepancy between the Reclamation Plan as submitted and the terms contained within this Plan Approval, the terms contained within this Plan Approval take precedence.

**The Authorized Officer** for ADNR is the Director of the Division of Mining, Land and Water or his or her designee. The designated Authorized Officer is the Mining Section Chief of ADNR, currently Scott Pexton, and may be contacted at 550 West 7<sup>th</sup> 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](mailto:scott.pexton@alaska.gov). Coeur Alaska will be notified of changes to the authorized officer or contact information as needed.

**Monitoring Plan.** All state and federally required monitoring results obtained during a reporting period shall be summarized and reported to the Authorized Officer quarterly, on or before the 15<sup>th</sup> day of the month following the quarter, in an electronic format acceptable to

ADNR. Electronic copies shall also be sent to ADNR Southeast Regional Office Mining Section (David Wilfong at [david.wilfong@alaska.gov](mailto:david.wilfong@alaska.gov)). Amendments to this distribution list will be provided to Coeur Alaska as needed.

**Alaska Historic Preservation Act.** If burials or human remains are discovered as a result of or during the activities authorized by this Reclamation Plan Approval, all activities that would disturb such remains shall be stopped and measures taken to protect the site. The State Historic Preservation Officer (907-269-8722) and the State Troopers (907-465-4000) shall be contacted immediately.

**As-Built Maps.** Coeur Alaska shall submit to ADNR annual “as built” maps illustrating the current development of all project facilities. These maps shall show cleared and grubbed areas; growth medium stockpiles; roads; temporary potentially acid generating rock storage sites; material site development; and facility construction. Detailed as built maps of development rock (waste rock) stockpiles complete with typical cross sections showing the natural slope of the underlying land, and the angle of repose of the pile shall be included at a scale of 1”-25’. Other maps shall be submitted both in a digital format and hard copy at 1”-500’ or other appropriate scale necessary to review the development of individual facilities.

**Inspection and Entry.** Coeur Alaska shall permit authorized representatives of ADNR and the Alaska Department of Environmental Conservation 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 Coeur Alaska may from time to time adopt.

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

**Environmental Audit.** A periodic third-party environmental audit shall be conducted with the first audit to be completed in 2017, or sooner if final closure occurs prior to 2017. This audit will include all aspects of the Approved Reclamation Plan, including access roads, material sites, waste rock storage facilities, and the tailings storage facility. The environmental audit is required to verify Coeur Alaska’s compliance with applicable environmental laws and regulations and with this Plan Approval and associated permits. The third-party contractor should be mutually agreed on by the State and Coeur Alaska, but in the event that agreement cannot be reached, the State retains the final contractor selection decision. Costs for the third-party environmental audit shall be borne by Coeur Alaska. The environmental audit shall include an evaluation of the adequacy of the approved financial assurance. The audit shall also include an evaluation of the need for, and duration of, any active water treatment for the tailings storage facility, graphitic phyllite formations and underground workings at the completion of mining and milling operations.

**Violations.** This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, or upon failure to comply with any other applicable laws, statutes and regulations (federal or state). Upon revocation, ADNR may at its discretion, forfeit the reclamation financial assurance.

**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 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 Coeur Alaska, and must provide to ADNR all proofs of 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 Coeur Alaska to obtain authorizations required by other agencies for this activity.

**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 or any other affected permits or authorizations issued by ADNR must be made by written application to ADNR. Amendments to the Reclamation Plan may, at the discretion of ADNR, require bond review and update.

**Statutes and Regulations.** This Plan Approval is subject to Alaska Statute 27.19, 11 AAC 97, and 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. This Plan Approval is subject to 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 Coeur Alaska or ADNR as against the other.

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

**Commencement of approved activities will be considered an acceptance by Coeur Alaska of these conditions of this Reclamation Plan Approval.**

Approved: Scott Pexton Date: May 3, 2013

Scott Pexton, Mining Section Chief  
Alaska Department of Natural Resources

**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 days of the date of issuance and may be mailed or delivered to Daniel S. Sullivan, 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](mailto:dnr.appeals@alaska.gov). 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 day after the date of 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.