

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND & WATER

SARAH PALIN, GOVERNOR

SOUTHEAST REGION OFFICE
400 WILLOUGHBY AVE.
P.O. BOX 111020
JUNEAU, ALASKA 99811-1020
PHONE: (907) 465-3400
FAX: (907) 586-2954

29 June 2007

Darwin Greene, VP Exploration
Niblack Mining Corp.
Suite 615-800 West Pender St.
Vancouver, BC
Canada, V6C 2V6

Re: Temporary Water Use Authorization – **TWUP # J2007-01**

Dear Mr. Greene:

Enclosed is Niblack's Temporary Water Use Authorization (permit) for the use of water intercepted by the proposed Lookout Unit adit, for adit development and exploration drilling use in the new adit at the Niblack project. Please make note of the expiration date, the conditions in the permit, and the other provisions and advisories. This permit allows Niblack to develop a water resource and water use as indicated. However, it does not convey a water right or establish a priority date for any future application for water rights.

Please be advised that this agency's approval does not relieve you of the responsibility of securing other permits that may be needed, whether state, federal, or local. This case file is officially closed upon expiration of the permit on 28 June, 2012. Please keep this office informed of any changes of ownership or changes of address. If changes to this project are proposed during its operation, please contact this office immediately to determine if further review is necessary.

If you have any questions about your permit or water use permitting in general, please contact me at 465-2533 or by email at John_Dunker@dnr.state.ak.us.



John Dunker

Water Resource Manager

Cc: Mark Minnillo, ADNR / OHMP / SE
Brady Scott, ADNR / DML&W / SERO
Bob Tsigonis, ADNR / DML&W / LMPT

Enclosure: **TWUP # J2007-01**

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."



**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND & WATER
Water Resources Section**

TEMPORARY WATER USE AUTHORIZATION

TWUP #J2007-01

Pursuant to AS 46.15, as amended, and the rules and regulations promulgated thereunder, authorization is hereby granted to

Niblack Mining Corp.
Suite 615-800 West Pender St.
Vancouver, BC
Canada, V6C 2V6

to divert and use up to 120 gallons of water per minute, year-round.

The water is to be taken from intercepted mine groundwater in an exploration tunnel (access drift, footwall drift, and hanging wall drift) to be developed from a portal at approximate elevation 250' MSL on the north slope of Lookout Mountain at the head of Niblack Anchorage on Prince of Wales Island, within the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, Township 78 South, Range 88 East, Copper River Meridian.

The water is to be used for adit development drilling and mineral exploration drilling in the adits within the SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 78 South, Range 88 East; and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 03, Township 79 South, Range 88 East, Copper River Meridian.

Structures and equipment to be constructed and used: pumps, diamond drills, and grouting equipment as needed; adit sump.

Changes in the natural state of water are to be made only as stated herein and for the purposes indicated.

During the effective period of this authorization, the permittee shall comply with the following conditions:

CONDITIONS

1. Follow acceptable engineering standards in exercising the rights granted herein.

2. Comply with all applicable laws, and any rules and/or regulations issued thereunder.
3. Except for claims or losses arising from negligence of the State, defend and indemnify the State against and hold harmless from any and all claims, demands, suits, loss, liability and expense for injury to or death of persons and damages to or loss of property arising out of or connected with the exercise of the privileges covered by this authorization.
4. Notify the Alaska Division of Mining, Land, & Water upon change of address or transfer of any real property related hereto.
5. This authorization does not authorize the permittee to enter upon any lands until proper rights-of-way, easements, or permission documents from the appropriate land owner have been obtained.
6. Failure to respond to a request for additional information during the term of the authorization may result in the termination of this authorization.
7. The permittee shall allow an authorized representative of the ADNR Water Resources Section to inspect, at reasonable times, any facilities, equipment, practices, or operators regulated or required under this authorization.
8. The permittee is responsible for the actions of contractors, agents, or other persons who perform work to accomplish the approved project, and shall ensure that workers are familiar with the requirements of this authorization. For any activity that significantly deviates from the approved project during its siting, construction, or operation, the permittee is required to contact the Water Resources Section and obtain approval before beginning the activity.
9. The permittee is responsible for obtaining and complying with other permits and approvals (federal, state, or local) that may be required.
10. The ADNR Water Resources Section may modify this authorization to include different limitations, expand monitoring requirements, evaluate impacts, or require restoration at the site.
11. Any false statements or representations, in any application, record, report, plan, or other document filed or required to be maintained under this authorization, may result in the termination of this authorization.
12. The permittee must follow all applicable statutes, regulations, and plan requirements of the Alaska Coastal Management Program (ACMP). This authorization is subject to ACMP Consistency Determination AK 0704-03J signed 22 June 2007 and to its relevant Alternative Measures.
13. Per 11 AAC 05.010 (A) (8) (m), an Annual Administrative Service Fee shall be assessed on this temporary water use.

This Temporary Water Use Authorization is issued pursuant to 11 AAC 93.220. No water right or priority is established by a temporary water use authorization issued pursuant to 11 AAC 93.220. Water so used is subject to appropriation by others (11 AAC 93.210(b)).

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The Division of Mining, Land & Water may suspend operations effected under this authorization whenever such suspension shall in its judgment be necessary to protect the public interest or that of a prior appropriator.

This Authorization shall expire on: 28 June 2012

Date Issued: 29 June 2007

APPROVED:



John Dunker, Water Resource Manager
Division of Mining, Land & Water / Water Resources Section / SE Region
Department of Natural Resources