



December 31, 2015

Hollie Chalup
Natural Resource Specialist II
Alaska Department of Natural Resources, Division of Mining, Land, and Water
550 West 7th Avenue, Suite 900B
Anchorage, AK 99501

Re: 2015 Annual Reclamation Report—Pebble Project MLUP No. 6118

Ms. Chalup:

The Pebble Limited Partnership (PLP) submits the enclosed Annual Reclamation Report, 2015 Reclamation Statement, and 2016 Letter of Intent to do Reclamation for the Pebble Project near Iliamna, AK as required under Miscellaneous Land Use Permit (MLUP) No. 6118. The reclamation report covers activities performed during the 2015 calendar year.

PLP continued to operate the Pebble Project in care and maintenance mode throughout 2015; no new exploration has occurred since fall 2013. All field work conducted during 2015 was related to routine maintenance at existing field installations.

As I noted in a letter to your office on June 10, 2015 and again on July 15, 2015, PLP identified seven boreholes requiring maintenance during our routine field inspections. Water flows at these locations were small, ranging from less than one gallon per minute (gpm) to 10-12 gpm. Analytical samples collected from each location showed that water did not present any risk of environmental impact. Surface effects were limited to minor channel cutting from water outflow and some localized growth of vegetation (e.g., moss, algae).

DNR and DEC staff viewed each of these locations during a field inspection on July 22, 2015. At that time, PLP discussed various options to address repairs at each site. A subsequent inspection by PLP on August 21, 2015 identified four additional sites requiring minor maintenance. On September 14, 2015, PLP notified your office of our intent to conduct repairs at these sites and submitted a work plan for review. All repairs were successfully completed and each site fully reclaimed. Field crews were demobilized by October 1, 2015.

Activity Summary

Eleven boreholes were repaired during 2015. Six sites were repaired by installing new Margo plugs to eliminate water flow or by packing with bentonite. The remaining five sites required re-drilling and grouting using a combination of bentonite, sand, and cement as appropriate for each location. Details of repairs for each location are provided in Section 3.4 of the Annual Reclamation Report.

Surface disturbances were minimal for the 2015 maintenance program, as most locations did not require excavation to access the borehole. The total disturbed acreage in 2015 was 0.0024 acres, or 105 square feet. All disturbed areas were fully reclaimed at the end of the work season as required by MLUP No. 6118, leaving 0.00 acres disturbed.



PLP conducted all field operations according to strict environmental practices to minimize any potential adverse impacts. Access to each site was by helicopter only. Tundra pads were used at all locations to minimize vegetation impacts, while excess water was managed with sumps where necessary. There were no discharges to any surface waters during 2015, nor were there any spills or leaks of petroleum products. All waste and debris produced during the repair effort was collected and transported to Iliamna for disposal.

Planned Activities (2016)

All 11 repair locations were properly stabilized and reclaimed at the end of the 2015 work season, but because reclamation occurred after the growing season, the success of re-vegetation efforts could not be evaluated. PLP will re-inspect each of these sites in summer 2016 to assess whether additional reclamation or revegetation measures are required. All follow up work will be reported to DNR in the 2016 Annual Reclamation Report.

PLP will also continue the comprehensive inspection and inventorying of all drill sites begun in fall 2015. This effort is being conducted in coordination with your office to ensure DNR records are current and complete. Over 500 sites were inspected in fall 2015 prior to the end of the work season, with the installation of new, high-visibility snow poles at locations with above-ground structures. The remaining sites will be inspected in 2016. I will continue to keep your office apprised of this ongoing effort.

Please contact me directly if you have any questions or comments. I can be reached at 907.339.2626 or timhavey@pebblepartnership.com.

Sincerely,

Tim Havey
Env. Manager

Tim Havey
Environmental Manager
Pebble Limited Partnership

Attachments: 2015 Annual Reclamation Report
 2015 Reclamation Statement
 2016 Letter of Intent to do Reclamation

cc: Tom Collier, CEO, PLP
 Sean Magee, Executive VP, PLP
 Mike Heatwole, VP for Public Affairs, PLP
 Bruce Jenkins, Executive VP, Hunter Dickinson, Inc.
 Loretta Ford, Sr. Manager for Environment and Sustainability, Hunter Dickinson, Inc.
 Kyle Moselle, Large Mine Project Manager, DNR-OPMP
 Jack Kerin, Geologist, DNR-MLW
 Carolyn Curley, Natural Resource Specialist, DNR-MLW



PEBBLE PROJECT

2015 Reclamation Report

MLUP No. 6118

**PREPARED BY:
PEBBLE LIMITED PARTNERSHIP**

DECEMBER 31, 2015

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- Appendix B: 2015 Annual Reclamation Statement

1.0 INTRODUCTION

This report summarizes care and maintenance activities conducted during the 2015 field season on the Pebble Project, a mineral exploration and development project operated by the Pebble Limited Partnership (PLP). PLP is a U.S. company wholly owned by Northern Dynasty Minerals Ltd. of Vancouver, Canada, conducting exploration-related activities on state mineral claims leased to the Pebble East Claims Corporation and Pebble West Claims Corporation. These activities are authorized by Miscellaneous Land Use Permit (MLUP) No. 6118 issued by the Alaska Department of Natural Resources, Division of Mining, Land and Water (ADNR-MLW). The MLUP expires on 12/31/2016.

During 2015, PLP operated the Pebble Project in care and maintenance status. No exploration activities were conducted during the calendar year. The work summarized in this report describes routine maintenance performed at exploration sites where work had been completed prior to the start of 2015.

1.1 LOCATION

The Pebble Project is located in the Lake and Peninsula Borough in southwest Alaska. The main deposit is centered approximately 200 miles SW of Anchorage, 60 miles W of Cook Inlet and 17 miles NW of Iliamna (Figure 1). The Pebble property comprises some 2,402 Alaska state mineral claims, and contains one of the world's most significant undeveloped deposits of copper, gold, and molybdenum (Figure 2).

1.2 WORK SUMMARY

All repair and maintenance activities conducted during 2015 were successful, with all required reclamation completed prior to the end of the work season. Work was limited to 11 existing borehole locations where minor surface water leaks had been identified during previous inspections. Each borehole was previously drilled by PLP or one of its predecessors; none of the repair field work constituted new or renewed exploration of the Pebble Project and thus did not require an amendment to MLUP No. 6118.

Surface disturbances during the 2015 field season totaled 0.0024 acres, or 105 square feet. All disturbances were reclaimed as required by the permit.

Six boreholes required only surface repairs (new Margo plugs, replaced valves/caps) to eliminate water flow. These repairs did not result in any surface disturbance and did not require any reclamation. The five remaining boreholes were drilled and grouted to depth using sand, cement, and bentonite as appropriate for each location. Surface disturbances at these locations, if any, were minor and fully reclaimed prior to the end of 2015.

Boreholes repaired during 2015 are summarized in Table 1 and shown on Figure 3. Activity details for each location are provided in Section 3.0. Photos are included in Appendix A.

Table 1. Fall 2015 Borehole Repair Summary

BOREHOLE ID	INITIAL DRILL DATE	ADL CLAIM No	LONGITUDE (WGS84)	LATITUDE (WGS84)	COMPLETION STATUS
9	1988	524787	-155.326144	59.8557864	Complete. Grouted 12' to surface; water flow stopped.
40	1992	524822	-155.2844346	59.88651706	Complete. Grouted 100' to surface; water flow stopped.
3131	2003	516873	-155.2991444	59.89359735	Complete. Grouted 40' to surface; water flow stopped.
4224	2004	516829	-155.2910656	59.90991306	Complete. Grouted 35' to surface; water flow stopped.
4239	2004	516812	-155.2898569	59.89865838	Complete. Filled with bentonite 4' to surface; water flow stopped.
5330	2005	524714	-155.2594788	59.89827197	Complete. Installed new Margo plug; water flow stopped.
6343	2006	524716	-155.2435723	59.89845412	Complete. Installed new Margo plug; water flow stopped.
7382	2007	540426	-155.2615093	59.90185783	Complete. Filled with bentonite and sand; water flow stopped.
8413	2008	540426	-155.2566826	59.90018483	Complete. Installed Margo plug; water flow stopped.
8423	2008	524716	-155.24364	59.89841487	Complete. Installed Margo plug; water flow stopped.
9475	2009	540442	-155.273548	59.911749	Complete. Grouted 80' to surface, water flow stopped.

1.3 RECLAMATION OBJECTIVES AND REQUIREMENTS

Alaska statute (AS 27.19) and regulation (11 AAC 97) require mining operators to reclaim any disturbed land to a “stable condition”, which means rehabilitation to a state that allows for the reestablishment of a vegetative cover within a reasonable period of time. MLUP No. 6118 further stipulates that

- Surface disturbance shall be held to a minimum, and will be reclaimed by backfilling, contouring, and spreading of organic rich overburden to promote stabilization and natural revegetation.
- The area reclaimed shall be reshaped and recontoured to blend with surrounding physiography using strippings and overburden, and then stabilized to a condition that shall retain sufficient moisture to allow for natural revegetation.
- Upon completion of drilling activities, drill pads shall be reclaimed as necessary, including reseeding, to encourage natural revegetation of the sites and protect them from erosion. Trenches shall be backfilled with material excavated and mounded slightly.
- All exploration trenches shall be reclaimed before the end of the exploration season in which they are constructed, unless they are specifically approved to remain open by the Division of Mining, Land & Water.

MLUP No. 6118 also requires the filing of this reclamation report and Annual Reclamation Statement by December 31 of each year the permit is in effect. The Annual Reclamation Statement is included as Appendix B.

1.4 OTHER PERMITS AND REGULATORY REQUIREMENTS

Operations on state lands may require permits or authorizations from other state agencies. However, because the 2015 field work only involved activity at previously explored sites, PLP was not required to obtain additional permits as described below.

- Cultural Investigation (DNR/Office of History and Archaeology). Each worksite has previously been investigated by PLP's cultural resources contractor and cleared for activity. Reports are on file with DNR/Office of History and Archaeology.
- Temporary Water Use Permit (DNR-MLW). Not Required. Planned water use will not exceed thresholds (5,000 gal/day for 10 days or 500 gal/day if longer than 10 days) that would otherwise require an approved permit. Water usage at each site was recorded and is discussed in Section 3.3.
- Wildlife Hazing Permits (ADFG). All field crews are accompanied by certified bear guards. These guards were provided by Fairweather LLC under contract to PLP. Fairweather LLC maintains all necessary permits with ADFG.
- Fish Habitat (ADFG). Not required. Fish habitat and protection permits are required where water is withdrawn from surface waters with known fish populations. All water used during 2015 field operations was groundwater collected from the borehole being repaired or another borehole that had been previously identified as a water source.

2.0 PROJECT DESCRIPTION

2.1 SITE ACCESS

Field operations are based out of PLP's office at the Iliamna Airport in Iliamna, AK. Access to all worksites within the Pebble deposit is by helicopter only. PLP does not use ground vehicles to access the deposit area or travel between worksites. As a result, the deposit area remains free of temporary roads and tracks.

2.2 ENVIRONMENTAL CONTROLS

2.2.1 Vegetation and Tundra Preservation

PLP's standard field work procedures require the use of wooden tundra pads and platforms for all heavy equipment and materials to minimize vegetation impacts. Individual worksites are also organized to have as small a footprint as possible, with mobilization and demobilization occurring within the shortest time frame to limit duration impacts. When a surface disturbance is necessary, groundcover, including vegetation, is removed and stockpiled for later use in reclaiming the site. Once the activity is complete, excavated areas are backfilled and re-covered with reserved tundra. Disturbed areas are also revegetated with native seed or an approved seed mixture as appropriate.

Maintenance activities conducted during 2015 lasted no more than four days at each site. Surface disturbances and reclaimed areas from the 2015 field season are discussed in Section 3.2.

2.2.2 Fuel Management and Spill Prevention

PLP uses double-walled, welded aluminum fly tanks to transport and store all fuel for field operations. Tanks are filled at PLP's Iliamna location to no more than 80 percent of the total capacity. (Most tanks used have a total capacity of 110 gallons, meaning each will contain no more than 88 gallons.) Each tank is visually inspected for leaks or spills prior to transport by helicopter.

All active fuel tanks are placed in welded aluminum secondary containments sized to hold 110 percent of the tank's maximum capacity. Containments are placed on level ground at least 100 feet from any surface water. Photos in Appendix A show a tank and containment from the 2015 field season.

Each tank location is stocked with a spill containment and cleanup kit. All field staff have been trained in the proper response and reporting protocols as part of PLP's SPCC Plan. PLP also maintains a contract with Alaska Chadux Corporation to provide 24-hour spill response, if necessary. After each worksite is demobilized, the area is inspected to ensure no leaks or spills occurred.

No fuel or other petroleum product spills were identified or reported during the 2015 field season.

2.2.3 Water Management

PLP manages all worksites to contain any produced water and prevent discharge to nearby surface waters. Pit sumps are used when the field supervisor determines they are the most appropriate method for managing borehole water. Sump locations are selected where they will have the least impact. Produced water is routed to the sump through a trench and allowed to slowly infiltrate the ground. In some cases, water may be pumped to upland areas to disperse across the tundra.

All produced water was properly controlled and contained at each repair site during 2015 operations. There were no discharges to surface waters, nor was any water pumped for dispersal across the tundra. One pit sump was excavated at Borehole 9475. All water was contained within the sump and allowed to percolate into the ground. The sump was then reclaimed as discussed in Section 2.2.1.

2.2.4 Erosion and Sediment Control

When necessary, temporary barriers (e.g., silt fence, straw wattles) are deployed down gradient of drill operations to prevent excessive sediment buildup in the outflow channel. Barriers were used during repairs to Borehole 40 and removed prior to reclamation.

2.3 MATERIAL & EQUIPMENT STAGING

2.3.1 Main Supply Depot

PLP's Main Supply Depot (MSD) is a 2.5-acre site that serves as the primary storage and staging area for all field operations (Figure 4). It is located in the SE1/4 SE1/4 of Sec 21, T3S R35W and the NE1/4 NE1/4 of Sec 28, T3S, R35W. This area is within Pebble West claims No. 516811 and No. 516874.

Equipment such as drill parts, water lines, reclamation supplies, emergency shelters, water heaters, lumber, and other miscellaneous items are stored in temporary structures or racks. All equipment and bulk materials are ferried from Iliamna to the MSD by helicopter using long line slings or fixed baskets. Bulk materials are placed in closed plastic totes during transport.

For fall 2015 operations, the drill rig, grout plant, generator, water pump, fuel, and other miscellaneous supplies (grout, cement, sand, etc.) were ferried from Iliamna and staged at the MSD. Items were then ferried by helicopter to each worksite as needed. All equipment and unused materials from 2015 operations were demobilized to Iliamna at the end of the field season.

2.3.2 Fuel Storage

For fall 2015 operations, approximately 1000 gallons of Jet A fuel were transported to the MSD by helicopter. Individual tanks (110 gallon capacity) were flown to five different worksites (boreholes 9, 40, 3131, 4224, and 9475) and staged in appropriate secondary containment structures at least 100 feet from the nearest surface water. No more than 100 gallons were stored at a worksite at any given time. Tanks were removed from each location and transported back to the MSD at the conclusion of the activity.

All fuel and fuel tanks used for fall 2015 operations were demobilized back to Iliamna at the end of the work season; no fuel remains at the MSD. No spills, drips, or leaks occurred at any of the worksites or storage areas.

2.3.3 Watershed

The Watershed site is located approximately 0.75 miles east of the Supply Depot in the SW1/4 SE1/4 of Sec 22, T3S, R35W (Pebble West claim No. 524712). Two temporary structures have been erected to protect the water hose and keep it from freezing. One is metal clad (approximately 10 x 20 ft) and the other is a wooden structure (approximately 20 x 40 ft). A small quantity of fuel (less than 90 gallons) is stored in a double walled tank in a secondary containment structure.

PLP did not use the Watershed site to stage equipment or fuel for repairs conducted in fall 2015, but it will remain in use as a storage location for field equipment through the current permit term (12/2016).

2.3.4 West Bay 1 and 3

Each West Bay location consists of two temporary wooden structures (i.e., an 8 x 12-foot emergency shelter and a smaller generator shack). These structures are used to provide shelter for monitoring crews during data collection. West Bay 1 is located in the SW1/4 SW1/4 of Sec 23, T3S, R35W (Pebble West claim No. 524714). West Bay 3 is located in the NE1/4 SW1/4 of Sec 33, T3S, R36W (Pebble East claim No. 642412).

PLP did not use either West Bay site to stage equipment or fuel for repairs conducted in fall 2015, but they will remain in use as storage locations for field equipment through the current permit term (12/2016).

2.3.5 Meteorological and Communications

The Pebble 1 meteorological station is located in the SW1/4 NE1/4 of Sec 20, T3S, R35W (Pebble West claim No. 524829). The small site consists of a temporary fiberglass structure (approximately 8 x 8 ft) and associated equipment.

The Koptuli Mountain radio repeater is located in the NE1/4 SW1/4 of Sec 36, T3S, R35W (Pebble East claim No. 646608). The small site consists of a temporary metal structure (approximately 8 x 8 ft) and associated equipment.

PLP continues to use the Pebble 1 met station to collect basic meteorological data, while the Koptuli Mountain repeater remains the primary means of communication with field crews. Both locations will remain in use through the current permit term (12/2016).

2.4 FIELD STAFF AND LOGISTICS

Work crews during the 2015 field season consisted of a PLP supervisor, drill foreman, and up to four laborers. All staff were housed in Iliamna and transported to the worksite each day by helicopter; no field camps were established. Portable outhouses with waste collection systems were staged at each worksite. Domestic waste was transported back to Iliamna and disposed of at a certified waste disposal facility. All other waste was removed and transported back to Iliamna for disposal.

A temporary medical supply/first aid tent and an emergency shelter tent with requisite survival gear were staged at each worksite. Potable water was provided at each location.

3.0 2015 REPAIR ACTIVITIES

3.1 PLANNED VS. ACTUAL

PLP continues to operate the Pebble Project in a care and maintenance mode. Accordingly, no exploration activities or site disturbances requiring reclamation were submitted prior to the 2015 field season. Subsequent visual inspections and consultation with DNR staff identified several sites requiring maintenance to eliminate water seepage from past drill sites. PLP proposed repairs to nine boreholes in a memo submitted to DNR on September 14, 2015. Additional inspection and consultations with PLP's drilling contractor identified two additional boreholes requiring maintenance, bringing the total to 11.

3.2 SURFACE DISTURBANCE AND RECLAMATION

Surface area disturbed during the 2015 operating season totaled 0.0024 acres, or 105 square feet. All disturbed areas were reclaimed during the operating season according to the terms and conditions of MLUP No. 6118. The outstanding disturbed acreage requiring reclamation is 0.00 acres.

Surface disturbances and reclamation occurred in late September 2015, which is insufficient to determine the success of new vegetation growth. Each site will be visually inspected in summer 2016 to evaluate reclamation status.

3.3 CONSUMPTIVE WATER USE

Consumptive water use for the fall 2015 repair program was minimal and fell below minimum thresholds that would otherwise require a Temporary Water Use Permit from DNR. In most cases, required water was collected from the borehole being repaired, if the water volume was

sufficient. Otherwise, water was collected from an approved source (Borehole 5330) and transported to the worksite. Water is summarized in Table 2.

Table 2. Water Use Summary

Repair Location Borehole ID	Source Water Location (Borehole ID)	Water Volume (gallons)
9	9	600
40	40	800
3131	3131	400
4224	5330	600
4239	NA	--
5330	NA	--
6343	NA	--
7382	NA	--
8413	NA	--
8423	NA	--
9475	9475	400

3.4 REPAIR DETAILS

3.4.1 Borehole 9

Repair work was initiated on 9/17. Reclamation was completed on 9/21. The original borehole was re-drilled to a depth of 12 feet at an angle of -45° . The hole was then pressure grouted from depth to surface using a mixture of sand, cement, and bentonite. All water flow was successfully cut off. No casing or surface structures were left in place.

Approximately 600 gallons of water were pumped from the borehole and used to prepare the grout mixture. This is less than the 5,000 gallon per day threshold that would require a Temporary Water Use Permit.

All heavy equipment and materials were set on tundra pads. No sump was required for the activity. No vegetation was removed or destroyed as a result of repair work. Reclamation focused on the area immediately around the borehole and the outflow channel. Field crews overturned soil and smoothed channel banks to re-contour the area. Seeds from nearby native vegetation were collected and distributed over the reclaimed areas and covered with grasses.

3.4.2 Borehole 40

Repair work was initiated on 9/16. Reclamation was completed on 9/24. The original borehole was re-drilled to a depth of 100 feet. The hole was then pressure grouted from depth to surface using a mixture of sand, gravel, cement, and bentonite. All water flow was successfully cut off. No casing or surface structures were left in place.

Approximately 800 gallons of water were pumped from the borehole and used to prepare the grout mixture. This is less than the 5,000 gallon per day threshold that would require a Temporary Water Use Permit.

All heavy equipment and materials were set on tundra pads. No sump was required for the activity. Straw wattles and silt fences were placed in the outflow channel to control any sediment generated during grouting. No vegetation was removed or destroyed as a result of repair work. Reclamation focused on the area immediately around the borehole and the outflow channel. Field crews overturned compacted soil to raise the channel bed to the level of the surrounding tundra. Seeds from nearby native vegetation were collected and distributed over the reclaimed areas and covered with grasses.

3.4.3 Borehole 3131

Repair work was initiated on 9/26. Reclamation was completed on 9/30. The original borehole was not re-drilled. Instead, the drill rig was set up approximately 20 feet from the original location. Using the azimuth strike (240°) and dip (-50°), crews drilled to a depth of 40 feet to intersect the original hole. The hole was then pressure grouted from depth to surface using a mixture of sand, gravel, cement, and bentonite. The original drill hole was excavated to a depth of 4 feet and cemented. Excavated material was backfilled.

All water flow was successfully cut off. No casing or surface structures were left in place.

Approximately 400 gallons of water were pumped from the borehole and used to prepare the grout mixture. This is less than the 5,000 gallon per day threshold that would require a Temporary Water Use Permit.

All heavy equipment and materials were set on tundra pads. No sump was required for the activity. A small area of approximately 48 square feet was excavated to complete repairs. The disturbed area was revegetated using seeds from nearby native grasses mixed with straw.

3.4.4 Borehole 4224

Repair work was initiated on 9/20. Reclamation was completed on 9/23. The original borehole was re-drilled to a depth of 35 feet. The hole was then pressure grouted from depth to surface using a mixture of sand, cement, and bentonite. All water flow was successfully cut off. No casing or surface structures were left in place.

Approximately 600 gallons of water were used to prepare the grout mixture. Because this borehole had only minor weeping (approximately 1 gallon per minute), water was instead collected from Borehole 5330 and transported by helicopter to the location. This is less than the 5,000 gallon per day threshold that would require a Temporary Water Use Permit.

All heavy equipment and materials were set on tundra pads. No sump was required for the activity. No vegetation was removed or destroyed as a result of repair work. Only minor reclamation was required in the small area around the drill hole.

3.4.5 Borehole 4239

Repairs were initiated and completed on 9/16. No reclamation was required. This site is located near a creek where the water table is high and ground is naturally saturated. Additional inspections revealed that the flowing water was the result of this shallow groundwater daylighting

through the original drill hole. Repairs consisted of packing the hole with bentonite pellets to a depth of 4 feet and covering the hole with soil. All water flow was successfully cut off.

3.4.6 Borehole 5330

A new Margo plug was installed on 9/28 to cut off all water flow. The above ground structure was kept in place for future use and marked with an 8-foot tall high-visibility snow pole. No reclamation was required at this site.

3.4.7 Borehole 6343

A new Margo plug was installed on 9/24 to cut off all water flow. Spray foam¹ was applied to the casing to prevent water intrusion. The above ground structure was kept in place for future use and marked with an 8-foot tall high-visibility snow pole. No reclamation was required at this site.

3.4.8 Borehole 7382

Repairs were initiated and completed on 9/25. No reclamation was required. The area around the casing near the surface was packed with bentonite pellets and topped with sand to take up the remaining void. All water flow was successfully cut off.

3.4.9 Borehole 8413

A new Margo plug installed on 9/24 to cut off all water flow. Spray foam was applied to the casing to prevent water intrusion. The above ground structure was kept in place for future use and marked with an 8-foot tall high-visibility snow pole. No reclamation was required at this site.

3.4.10 Borehole 8423

A new Margo plug installed on 9/24 to cut off all water flow. Spray foam was applied to the casing to prevent water intrusion. The above ground structure was kept in place for future use and marked with an 8-foot tall high-visibility snow pole. No reclamation was required at this site.

3.4.11 Borehole 9475

Repair work was initiated on 9/22. Reclamation was completed on 9/28. Close inspection indicated water was upwelling outside of the casing. Initial repairs were attempted by drilling outside the casing to a depth of 40 feet and grouting with a mix of sand, cement and bentonite. With water still flowing, the rig was moved to drill from the opposite side to a depth of 80 feet. The hole was again grouted using the same mixture. All water flow was successfully cut off. The existing casing and monument were left in place at ground level for future use.

A single sump and connecting trench were excavated to collect and control water flowing from the borehole during repair operations. Excavated material was stockpiled for use as backfill. All water was confined to the sump and allowed to dissipate into the ground. The combined disturbed area for the sump (6 ft x 5 ft) and trench (9 ft x 3 ft) was 57 square feet.

¹ PLP uses polyurethane foam (trade name: "Touch N Foam Max Fill Foam") as a waterproof sealant on casing valves. This foam is non-toxic and approved for use in this type of application.

Disturbed areas were backfilled and reclaimed using excavated material. The area is naturally rocky with thin patches of grass and other tundra plants. Nearby seeds were collected and scattered on the bare soil. Due to ground saturation from the repair effort, the area will be allowed to drain fully before determining if additional reclamation is needed. The area will be inspected in summer 2016.

4.0 SIGNATURE

This report, prepared by Tim Havey, PLP Environmental Manager, is dated December 31, 2015 and satisfies the annual reporting requirements of MLUP No. 6118.

Signed,



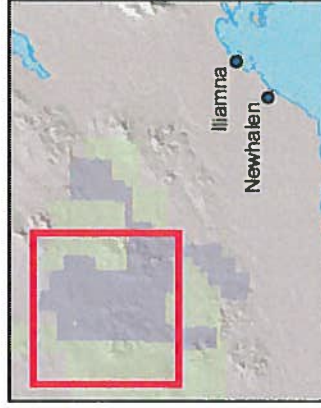
THE
PEBBLE
PARTNERSHIP
Tim Havey
Env. Manager

Tim Havey
Environmental Manager, PLP



Legend

- Main Supply Depot
- Secondary Staging
- Meteorology & Comm.
- Claim Blocks**
- Pebble East Claims Corp.
- Pebble West Claims Corp.



Source(s):
ADNR, Alaska Mapper 2015
PLP, 2015 Operations Plan

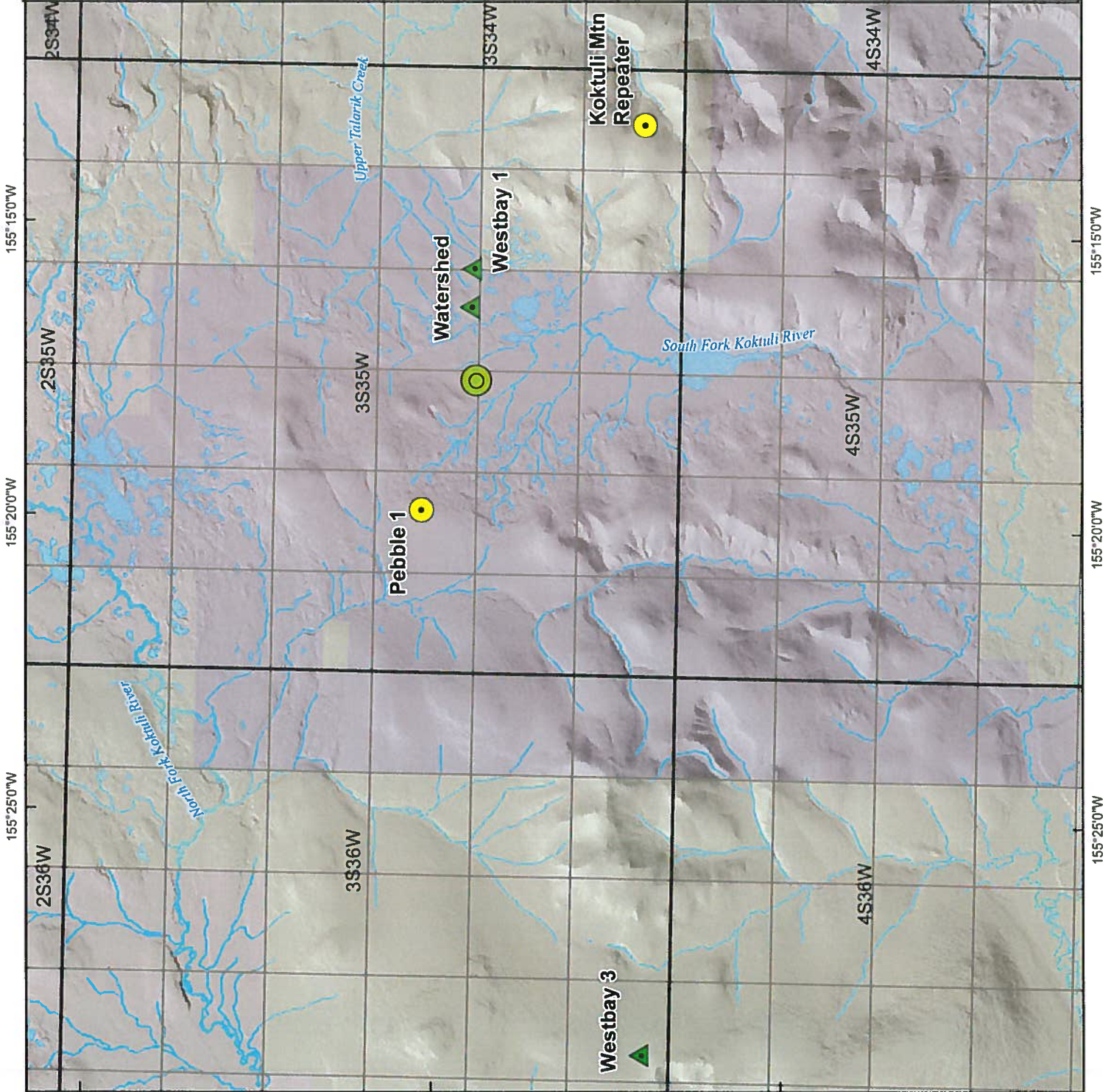
Figure 4

Pebble Project Field Installations

Project: 2015 Annual Reclamation Report

Date: 12/31/2015

Author: TH/PLP



59°57'0\"/>

59°54'0\"/>

59°51'0\"/>



Legend



Main Supply Depot

Borehole Maintenance Category



New Margo Plug



Bentonite Plug/No Drilling



Re-drilled, Grouted, Plugged

Claim Blocks



Pebble East Claims Corp.



Pebble West Claims Corp.



Source(s):
ADNR, Alaska Mapper 2015
PLP, All Drillsites 2015

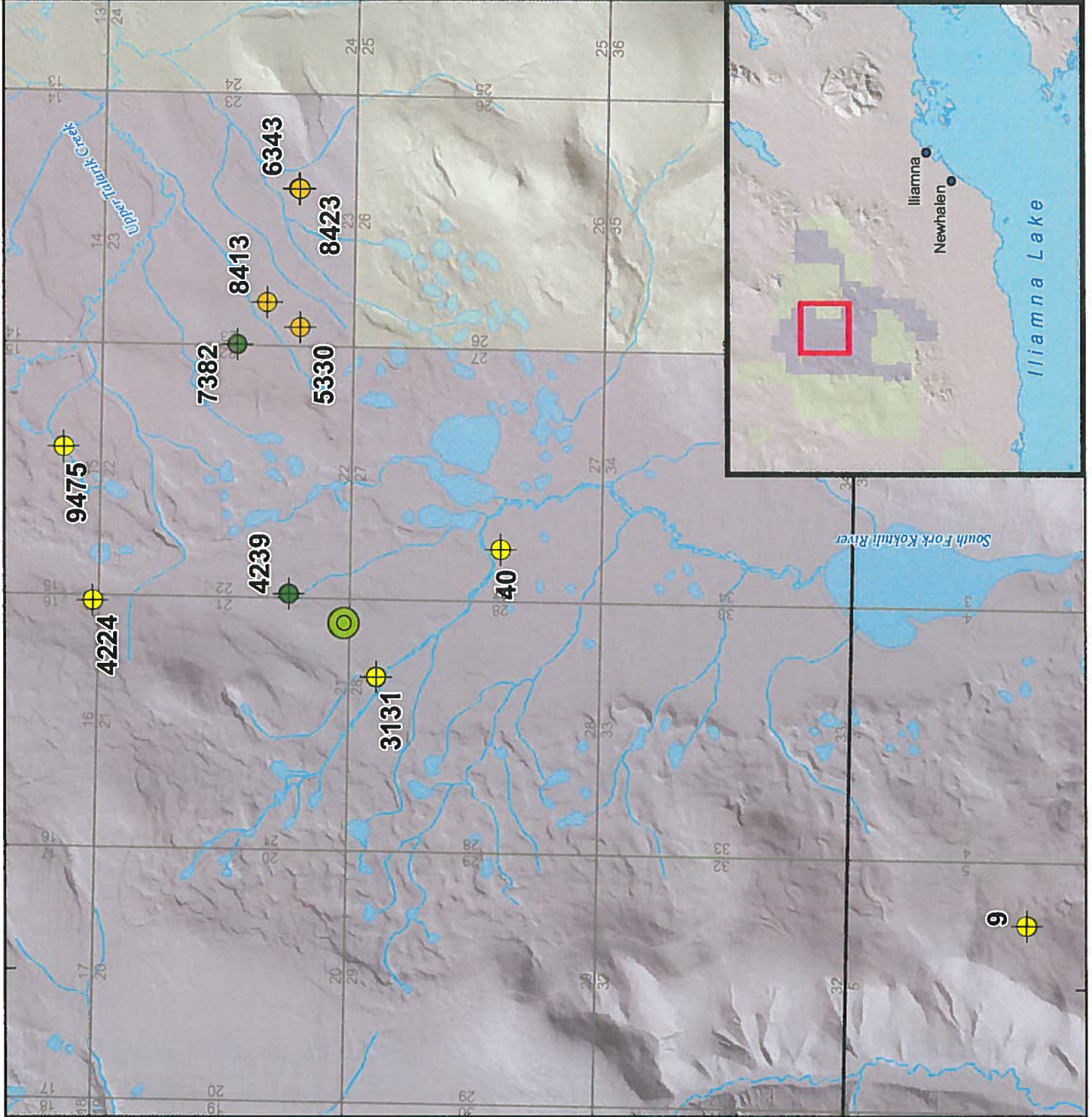
Figure
3

Fall 2015 Maintenance Locations

Project: 2015 Annual Reclamation Report

Date: 12/31/2015

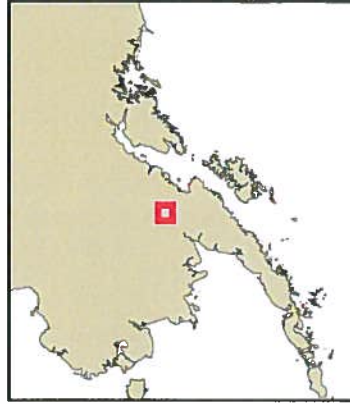
Author: TH/PLP





Legend

- Pebble East Claims Corp.
- Pebble West Claims Corp.



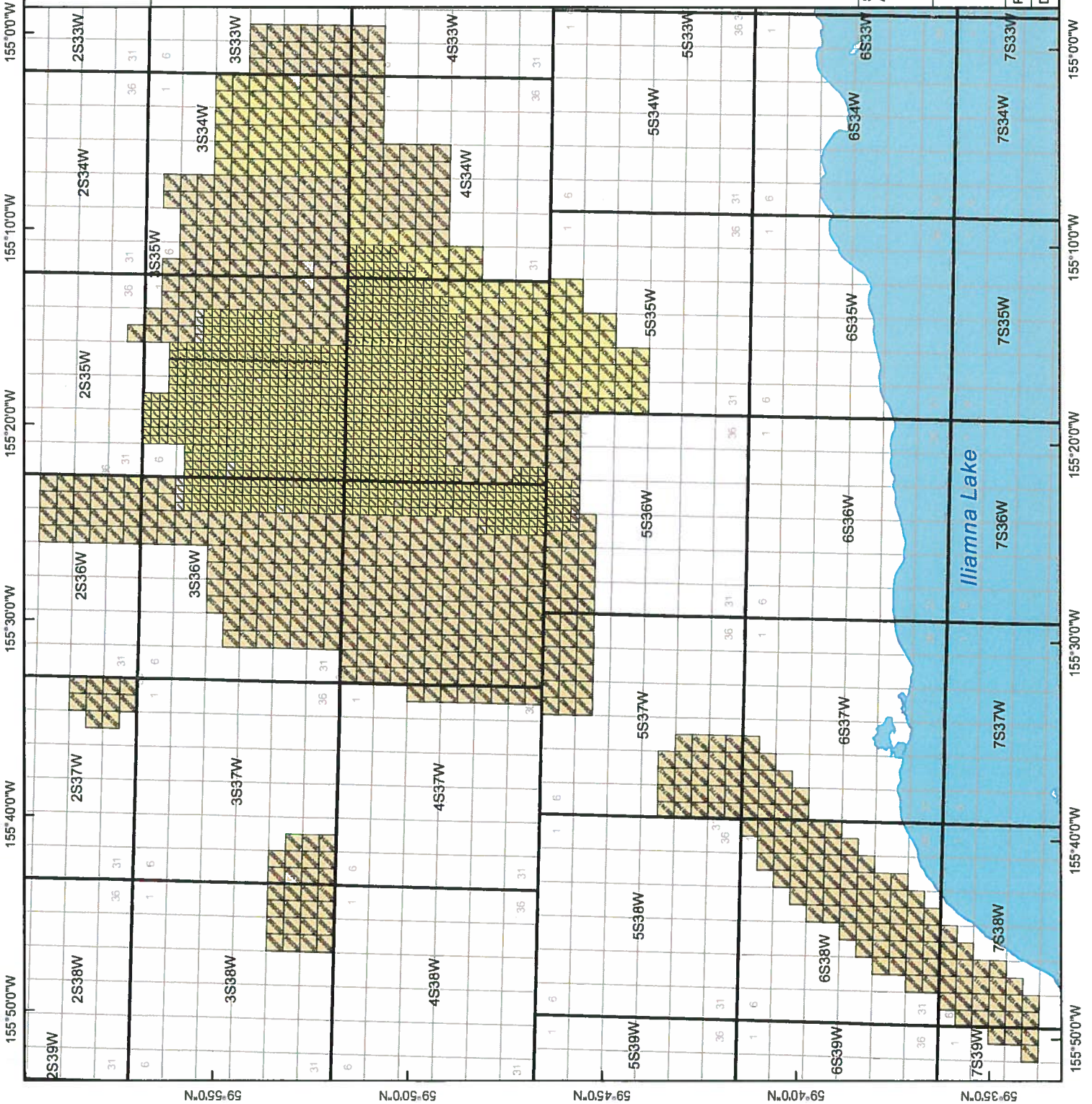
Source(s):
ADNR, Alaska Mapper 2015

Figure 2

Pebble Project Mineral Claims







Project: 2015 Annual Reclamation Report

Date: 12/31/2015 Author: TH/PLP





Legend

-  Pebble Deposit
-  National Forest Service
-  National Park Service
-  State Game Refuge
-  State Game Sanctuary
-  State Park



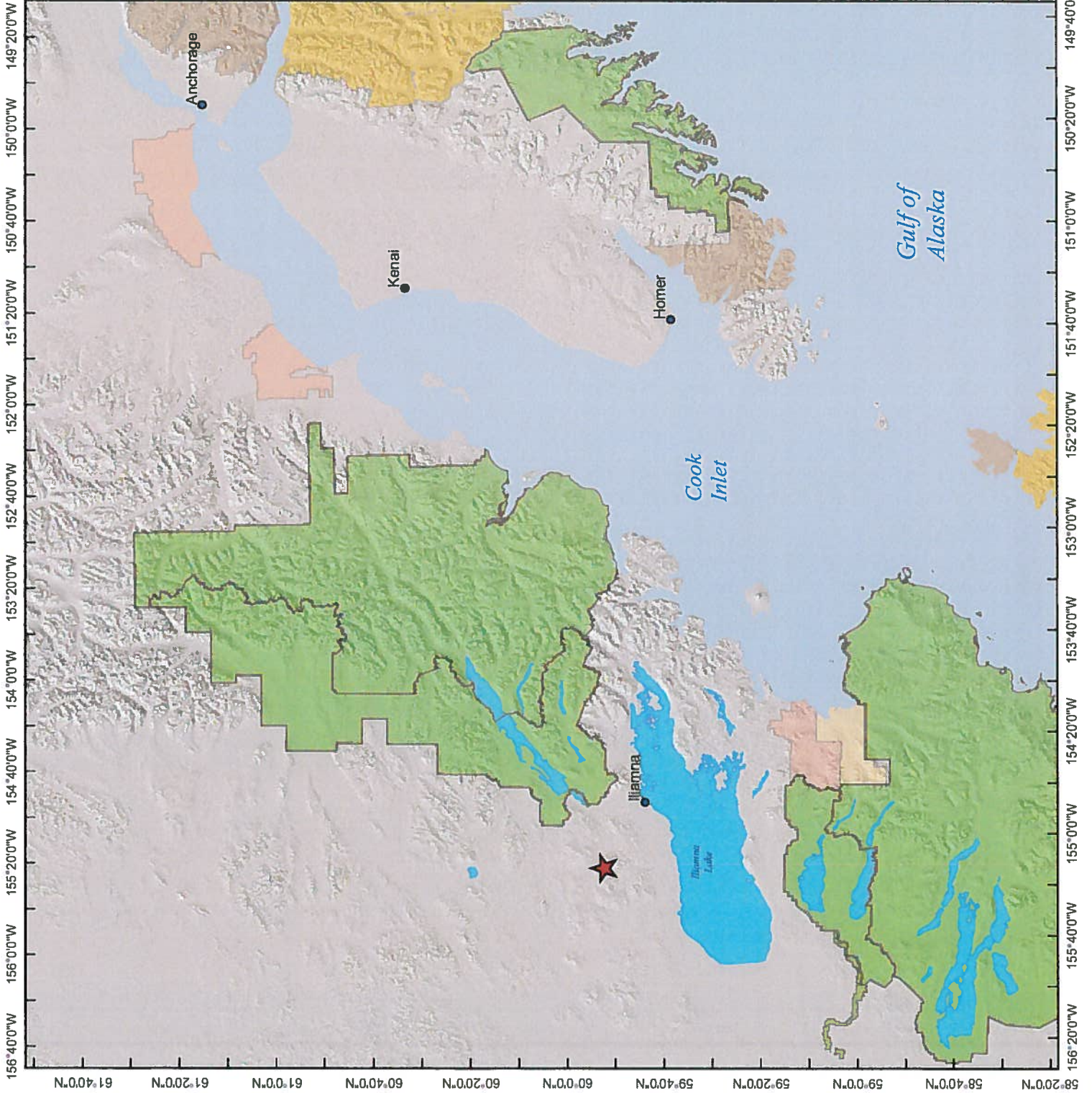
NAD 1983 StatePlane Alaska 5
FIPS 5005 Feet
Scale 1:2,000,000

Source(s):
National Map, USGS

Figure 1

Pebble Project Vicinity Map

Project: 2015 Annual Reclamation Report
Date: 12/31/2015
Author: TH/PLP



APPENDIX A

Representative Photographs

1. Borehole 9
9/18/2015

Mobilization and staging prior to drilling. Note use of tundra pads and fuel tank placed in leveled containment.



2. Borehole 9
9/21/2015

Post reclamation. Former borehole and outflow channel have been revegetated with native grasses.



3. Borehole 40
9/18/2015

Post-reclamation. Outflow channel and borehole vicinity have been revegetated with native grasses.



4. Borehole 3131
9/26/2015

Photo taken during repair work showing drill rig and use of tundra pads.



5. Borehole 3131
9/30/2015

Post-reclamation.



6. Borehole 4224
9/30/2015

Post-reclamation. Note that only minimal disturbance occurred during operations.



7. Borehole 4239
9/30/2015

Photo taken after repairs. No reclamation required. Note proximity to stream and topography, indicating the likelihood of shallow groundwater.



8. Borehole 6343
9/25/2015

Photo showing new Margo plug installed. Tape and plastic are applied to shield spray foam from rain and allow it to set properly. New snow pole installed. Area did not require reclamation.



9. Borehole 8423
9/25/2015

Photo showing new Margo plug installed. New snow pole installed. Area did not require reclamation.



10. Borehole 9475
9/27/2015

Photo taken after repairs, prior to reclamation. Sump and trench visible.



11. Borehole 9475
9/28/2015

Photo taken after reclamation in same direction. Sump and trench have been backfilled and reclaimed. Area will be inspected again in 2016.



APPENDIX B

2015 Reclamation Statement

2015 ANNUAL RECLAMATION STATEMENT

(32)

- Placer Mining
- Suction Dredging
- Hardrock Exploration

APMA #: 6118

Complete and return this statement by December 31, 2015. If you did not operate, fill in name, check bottom box, sign and return form.

In accordance with AS 27.19 (Reclamation Act):

I, Tim Havey, Environmental Manager hereby file an annual reclamation statement for the 2015 mining operation described in subject Application for Permits to Mine in Alaska. (Submission of this statement does not constitute reclamation approval.)

Volume of material disturbed in 2015: approx. 11 cubic yards (includes strippings and processed material).

Sluice days last season: NA Cubic yards of material processed daily: NA Annually: NA

Total acreage disturbed in 2015: 0.0024 acres. (Includes stripped areas, mining cuts, overburden and tailing stockpiles and disposal areas, temporary stream diversions, stream bypasses, and settling ponds). Federal operators should include area of camp and access roads.

Length NA feet and Width NA feet of stream diversion.

Stream diversion: Temporary Permanent (check one).

Total area reclaimed in 2015: 0.0024 acres.

Total un-reclaimed acres: 0.00 (This should match "total acreage currently disturbed" on the 2016 reclamation/signature page)

For the areas reclaimed, the following reclamation measures were used (check only measures that were used). You must include photographs or videotapes of the completed reclamation work:

- Spread and contoured tailings
- Spread topsoil, vegetation, overburden muck or fines on the surface of contoured tailings
- Reestablished flood plain with stream channel in stable position
- Ponds are reclaimed
- Backfilled and reclaimed temporary stream diversions
- Camp removed, cleaned up and left free of debris
- Hardrock Exploration : Complete and submit an electronic Annual Reclamation Report

Other reclamation measures taken:

All reclamation related to repair of previously drilled boreholes. Reclamation included backfilling excavated sites, re-contouring disturbed areas, and spreading seed from native vegetation.

I did not operate in 2015 and therefore did not conduct reclamation.

Relationship to Claim(s)
 Owner Lessee Operator
 Agent For: _____

Signed _____

 THE. *Tim Havey*
 Env. Manager
 pe... PARTNERSHIP

31-DEC-15
Date

RECLAMATION PLAN

(33)

RECLAMATION PLAN

(Disturbed Area 5 Acres Or Greater or BLM Notices)

LETTER OF INTENT TO DO RECLAMATION

(Disturbed Area Less Than 5 Acres)

In accordance with Alaska Statute 27.19, reclamation is required of all mining operation. Reclamation bonding is required of operations with disturbance of 5 acres or greater. Completion of this application will meet the requirements for a "Reclamation Plan" for operations 5 acres and larger in size and "Letter of Intent To Do Reclamation" for operations under 5 acres. If you do not intend to use the reclamation methods presented below, please provide additional information concerning your plans for reclamation under separate attachments.

BLM requires that the reclamation plan be consistent with §43 CFR 3809.420, Performance Standards for the Surface Management regulations. Refer to 43 CFR 3809 or the BLM minerals website available at <http://www.blm.gov/ak/st/en/prog/minerals.html> for more information on what is needed for a reclamation plan.

Total acreage currently disturbed: 0.00 acres. This should match: "Total Unreclaimed Acres" on your 2015 Annual Reclamation Statement for Small Mines, or line #7 on your 2016 Bond Pool Renewal Form. Disturbed ground includes all unreclaimed mining and exploration activity (excluding camps and roads) since October 1991. Federal operators must include areas of camps and roads.

New acres to be disturbed in 2016 0.00 acres. Total acreage (currently disturbed plus new acres): 0.00 acres.

Acreage disturbed by land status: 0.00 State (general) 0.00 State (Mental Health) 0.00 Private 0.00 Federal

Total acreage to be reclaimed in 2016: 0.00 acres; and:

Reclamation conducted concurrently with the exploration. Reclamation will be conducted at the end of the exploration season

Total volume of material to be disturbed in 2016: 0.00 cubic yard. (Including strippings and overburden to be removed. (1 acre of disturbance is equal to 4,840 square yards).


The following reclamation measures shall be used. (These measures are required by law. Those that do not apply may be crossed out; but, an explanation must be given as to why these measures are not necessary at your site.)

- Topsoil, vegetation, and overburden muck, not promptly redistributed to an area being reclaimed, will be individually separated and stockpiled for future use. This material will be protected from erosion and from contamination by acidic or toxic materials and will not be buried by tailings.
- The area reclaimed will be reshaped to blend with the surrounding area using tailings, strippings, and overburden and be stabilized.
- Stockpiled topsoil, overburden muck, will be spread over the contoured exploration sites to promote natural plant growth such that the area can reasonably be expected to revegetate within five years. Stockpiled vegetation will be spread over topsoils.
- Exploration trenches will be backfilled. Brush piles, stumps, topsoil, and other organics will be spread on the backfilled surface to inhibit erosion and promote natural revegetation. Exploration trenches shall be flagged and signs posted to notify the public of the existence of the open trenches. All exploration trenches shall be reclaimed by the end of the exploration season in which they are constructed, unless specifically approved by the DMLW.
- Shallow auger holes (limited to depth of overburden) shall be backfilled with drill cuttings or other locally available material in such a manner that closes the hole to minimize the risk to humans, livestock and wildlife.
- All drill hole casings shall be removed or cut off at, or below, ground level. All drill holes shall be plugged by the end of the exploration season with bentonite holeplug or equivalent slurry, for a minimum of 10 feet within the top 20 feet of the drill hole. The remainder of the hole will be backfilled to the surface with drill cuttings. If water is encountered in any drill hole, a minimum of 7 feet of bentonite holeplug or equivalent slurry shall be placed immediately above the static water level in the drill hole. Complete filling of the drill holes, from bottom to top, with bentonite holeplug or equivalent slurry is also permitted and is considered to be the preferred method of hole closure during which they are drilled, unless otherwise specifically approved by the DMLW.
- If artesian conditions are encountered, the operator shall contact the DMLW (Kindra Geis (907) 451-2790) or the DEC (Tim Pilon at 907 451-2136) for hole plugging requirements.
- All buildings and structures constructed, used or improved, on State land, will be removed, dismantled, or otherwise properly disposed of at the completion of exploration. The campsite will be cleaned up and left free of debris. In consideration of potentially significant historic properties/cultural resources, please do not remove or disturb any buildings, structures, objects, or artifacts that were located on the site prior to the current operation without preauthorization from SHPO (Contact Mckenzie Johnson of SHPO at (907) 269-8726 or mckenzie.johnson@alaska.gov).

IMPORTANT: 1. Alternative reclamation measures may be approved if the reclamation measures presented above are not applicable to your site. Please explain in separate correspondence. Submit a sketch and describe additional reclamation measures you propose to conduct at your operation. Reclamation measures must comply with AS 27.19.

2. Federal land managers may require reclamation measures different to those identified above.

BONDING: In accordance with AS 27.19, bonding is required for all operations having a mined area of ≥five acres on State Land. This area must be bonded for \$750.00 per acre, unless the miner can demonstrate that a third party contractor can do the needed reclamation for less than that amount. A Statewide bonding pool has been established and may be joined by completing the bond pool application form. No reclamation plan approval goes into effect until the bonding pool deposit and annual nonrefundable fee are paid. Federal land managers may have additional bonding requirements. Use bond form to calculate area of disturbance for bonding.

<p>Tim Havey, Environmental Manager</p> <p>Printed name (Applicant)</p> <div style="text-align: center;">  <p>Tim Havey Env. Manager</p> </div> <p>Signature (Applicant)</p>	<p>Relationship to Claim(s)</p> <p><input type="checkbox"/> Owner <input type="checkbox"/> Lessee <input checked="" type="checkbox"/> Operator</p> <p><input type="checkbox"/> Agent For: _____</p>	<p>Date: <u>31-DEC-15</u></p> <p>APMA #: <u>6118</u></p>
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