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MINERALS & MINING PROGRAM

APPENDIX 15  
SOCIOECONOMIC ASSESSMENT

**Madden, M. K., 2011.** *Socioeconomic Assessment Wharf Mining Co.*, for Wharf Resources (USA) Inc., Lead, SD.

Letter addendum to socioeconomic assessment.

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Re: Post-mining land use plans

I completed a limited socioeconomic analysis in connection with the permit application that has recently been submitted by Wharf Resources in August of 2010. Since that time additional post-mining planning has been completed by others connected to your firm.

In this regard I have reviewed relevant portions of the post-mining reclamation plan that has recently been completed.

The types of re-use contemplated in this plan are comprised of rangeland, recreation, industrial (ie. commercial), and residential purposes. All four of these types of uses are also current uses of land that are either near to, adjacent to or are actually part of the land to be disturbed in connection with mining activity. Thus, what is being proposed for post-mining purposes is economically and socially consistent with current uses. The ultimate acreage breakdown within the re-use plan has, for good reason, not been delineated in the plan since economic factors which will exist seven to nine years hence are not presently known with certainty.

### **Rangeland**

Land that will revert to grazing and browsing purposes will be compatible with the present use of much of the land to be disturbed as well as other adjacent land uses. Although the economic benefits pertaining to grazing land is normally not significant, the open space that such use affords provides social and aesthetic benefits consistent with what currently exists in the area. The primary grazing benefits will relate to improvements to habitat for wildlife with perhaps minor enhancements to hunting and wildlife viewing. Limited economic benefits may also accrue within the agricultural sector for grazing of domestic livestock.

### **Recreation**

Enhanced winter recreation opportunities represent a substantial long-term economic benefit to Lawrence County. In Section V of the Socioeconomic Study that I prepared discussed in some detail the added benefits that have already been experienced to the downhill ski area at Terry Peak in connection with capital improvements provided in part by the gold mining industry. New areas with improved access that are part of the re-use of the mine acreage will enhance this economic benefit. In addition to downhill skiing, new opportunities for cross-country skiing, snowmobiling and snowshoeing are all activities that could be enhanced in land reclaimed for recreational purposes. The potential economic impact from such activities is substantial since Lawrence County already has climatic advantages over other areas of the Black Hills.

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## **Industrial**

Under Rules adopted by the State of South Dakota, an industrial re-use encompasses commercial utilization. Potential commercial uses would logically consist of improvements or expansion of the existing downhill ski facility at Terry Peak, commercial lodging facilities and other commercial enterprises that are consistent with recreation re-uses discussed above such as cross country skiing rentals and snowmobile services. Actual allocation of acreage for such purposes would presumably be determined by perceived economic opportunities compared to other uses at the time such land is available seven to nine years from the present time. The essential observation at the present time is any such future use is consistent with current utilization of the area by the public.

## **Residential**

Areas within the proposed mining permit application that are adjacent to existing residential neighborhoods are prime candidates for conversion to residential re-use when mining activity ceases. Specifically, the north eastern area proposed for disturbance is proximate to the existing Lost Camp subdivision. In addition, the Barefoot Condominium complex is also close to where mining and subsequent reclamation activity are expected to occur over the extended life of the mine. This area presents a comparative advantage for residential re-use since the Terry Valley-Trojan Water Project manages domestic water production for existing homes in the area.

The magnitude of economic benefits of residential re-use will ultimately depend on the demand for recreational as well as year-around housing in the area.

## **Summary**

A distinct advantage associated with reclamation activity in the case of this mining operation is that successful commercial and residential activity in the immediate vicinity currently exists and has existed for a number of decades. This advantage affords reuse options a proven record of experience that takes much speculation out of the equation concerning the success of future re-use ventures. Although it is not possible to determine with any certainty the degree of economic benefit that will accrue to the recreation and housing industries, it is certain that any benefit will be positive.

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