

ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

Southeast Region
400 Willoughby Ave., P.O. Box 111020
Juneau, AK 99811-1020
(907) 465-3400

LAND USE PERMIT (TIDELANDS)
AS 38.05.850

Permit No. LAS 25727

Name of Permittee: Niblack Mining Corporation

<u>800 West Pender Street - Suite 615</u>	<u>Vancouver</u>	<u>BC, Canada</u>	<u>V6C 2V6</u>
Permittee's Address	City	State	Zip
<u>604-789-6043</u>	<u>604-484-5045</u>	<u>Darwin Green</u>	
Cell Phone	Work Phone	Contact Person	

(Permittee is responsible for maintaining a current address with the Division for the entire term of this authorization.)

Legal Description: **Copper River Meridian, Township 78 South, Range 88 East, Section 34.**
Acres: 1.03 Other description: **Niblack Anchorage, Prince of Wales Island.**

Term. This permit is issued effective beginning **April 15, 2007** and expires on **April 14, 2012**, unless sooner terminated at the State's discretion.

Permitted Use. This permit is issued for purpose of **mooring a camp barge to house employees** and is revocable without cause by the Division of Mining, Land and Water. This permit is also revocable for any breach of the following conditions:

1. **Rent.** This permit is subject to an annual fee of **\$1,000.00** which must be paid on or before **April 15th** of every year during the permit term. **The non-receipt of a courtesy billing notice does not relieve the permittee from the responsibility of paying fees on or before the due date.**
2. **Performance Guarantee.** Permittee shall provide a surety bond or other form of security acceptable to the Division in the amount of **\$7,800.00** payable to the State of Alaska. Such performance guarantee shall remain in effect for the term of this authorization and shall secure performance of Permittee's obligations hereunder. The amount of the performance guarantee may be adjusted by the Regional Manager in the event of approved amendments to this authorization, changes in the development plan, or any change in the activities or 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 as a result of the failure of 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. Failure by Permittee to provide replacement security, upon notice of non-renewal of an existing form of security, shall be grounds for the State to make a claim upon the existing security to protect the State's interests. If the Regional Manager determines that Permittee has satisfied the terms and conditions of this authorization, the performance guarantee may be released. The performance guarantee may only be released in writing by the Regional Manager.
3. **Assignment.** Permittee may not transfer or assign this permit to any other individual or corporation.
4. **Development Plan.** The development of the site authorized by this permit shall be limited to the area and to the improvements specified in the development plan dated **February 5, 2007** and included as Attachment A. Permittee is

responsible for accurately siting development and operations within this area. Any proposed revisions to the development plan must be approved in writing by the Regional Manager before the change in use or development occurs. Permittee shall take all reasonable precautions to prevent water pollution, erosion, or sedimentation on or in the vicinity of the permitted area.

5. **Compliance with Government Requirements.** Permittee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and with the requirements and conditions of this authorization. Permittee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
6. **Inspection.** Authorized representatives of the State of Alaska shall have reasonable access to the permitted area for purposes of inspection. Permittee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, inspections concerning non-compliance, and final close-out inspection.
7. **Indemnification.** Permittee assumes all responsibility, risk and liability for its activities and those of its employees, agents, contractors, subcontractors, licensees, or invitees, directly or indirectly related to this permit, including environmental and hazardous substance risk and liability, whether accruing during or after the term of this permit. Permittee shall defend, indemnify, and hold harmless the State of Alaska, its agents and employees, from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Permittee, its employees, agents, contractors, subcontractors, licensees, or invitees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or a person acting on the State's behalf. Within 15 days, Permittee shall accept any such cause, action or proceeding upon tender by the State. This indemnification shall survive the termination of the permit
8. **Termination.** This permit does not convey an interest in State land, and is immediately revocable with or without cause.
9. **Violations.** This authorization is immediately revocable upon violation of any of its terms or conditions, for nonpayment of fees, or upon failure to comply with any other applicable federal or State law, statute or regulation. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the act or omission of Permittee or its employees, agents, contractors, subcontractors, licensees, or invitees, Permittee shall be obligated at its expense to clean up the area to the reasonable satisfaction of the State of Alaska. A permittee charged and convicted of any violation of state hunting, trapping or fishing laws or regulations may be subject to permit revocation.
10. **Site Restoration.** Upon expiration, completion, or termination of this authorization, the permitted site shall be vacated and all improvements, personal property, and other chattels shall be removed or they will become the property of the State. The site shall be left in a clean, safe condition acceptable to the Regional Manager.
11. **Public Trust Doctrine.** This authorization is issued subject to the Public Trust Doctrine, which guarantees public access to, and the public's right to use, all navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. Permittee is authorized to make exclusive use of Permittee's improvements, but may not preclude or restrict public access on and through the permitted area. The Division of Mining, Land and Water reserves the right to grant other interests consistent with the Public Trust Doctrine.
12. **Wastewater Disposal.** Disposal of wastewater from any operation associated with this authorization must satisfy the requirements of the Alaska Department of Environmental Conservation. All floating structures that provide for human habitation shall be equipped with an approved marine sanitation device or other Coast Guard approved system.
13. **Solid Waste.** All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by the Alaska Department of Environmental Conservation. Temporary storage and accumulation of solid waste prior to its removal shall meet the following requirements:
 - (a) Solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080;
 - (b) Putrescible waste (waste that can decompose and cause obnoxious odor) shall be stored in a manner that prevents the attraction of or access to wildlife or disease vectors; and
 - (c) Premises shall be maintained free of solid waste that might create a health or safety hazard.
14. **Fuel and Hazardous Substances.** To ensure future use of public lands as well as tide and submerged lands, fuel and hazardous substance use shall occur in a manner that avoids toxic discharge and run-off. Permittee is responsible for

preventing spillage and contamination of contiguous land and water as well as cleaning up any oil or other pollutants that result from activities associated with this permit. Appropriate spill response equipment must be on hand to respond to spills from any transfer or handling of fuel or other hazardous substances. All independent fuel and hazardous substance containers shall be marked with the contents and Permittee's name using paint or a permanent label.

15. **Notification.** Permittee shall immediately notify DEC by telephone, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail, informing DEC of any unauthorized discharge of oil to water; any discharge of hazardous substances other than oil; or any discharge or cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. 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, Permittee shall report the discharge within 48 hours, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail. Any discharge of oil, including a cumulative discharge, solely to land greater than one gallon up to 10 gallons must be reported in writing on a monthly basis. Posting of information shall occur as provided by 18 AAC 75.305. The requirements of 18 AAC 75.310, Scope and Duration of Initial Response Actions, and the spill reporting requirements of 18 AAC 75, Article 3 will be met.

Permittee shall supply DEC with all follow-up incident reports. Notification of a discharge must be made to the nearest DEC Area Response Team during working hours: Anchorage (907) 269-7500, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The DEC oil spill report number outside normal business hours is (800) 478-9300.

16. **Other Authorizations.** The issuance of this authorization does not relieve Permittee from obtaining any other authorizations required by other agencies for this activity. Use of shorelines connected to the uplands is prohibited unless written permission is first obtained from the upland owner. Unauthorized use of the uplands where a permit is required shall constitute just cause for termination of this permit.
17. **Maintenance.** The State assumes no responsibility for maintenance of improvements constructed on State land, or liability for injuries or damages attributable to that construction.
18. **Late Payment Penalty Charges.** Permittee shall pay a penalty for any late payment. The penalty amount will be the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a), and will be assessed on a past-due account until payment is received by the State.
19. **Returned Check Penalty.** A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. Late payment penalties shall continue to accumulate.
20. **Change of Address.** Any change of address must be submitted in writing to the Regional Manager.
21. **Alaska Coastal Management Program.** Pursuant to AS 46.40 and 11 AAC 110 - and the Final Consistency Determination State I.D. No. **AK 0703-01J** dated **April 6, 2007**; Permittee shall comply with the approved project description for this project.

22. **Insurance.** The Permittee shall:

- a) Consult, as appropriate, with an insurance professional licensed to transact the business of insurance under Alaska Statute, Title 21, to determine what types and levels of insurance are adequate to protect the Permittee and Permitter (the State, its officers, agents and employees) relative to the liability exposures of the Permittee's commercial operations.
- b) Secure or purchase at permittee's own expense, and maintain in full force at all times during the term of the permit, adequate insurance policies and coverage levels recommended by an insurance professional, licensed to transact the business of insurance under Alaska Statute, Title 21, and acceptable to the State of Alaska. The State will expect to see at a minimum, the following types of coverage:
 - Commercial General Liability Insurance:** The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Alaska Department of Administration.
 - Workers' Compensation Insurance:** The permittee shall provide and maintain, for all its employees, Workers' Compensation Insurance as required by AS 23.30.045. Where applicable, coverage must comply

with any other statutory obligations, whether Federal (i.e. U.S.L.&H), or, Jones Act) or other state laws in which employees are engaged in work on the permitted premises. The insurance policy must contain a waiver of subrogation clause in favor of the State of Alaska.

- c) Ensure that the State of Alaska, Department of Natural Resources is included as an additional insured on all liability policies held by the permittee that provide coverage for liabilities connected to the operations of the permittee on or in conjunction with the permitted premises, referred to as **LAS 25727**.
- d) Provide proof of insurance to the S.E. Regional Manager on a yearly basis. The certificate must provide for a 30-day prior notice to-the-State of Alaska in the event of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of the permit and shall be grounds, at the option of the Permittor, for termination of the permit. Generally, the State of Alaska will rely upon the best professional judgment of the licensed insurance agent and, at renewal, the agent's annual re-assessment of the insured's liability exposure for determination of adequate levels of coverage. The State of Alaska reserves the right to require additional coverage if, in its discretion, it determines that it may be warranted. Any changes in the approved permit development and operations plan, or the existence of significant claims against the liability coverage, would warrant examination of the insurance by the state to determine adequacy.
- e) In the event the Permittee becomes aware of a claim against any of its liability coverage, the Permittee shall notify, and provide documentation and full disclosure of the claim to the S.E. Regional Manager within 20 days.

23. Site Specific Conditions.


- a) Grounding. The camp barge shall not ground at any tidal stage.
- b) Public Access and Navigation. The anchoring method shall not preclude reasonable public access nor interfere with the ability to safely navigate within and adjacent to the permit area.
- c) Critical Habitat Areas. The camp barge shall be located to avoid disturbance to critical habitat areas in Niblack Anchorage including Eel Grass areas identified by field surveys in February 2007.

Advisory Regarding Violations of the Permit Guidelines: Pursuant to 11 AAC 96.145, a person who violates a condition of a permit issued under 11 AAC 96 is subject to any action available to DNR for enforcement and remedy, including permit revocation, civil action for forcible entry and detainer, ejection, trespass, damages, and associated costs, or arrest and prosecution for criminal trespass in the second degree. DNR may seek damages available under civil action, including restoration damages, compensatory damages, and treble damages under AS 09.45.730 or 09.45.735, for violations involving injuring or removing trees or shrubs, gathering geotechnical data, or taking mineral resources.

If a person responsible for an unremedied violation of 11 AAC 96 or a condition of a permit issued under 11 AAC 96 applies for a new authorization from DNR under AS 38.05.035 or 38.05.850, DNR may require the applicant to remedy the violation as a condition of the new authorization, or to begin remediation and provide security under 11 AAC 96.060 to complete the remediation before receiving the new authorization. If a person who applies for a new authorization under AS 38.05.035 or 38.05.850 has previously been responsible for a violation of 11 AAC 96 or a condition of a permit issued under this chapter, whether remedied or unremedied, that resulted in substantial damage to the environment or to the public, DNR will consider that violation in determining the amount of the security to be furnished under 11 AAC 96.060, and may require the applicant to furnish three times the security that would otherwise be required.

The Regional Manager reserves the right to alter these conditions before the permit is issued, in which case Permittee will be so advised. DNR has the authority to implement and enforce these conditions under AS 38.05.850. **Direct all questions on this permit to the Division of Mining, Land and Water, Southeast Region, 400 Willoughby Avenue, P.O. Box 111020, Juneau, AK 99811-1020, telephone (907) 465-3400.**

Signature of Permittee or Authorized Representative hereby agreeing to comply with all conditions of this permit:

 Darwin Green VP Exploration May 2/07
Name Title Date

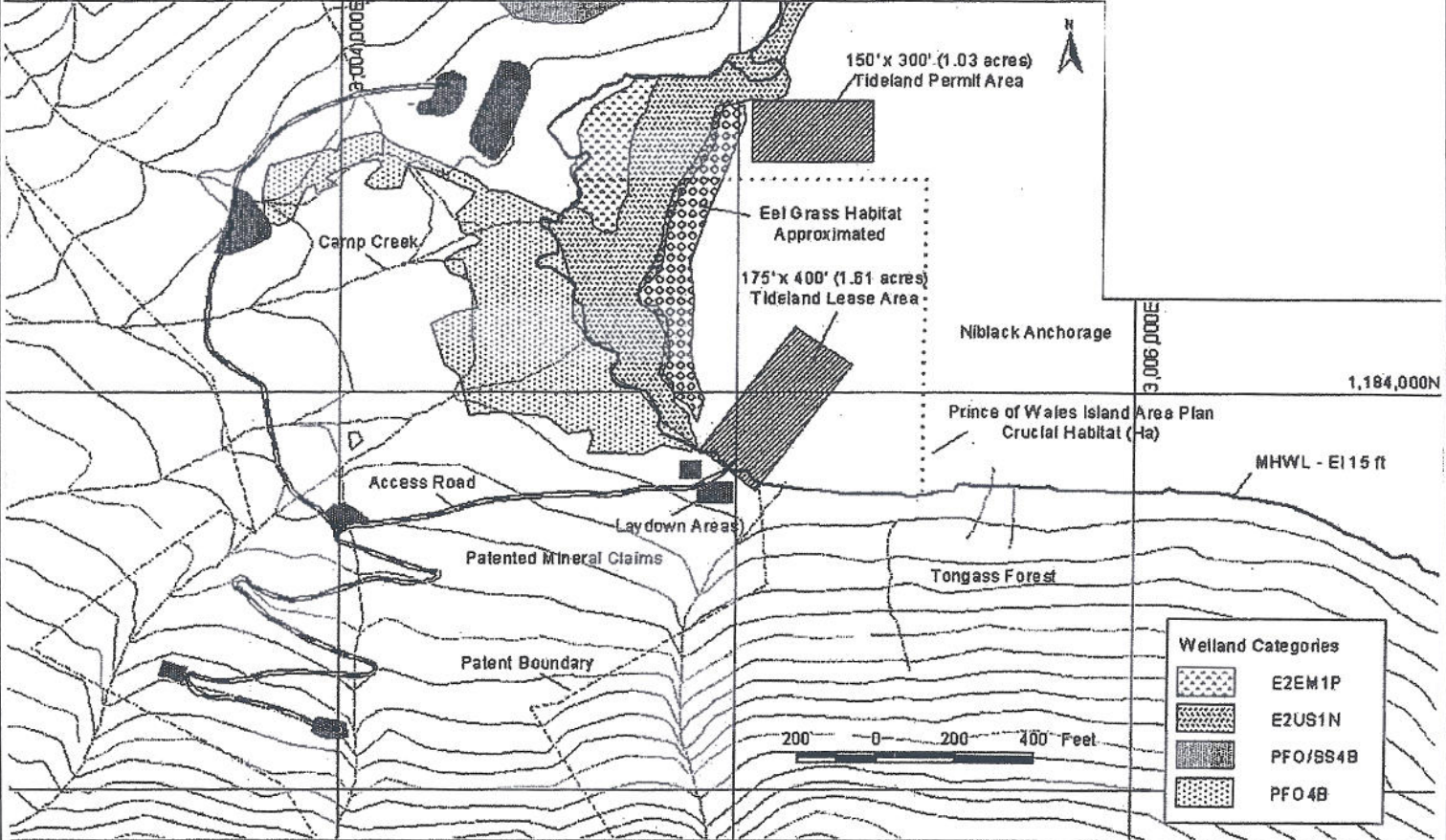
Signature of Authorized DNR Representative:

 Ed Collazzi, SE Regional Manager 5/8/2007
Date

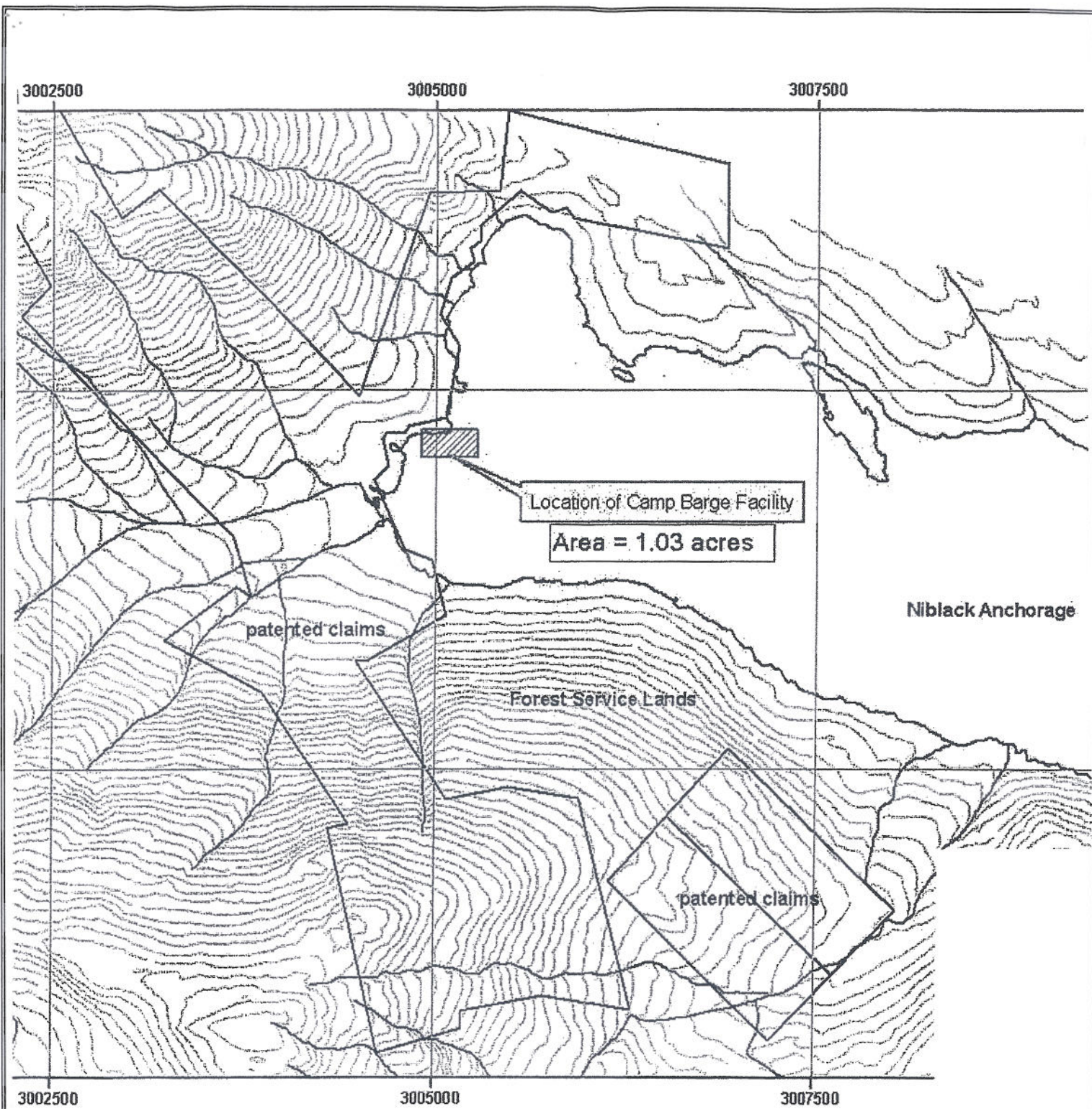
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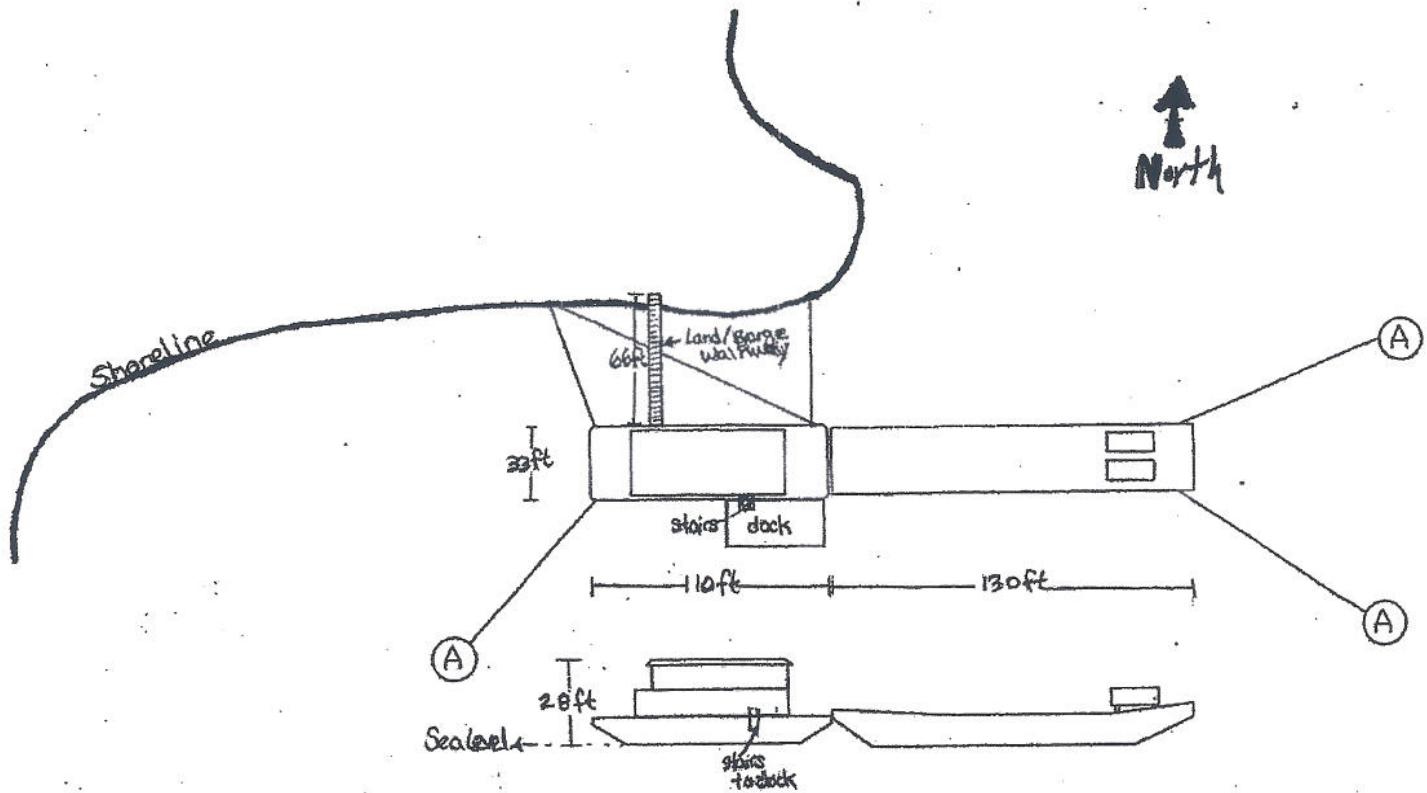
Vicinity Map
USGS Craig (A-1)



Date Prepared: March 5, 2007	Applicant's Name: Niblack Mining Corporation
STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, LAND & WATER	
TIDELAND PERMIT DIAGRAM	
Section 34 , Township 78 South, Range 88 East, CRM	
Camp Barge	Niblack Anchorage, Prince of Wales Island



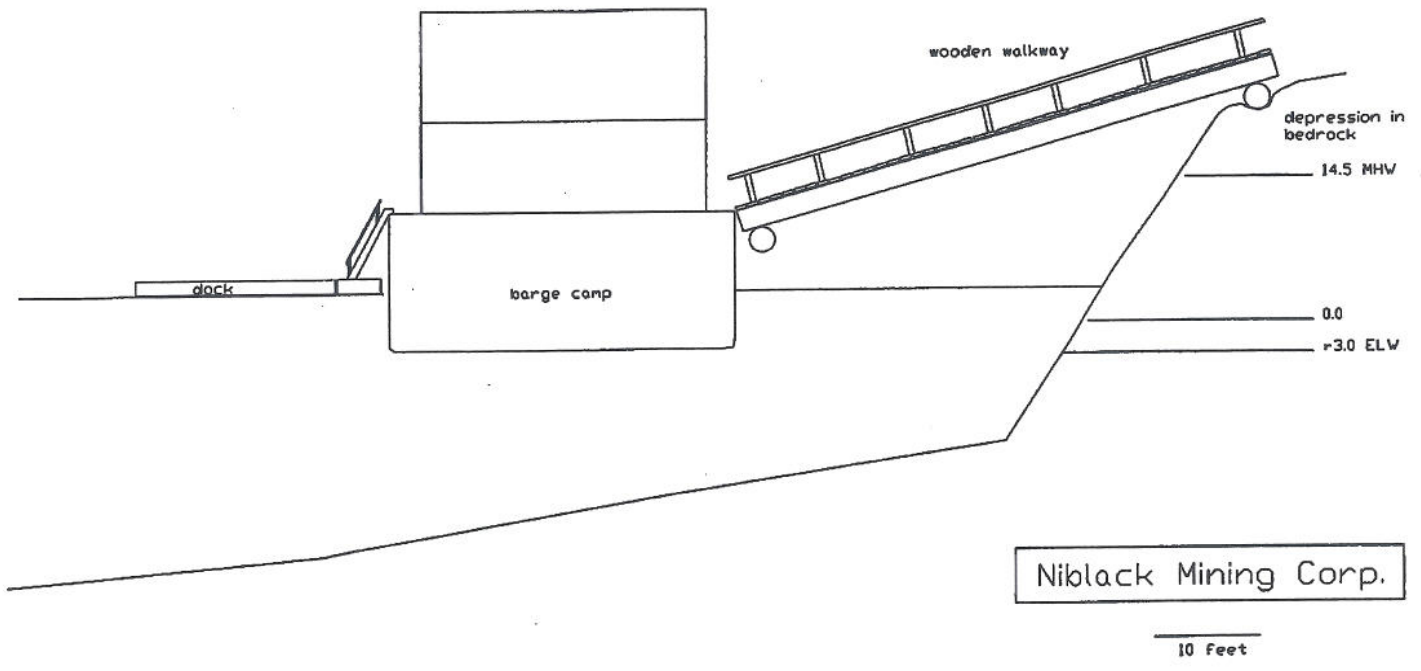
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 NIBLACK ANCHORAGE
 CAPE CHACON & BARGE 165

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Cross Sectional View of Barge Camp Layout



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