

Department of Environment and Natural Resources
Minerals and Mining Program
Joe Foss Building
523 East Capitol Avenue
Pierre, South Dakota 57501-3181
Telephone: (605) 773-4201 Fax: (605) 773-5286

**APPLICATION FOR
MINING/MILLING PERMIT**
Pursuant to SDCL 45-6B:
Relating to The Extraction and
Processing of Minerals in
Operations Affecting More
Than 10 Acres Per Year
and/or Removing Over
25,000 Tons Per Year

Name of Operator: Wharf Resources (USA) Inc.

General Office Address:
10928 Wharf Road
Lead, South Dakota 57754

Local Address:
Same as Office Address

Telephone:
(605) 584-1441

Telephone:
(605) 584-1441

Name and Address of Surface Owner: (Enter additional owners on last page)
See Section 2.2 and Appendix 3

Name and Address of Mineral Owner: (Enter additional owners on last page)
See Section 2.2 and Appendix 3

Legal Description of Affected Land:
Portions of Sec 1, 2, 3, 12, T4N, R2E; Sec 6, 7,
T4N, R3E; and Sec 33, 36, T5N, R2E

Name and Address of Operator's Legal Resident Agent
(if out-of-state corporation):
Bill Shand, General Manager
Wharf Resources
10928 Wharf Road, Lead, SD 57754

County: Lawrence

Proposed Starting Date: Spring of 2011

Minerals to be Extracted and, if Applicable,
Milled:
Gold and Silver

Proposed Completion Date: 2020

Size of Area to be Worked at Any One Time
(acres):
279

Estimated Working Days Per Year:
365

Estimated Tonnage Mined Per Year
20 MM Tons

Estimated Duration of Operation (years):
Nine (9)

Estimated Tons of Ore Per Year:
3 MM Tons

Reclamation Type:
Rangeland, Recreation, Industrial, Home Sites

Overburden/Waste Tons Per Year:
17 MM Tons

Source of Legal Right to Enter and Initiate Operations:
Attach Copy See Section 2.2.

Source of Legal Right to Dispose of Tailings:
Attach Copy See Section 5.4.

Lease Letter USFS Permit
BLM, DOT, and
Black Hills Chairlift Co

Lease Letter USFS Permit

INSTRUCTIONS (Reference SDCL 45-6B)

Before a Hearing on the Permit May be Conducted by the the SD Board of Minerals and Environment, the Applicant Must Submit the Following Materials:

This Application Must be Accompanied by:

- 1. A Narrative Description of Methods of Mining and Milling to be Employed as Per Section 6 (8).
 - 2. A Reclamation Plan Pursuant to Section 7.
 - 3. A Map of the Affected Area Pursuant to Section 10.
 - 4. A Fee of \$1,000 Pursuant to Section 14.
 - 5. A List of the Names and Addresses of the Landowners of the Affected Land.
- 1. Certified Mail Receipts Confirming Mailing of Notice to all Surface Owners and Lessees Pursuant to Section 17.
 - 2. A Copy of the Affidavit of Publication of Notice Pursuant to Section 16.
 - 3. Proof of Filing a Copy of the Application with the Register of Deeds Pursuant to Section 15.
 - 4. A Surety in an Amount to be Determined by the Department Pursuant to Section 20.
 - 5. A copy of Instruments of Consultation From All Surface Landowners, if Different than the Owner of the Minerals Pursuant to Section 12 and 13.

STATE OF South Dakota

COUNTY OF Lawrence

On this 3 day of February

20 11, before me personally appeared

Bill Shand

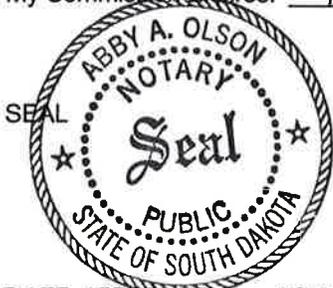
who acknowledged himself to be the General Manager
(Title)

for Wharf Resources
(Operator)

that he is authorized to execute the Application for Mining/ Milling Permit for the purposes contained therein.

Abby A. Olson
Notary Public

My Commission Expires: 9/9/2014



Applicant hereby affirms that the mining and milling will be conducted pursuant to SDCL 45-6B, or any regulations promulgated thereunder; that he will grant access to the Board of Minerals and Environment or its agents to the area under application from the date of the application and during the life of the permit as is necessary to assure compliance with SDCL 45-6B.

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Bill Shand
Signature

General Manager
Title

Feb. 3, 2011
Date

FOR DEPARTMENT USE ONLY

DATE APPROVED: _____ BOND AMOUNT: _____ PERMIT NUMBER: _____

Chairman, SD Board of Minerals & Environment

Operator's Name: Wharf Resources (USA) Inc.

Permit Number: _____

In preparing the Operating and Reclamation Plan, please address each item in detail, referring to SDCL 45-6B as needed. Attach additional pages if extra space is needed.

1) Describe the proposed method of mining, and if applicable, milling to be employed:

A) Contour basis for the mining -

See Sections 5.2 through 5.3.4.

B) Depth to which and the direction in which mining will proceed -

See Section 5.3.4 and Exhibits 24 through 26.

C) Proposed disposition of mine spoil and tailings -

See Sections 5.4 and 6.7.1.

D) Method of blasting and control -

See Section 3.10 and Exhibit 16.

2) Provide a narrative description of the types of reclamation the operator proposes to achieve in the reclamation of the affected land (e.g. return to cropland, pasture, building sites, recreational area, forest planting, etc. Refer to SDCL 45-6B-7 and 45-6B-45):

See Sections 1.0 and 6.2.

3) What is the reason for choosing the above methods of reclamation?

See Section 6.2.

4) Itemize the amount of acreage accorded to each of the reclamation types described in Number 2:

See Section 6.2 and Exhibit 23.

- 5) How will the reclamation plan be implemented to meet the reclamation standards which are described in SDCL 45-6B-37 through 45-6B-46 (Refer to these sections in 45-6B):

45-6B-37 Grading -

See Section 6.7 and Exhibit 23.

45-6B-38 Removal of Refuse -

See Section 6.6.

45-6B-39 Revegetation -

See Section 6.5.

45-6B-40 Topsoil Storage -

See Section 5.3.3.

45-6B-41 Surface and Groundwater Protection -

See Sections 3.3 and 3.4, and Appendices 6 and 7.

45-6B-42 Highwall Reduction -

See Sections 5.2, 5.3.4, and 6.7.1.

45-6B-43 Erosion Control/Weeds -

See Sections 5.3.3 and 6.6.

45-6B-44, 45 Type of Reclamation -

See Section 6.2.

45-6B-46 Reclamation Timetable -

See Section 5.3.4, 6.7, and 6.8.

- 6) Provide a detailed description of how the intended reclamation methods described above will rehabilitate the affected land. This description shall include, but is not limited to, restoration of the natural vegetation, wildlife, water, air, and soil:

See Sections 6.2 and 6.7.

- 7) Provide a statement describing the location of proposed reservoirs, tailings ponds, tailings disposal sites, dams, dikes, and diversion canals. Denote such locations on the map required under SDCL 45-6B-10.

See Exhibits 2 and 21.

- 8) Describe what provisions will be made for the stripping and storage of overburden and topsoil:
 See Sections 3.2.2, 5.2, 5.3.3, and 6.4.
- 9) Describe the methods to be used in returning the overburden and topsoil during reclamation, and describe when this activity will take place:
 See Sections 3.2.2, 5.2, 5.3.3, 5.3.4, 5.4, 6.3 through 6.7, and 6.9.
- 10) Describe the post-closure plan for mine waste disposal facilities required under SDCL 45-6B-5 (5):
 See Section 6.10.2.
- 11) What is the expected cost of implementing the proposed reclamation work (cost per acre/ total cost)?
 See Section 6.10 and Table 6-6.
- 12) Provide a statement which describes any characteristics of the affected land of historic, archaeological, geologic, scientific, or recreational significance which are known to the applicant:
 See Section 2.3.

In addition to addressing the above items, please attach the following items to the Reclamation Plan:

- 1) A standard soil survey of the affected land prepared by the local Conservation District (paid for by the applicant).
- 2) A vegetation survey report on the affected land prepared by the local Conservation District (paid for by the applicant), including a description of the dominant species present, approximate size, and density.
- 3) A reclamation report prepared by the local County District Conservationist giving his recommendations and guidelines concerning how the area should be revegetated. This report should include a recommended seed mixture.
- 4) A wildlife survey report on the affected land prepared by the Department of Game, Fish, and Parks (paid for by the applicant), including a description of the dominant species of wildlife inhabiting the area.
- 5) A post reclamation map showing the anticipated physical appearance of the reclaimed mine, and portraying the outline of the proposed final land use for each portion of the reclaimed land.
- 6) The baseline water quality and water-level data for the area (the Department shall designate what parameters should be tested for after on-site inspection, and the applicant shall use testing methods as approved by the Department).

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examine by me, and to the best of my knowledge and belief, is in all things true and correct.

Operator's Signature: Bill Smith

Title: General Manager

Date: Feb. 3, 2011

All applications filed pursuant to Titles 34A and 45 shall include a certification, sworn to under oath and signed by the applicant, that he is not disqualified by reason of this section from obtaining a permit. In the absence of evidence to the contrary, that certification shall constitute a prima facie showing of the suitability and qualification of the applicant. If at any point in the application review recommendation, or hearing process, the secretary finds the applicant has intentionally made any material misrepresentation of fact in regard to this certification, consideration of the application may be suspended and the application may be rejected as provided for under this section.

Applications rejected pursuant to this section constitute final agency action upon that application and may be appealed to circuit court as provided for under chapter 1-26."

Pursuant to SDCL 1-40-27, I certify that I have read the forgoing provision of state law, and that I am not disqualified by reason of that provision from obtaining the permit for which application has been made.

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

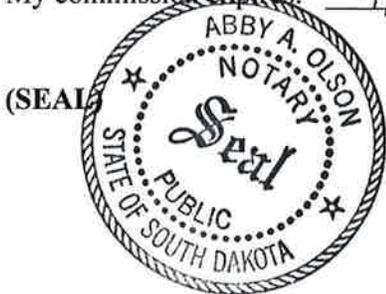
Dated this 3rd day of Feb, 2011.

Bill Sha
Applicant

Subscribed and sworn before me this 3 day of February, 2011.

Abby A. Olson
Notary Public

My commission expires: 9/9/2014



**PLEASE ATTACH SHEET DISCLOSING ALL FACTS PERTAINING TO
SDCL 1-40-27 (1)(a) THROUGH (e).
ALL VIOLATIONS MUST BE DISCLOSED, BUT WILL NOT
AUTOMATICALLY RESULT IN THE REJECTION OF AN APPLICATION.**



DEPARTMENT OF GAME, FISH AND PARKS
Cleghorn Fish Hatchery
4725 Jackson Boulevard
Rapid City, South Dakota 57702-4804

March 12, 2010

SD/DENR Minerals and Mining Program
Attn. Mike Cepak
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181

**Subject: Wharf and Golden Reward Expansion Aquatic, Wildlife And
Vegetation Survey Contractors**

Dear Mike,

Pursuant to SDCL 45-6B-7(4), this letter represents South Dakota Department of Game, Fish and Parks approval of the following contractors to conduct preliminary wildlife surveys at the Wharf and Golden Reward Expansion project:

GEI Consultants, Inc (Lee Bergstedt; Fisheries Biologist)
ICF International (William Vetter; Senior Consultatnt/ Wildlife Biologist)
BKS Environmental (Brenda K. Schladweiler; Reclamation Specialist Senior Soil Scientist)

Should you have any questions regarding this letter please contact me by any of the numbers listed below.

Sincerely,

Stan Michals
Energy and Minerals Coordinator

Office (605) 394-2589
Fax (605) 394-1760
E-mail stan.michals@state.sd.us

CC:
Crystal Hocking, RESPEC
Ken Nelson, WRI

Minutes of the
Board of Minerals and Environment
Telephone Conference Call Meeting
Matthew Environmental Education and Training Center
523 East Capitol Avenue
Pierre, South Dakota

January 21, 2010
10:00 a.m. CST

CALL TO ORDER AND ROLL CALL: The meeting was called to order by Chairman Richard C. Sweetman. The roll was called and a quorum was present.

BOARD MEMBERS PARTICIPATING: Richard Sweetman, Lee McCahren, Chuck Monson, Linda Hilde, Dennis Landguth, and Pete Bullene.

BOARD MEMBERS ABSENT: Glenn Blumhardt, Bob Duxbury, and Tim Johns.

OTHERS PRESENT: Jan Pharr, American Colloid, Mike Cepak, Tom Cline, Eric Holm, Mike Lees, and Roberta Hudson, DENR Minerals and Mining Program.

APPROVAL OF MINUTES FROM OCTOBER 15, 2009, MEETING: Motion by McCahren, seconded by Monson, to approve the minutes from the October 15, 2009, Board of Minerals and Environment meeting, as mailed. A roll call vote was taken, and the motion carried unanimously.

MINING ISSUES: Prior to the meeting, the board was presented with the matrix sheet listing the DENR recommendations for release of liability and surety and releases of liability.

Motion by Landguth, seconded by Monson, to accept the DENR recommendations for release of liability and surety, transfers of liability, and releases of liability, as shown on the matrix sheet (see attached matrix sheet). A roll call vote was taken, and the motion carried unanimously.

REQUEST FOR APPROVAL OF SOCIOECONOMIC CONTRACTOR: Eric Holm was administered the oath by Lee McCahren.

In accordance with SDCL 45-6B-33.1, the socioeconomic study is to evaluate the potential impacts of a proposed mining operation including, but not limited to, the following areas:

- Population base;
- Employment and income;
- Tax base;
- Housing;
- Community services, including, but not limited to, schools, law enforcement and fire protection, solid waste, water and wastewater, and roads;

Board of Minerals and Environment
January 21, 2010, Meeting Minutes

- Recreational opportunities or other beneficial uses of land within and adjacent to the permit area; and
- An evaluation of the cumulative impacts of the proposed operation considered together with existing operations in the surrounding region.

Mr. Holm reported that three companies requested that the board approve Dr. Michael K. Madden to be their socioeconomic contractor.

American Colloid Company is applying for two large-scale mine permit applications for lands approximately 17 miles northwest of Belle Fourche.

Wharf Resources (USA), Inc. and Golden Reward Mining Company, LP are applying for large-scale mine permits to expand current gold mines near Lead.

Mr. Holm noted that the last time the board approved a socioeconomic contractor was in January 2008, when the board approved Knight Piesold to be the socioeconomic contractor for Powertech (USA), Inc.

Under the mining statutes, an applicant for a large-scale mine is required to do a socioeconomic impact study and include it in its mine permit application. The law requires the applicant to get board approval for the contractor to conduct the study.

Mr. Holm noted that as part of its decision making process on a mine permit application, the board can consider the socioeconomic impacts of a mining operation. The board can deny a mine permit application if it finds the adverse socioeconomic impacts of the proposed mining operation outweigh the benefits of the operation.

Mr. Holm stated that a copy of Dr. Madden's resume was sent to the board members prior to the meeting.

Jan Pharr, American Colloid, reported that the company has been working on the permit applications for about two years. The two areas are located about twenty miles north of Belle Fourche and the two areas are about 3/4 of a mile apart. Since the two areas are not contiguous, two separate mine permits are required.

Ms. Pharr stated that Dr. Madden was referred to American Colloid by RESPEC Consulting, Rapid City, SD.

Mr. Holm noted that Ron Waterland with Wharf Resources had planned to be in Pierre to give a presentation, but due to freezing rain he was not present at the time of the board meeting.

Mr. Holm reported that Wharf Resources proposes an expansion to the south of the current Portland and the Trojan Pits. Golden Reward proposes to expand to the west of the current high walls in the West Liberty and Harmony Pits. These two companies are requesting approval of Dr. Michael Madden as the socioeconomic contractor for these two projects.

Board of Minerals and Environment
January 21, 2010, Meeting Minutes

Responding to questions from Chairman Sweetman, Mr. Holm stated that Wharf Resources owns the Golden Reward Mine and with the high gold prices, they are looking at potential ore zones in the existing high walls in the West Liberty and Harmony areas. The ore from Golden Reward will be taken to the Wharf Mine for processing.

Denny Landguth requested that at the next board meeting, staff provide the board with a map showing the proposed expansion areas.

Mike Cepak stated that since these applications may come before the board for hearing, staff would have to check with the Attorney General's Office before providing any information to the board members. He noted that the next phase of the mine permit application process is the Scenic and Unique Lands determination.

Mr. Landguth stated that he would wait until the hearing to look at the map of the proposed expansion areas.

Mr. McCahren suggested that the board tour the area prior to the mine permit hearings.

Chairman Sweetman requested board action on the socioeconomic contractor requests.

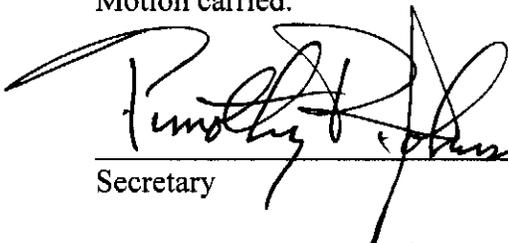
Motion by McCahren, seconded by Hilde, to approve Dr. Michael K. Madden as the socioeconomic contractor for American Colloid Company's two large-scale bentonite mine permit applications. A roll call vote was taken, and the motion carried unanimously.

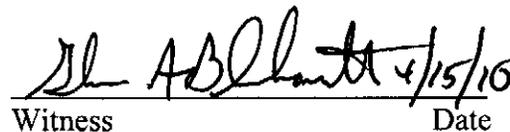
Motion by McCahren, seconded by Hilde, to approve Dr. Michael K. Madden as the socioeconomic contractor for Wharf Resources (USA), Inc.'s large-scale gold mine permit application. A roll call vote was taken, and the motion carried unanimously.

Motion by McCahren, seconded by Hilde, to approve Dr. Michael K. Madden as the socioeconomic contractor for Golden Reward Mining Company LP's large-scale gold mine permit application. A roll call vote was taken, and the motion carried unanimously.

OTHER BUSINESS: The next Board of Minerals and Environment meeting is April 15, 2010, in Pierre.

ADJOURNMENT: Motion by Monson, seconded by Landguth, that the meeting be adjourned. Motion carried.


Secretary _____ Date 4/15/10


Witness _____ Date 4/15/10



Department of Transportation

Rapid City Area Office

2300 Eglin Street
P.O. Box 1970
Rapid City, SD 57709-1970
Phone: 605/394-2248
FAX: 605/394-1904

February 10, 2011

Mr. Ron Waterland
Environmental Manager
Wharf Resources, Inc.
10928 Wharf Road
Lead, South Dakota 57754

RE: S.D. Highway 473 Relocation

Dear Mr. Waterland:

The South Dakota Department of Transportation currently maintains S.D. Highway 473 (Nevada Gulch Road) from Highway 14A to the turnoff to Terry Peak Ski Lift. If Wharf Resources, Inc., is successful in their request to relocate the upper portion of this highway, the South Dakota Department of Transportation will assume the maintenance responsibilities for this new section of highway, excluding the proposed structure for the underpass.

Cordially,

DEPARTMENT OF TRANSPORTATION



Gary D. Engel
Area Engineer

GDE:rk

cc: Files

Ron Waterland

From: Meyers, Zindie - Spearfish, SD [zindie.meyers@sd.nacdn.net]
Sent: Thursday, February 10, 2011 10:04 AM
To: Ron Waterland
Subject: RE: Wharf Weed Plan

To: Ron Waterland, Environmental Manager, Wharf Resources
From: Zindie Meyers, District Manager, on behalf of the Lawrence Conservation District Board of Supervisors
Re: Weed Management Plan

The Lawrence Conservation District Board concurs with the recommendations of the Lawrence County Invasive Species Management Department regarding the weed control plan to be used under a new permit to mine for Wharf Resources. Additionally, the board would ask that Wharf consult with them and the Natural Resources Conservation Service, Belle Fourche office, concerning any planting mixes used on new sites.

From: Ron Waterland [mailto:ron.waterland@goldcorp.com]
Sent: Monday, February 07, 2011 3:33 PM
To: David Heck; Meyers, Zindie - Spearfish, SD
Subject: Wharf Weed Plan

Hello David and Zindy,

Wharf will be sending an application for a new permit to mine areas near our existing mine and the Golden Reward mine. We propose to continue using the same weed control plan that we have in place at Wharf and Golden Reward. The new permit application requires us to consult with the Lawrence County Conservation Board and the Lawrence County Weed Board to develop our weed management plan. The plan we developed in cooperation with your groups will be used in the proposed new areas. Essentially we conduct a yearly property inspection; identify locations of weed growth; and treat weeds annually through chemical control.

Please let me know if this plan is acceptable or if we need to meet. We will need some proof that we have consulted with Lawrence County Weed Management on our proposed weed control program. Please respond to me at this e-mail address.

Kind Regards

Ron Waterland
Environmental Manager
Wharf Resources (USA)
(605) 584-4155
ron.waterland@goldcorp.com

This email and any attachments are being transmitted in confidence for the use of the individual(s) or entity to which it is addressed and may contain information that is confidential, privileged, proprietary, or exempt from disclosure. Any use not in accordance with its purpose, any distribution or any copying by persons other than the intended recipient(s) is prohibited. If you received this message in error, please notify the sender and delete the material.

Este correo electrónico y cualquiera de sus agregados están siendo transmitidos de manera confidencial para el uso de el(los) individuo(s) o entidad a la cual está transmitida y puede contener información que es confidencial, privilegiada, propietaria o de acceso restringido. Cualquier uso que no esté de acuerdo con este propósito, cualquier distribución o cualquier copia por otras personas que no estén previstas en los destinatarios está prohibida. Si usted recibió este mensaje por error, por favor notifique al remitente y borre el material.

Ce courrier électronique et ses pièces jointes sont transmis en toute confidentialité pour l'utilisation de ou des personne(s) ou de l'entité à laquelle il est adressé et peut contenir des renseignements qui sont confidentiels, privilégiés, de droit de propriété ou exempt de divulgation. Toute utilisation non conforme, toute distribution ou duplication par les personnes autres que le(s) destinataire(s) sont formellement interdites. Si vous avez reçu ce message par erreur, notifiez s'il vous plaît l'expéditeur et supprimer le fichier.