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MINERALS & MINING PROGRAM

**APPENDIX 1**  
**FORMS AND CONSULTATIONS**

**Permit Application Forms**

**Approval of Consultants**

**Instruments of Consultation**

**Proof of Submission Forms & Receipts**

**Conditional Use Permit**

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JUL 05 2011  
MINERALS & MINING PROGRAM

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

Telephone:

(605) 584-1441

Name and Address of Surface Owner: (Enter additional owners on last page)

See Section 2.2, Appendix 3, and Exhibits 3 and 3.1

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

County: Lawrence

Minerals to be Extracted and, if Applicable, Milled:

Gold and Silver

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

298

Estimated Tonnage Mined Per Year

20 MM Tons

Estimated Tons of Ore Per Year:

3 MM Tons

Overburden/Waste Tons Per Year:

17 MM Tons

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

Lease  Letter  USFS Permit  
BLM, DOT, and  
Black Hills Chair Lift Co

Local Address:

Same as Office Address

Telephone:

(605) 584-1441

Name and Address of Mineral Owner: (Enter additional owners on last page)

See Section 2.2 and Appendix 3

Name and Address of Operator's Legal Resident Agent (if out-of-state corporation):

CT Corporation System  
319 South Coteau  
Pierre, SD 57501-3108 (605) 224-5825

Proposed Starting Date: Summer 2011

Proposed Completion Date: 2020

Estimated Working Days Per Year:

365

Estimated Duration of Operation (years):

Nine (9)

Reclamation Type:

Rangeland, Recreation, Industrial, Home Sites

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

Lease  Letter  USFS Permit

INSTRUCTIONS (Reference SDCL 45-6B)

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.

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:

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 19 day of April, 20 11, before me personally appeared

Bill Shand

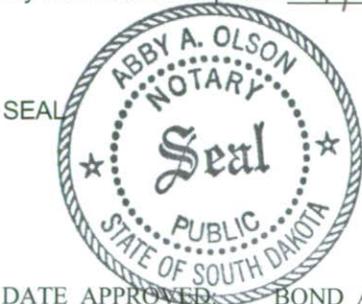
who acknowledged himself to be the General Manager (Title)

for Wharf Mine (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

04/18/2011  
Date

FOR DEPARTMENT USE ONLY

DATE APPROVED: \_\_\_\_\_ BOND AMOUNT: \_\_\_\_\_ PERMIT NUMBER: \_\_\_\_\_

\_\_\_\_\_  
Chairman, SD Board of Minerals & Environment



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 3<sup>rd</sup> 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.**

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## WHARF RESOURCES PARTNERSHIP

### LIST OF NOTICES OF VIOLATION

1. Notice of Violation issued 5/24/84.  
Reason: a.) Wharf failed to install hypalon liner in the Overflow Pond prior to use.  
b.) Wharf failed to allow a minimum of 2 feet of freeboard in the ponds.  
c.) Wharf failed to report the possible release of cyanide into the environment within 24 hours as required.
2. Cease and Desist Order issued 6/12/84.  
Reason: Failed to comply with 5/24/84 Notice of Violation and Order.
3. Two Notices of Violation issued 10/13/95.  
Reason: From 8/21-28/95 Wharf discharged inadequately treated cyanide solution into Ross Valley and subsequently into Annie Creek. Two Notices of Violations were issued, one under mining and one under the water pollution laws.
4. Notice of Violation issued 12/12/97.  
Reason: Wharf exceeded the nitrate groundwater standard in two shallow wells and the total cyanide limit in its surface water discharge permit for Ross Valley and Annie Creek.
5. Notice of Violation issued 5/31/00.  
Reason: Wharf exceeded the selenium standard for Annie Creek, exceeded the ammonia standard for the outfall from the Ross Valley de-nitrification facility and failed an acute whole effluent toxicity test in Ross Valley.
6. Notice of Violation issued 8/7/01  
Reason: Wharf failed to meet conditions required in the Action Leakage Rate Response Plan. Mitigation plans were not submitted to the DENR in the time frame required by the plan.
7. Notice of Violation issued 1/28/03  
Reason: Wharf exceeded daily maximum limits for ammonia at compliance point 001, 005, 006A, and 006B. Wharf exceeded daily maximum limits for total suspended solids at compliance point 005. Wharf exceeded groundwater discharge permit limits in Ross Valley at compliance well MW-2A. Wharf exceeded drinking water limits for nitrate and total coliform in the potable water system a number of times.

8. Notice of Violation issued 3/20/08

Reason: Wharf exceeded surface water discharge permit limits for total ammonia, weak acid dissociable cyanide, biological oxygen demand, pH, dissolved oxygen, and acute whole effluent toxicity at various compliance points a number of times over a period of three years.

Golden Reward (Mine Permit No. 450).

1. Notice of Violation and Order issued October 7, 1988.

Reason: Golden Reward began construction of their process plant lining system prior to department approval of plans and specifications.

Order: Golden Reward was to cease construction until plans and specifications are approved, and repair or reconstruct any areas that were not up to the approved specifications.

Settlement: Paid \$1,000.

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Department of Environment and Natural Resources  
Minerals and Mining Program  
Joe Foss Building  
523 East Capitol Avenue  
Pierre, South Dakota 57501-3182  
Telephone: (605) 773-4201 Fax: (605) 773-5286

MINING/MILLING  
OPERATING & RECLAMATION PLAN

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 23.1.

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: 04/18/2011



**GOLDCORP**

WHARF RESOURCES (USA) INC.

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MINERALS & MINING PROGRAM

April 8, 2011

Gary Engel  
Department of Transportation  
2300 Eglin Street  
Rapid City, SD 57709-1970

Certified: 7010 1670 0001 0575 1605

Dear Mr. Engel:

**RE: Wharf Expansion Project Consultation**

This letter serves as an instrument of consultation between Wharf Resources and the Department of Transportation (DOT) regarding Wharf's planned mining expansion. As a portion of S.D. Highway 473 (Nevada Gulch Road) and the right-of-way is located within the Expansion Project, Wharf is requesting permission from the DOT to enter and commence operations. This permission is in addition to the letter from the DOT on February 10, 2011 stating the DOT will assume maintenance responsibilities for the new highway, excluding the underpass.

As an affected party, Wharf is including a copy of the operating and reclamation plans. Also, per South Dakota Codified Law 45-6B-39, landowners must be consulted regarding the vegetation seed mixes. I have attached the final seed mix table along with a table showing the nurse seed mix that will be used in conjunction with the final seed mix during reclamation. This seed mixture is very similar to that of the existing Wharf final reclamation seed mix and was prepared in consultation with the Natural Resource Conservation Service (NRCS) and South Dakota Department of Environment and Natural Resources (SD DENR).

Please reply to this letter indicating (1) permission to enter and operate on DOT controlled lands within the Expansion Project, (2) receipt of the operating and reclamation plans, and (3) approval of the seed mixes. If you have any comments or require further information, please do not hesitate to contact me at 605.584.4155 or [ron.waterland@goldcorp.com](mailto:ron.waterland@goldcorp.com).

Sincerely,

Ron Waterland  
Environmental Manager

Enclosure

Nurse Crop Seed Mixture

| Species         | Pounds<br>(pls/acre) <sup>(a)</sup> |
|-----------------|-------------------------------------|
| Spring Wheat    | 40                                  |
| Siberian Millet | .7                                  |
| Annual Ryegrass | 4                                   |
| <b>Total</b>    | <b>51</b>                           |

(a) pls/acre = pure live seed per acre.

Final Reclamation Seed Mix

| Species               | Pounds<br>(pls/acre) |
|-----------------------|----------------------|
| Alfalfa               | 0.5                  |
| White Dutch Clover    | 0.5                  |
| Slender Wheatgrass    | 7.0                  |
| Thickspike Wheatgrass | 7.0                  |
| Hard Fescue           | 1.5                  |
| Timothy               | 1.0                  |
| Western Wheatgrass    | 8.0                  |
| Russian Wildrye       | 3.0                  |
| Canada Bluegrass      | 0.5                  |
| Pubescent Wheatgrass  | 2.5                  |
| Blanket Flower        | 0.3                  |
| Black-eyed Susan      | 0.1                  |
| Rocky Mt. Penstemon   | 0.1                  |
| <b>Total</b>          | <b>32.0</b>          |

7010 1670 0001 0575 1605

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| Certified Fee                                     | 2.80    |
| Return Receipt Fee<br>(Endorsement Required)      | 2.30    |
| Restricted Delivery Fee<br>(Endorsement Required) | 785     |
| Total Postage & Fees                              | \$ 5.55 |



Sent To: SD DOT  
 2300 Eglin Street  
 PO Box 1970  
 Rapid City, SD 57709

PS Form 3800, August 2006 See Reverse for Instructions

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY   |
|--|---|
| <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> | <p>A. Signature: <i>Larry Swan</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name): LARRY SWAN</p> <p>C. Date of Delivery: 4-8-11</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No<br/>         If YES, enter delivery address below:</p> |
| <p>1. Article Addressed to:</p> <p>SD DOT<br/>         2300 Eglin Street<br/>         PO Box 1970<br/>         Rapid City, SD 57709</p>  | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>   |
| <p>2. Article Number (Transfer from service label): 7010 1670 0001 0575 1605</p>   | <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>   |

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# 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

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March 7, 2011

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

RE: Lawrence County Buffer Waiver

Dear Mr. Waterland:

The Lawrence County Comprehensive Plan, Conditional Use Permit requires a buffer zone between the disturbed land and any adjacent landowner. This buffer shall be a minimum of 500 feet, except when the operator secures a waiver from adjacent landowners within five hundred (500) feet of the proposed area of disturbance.

By this letter, the South Dakota Department of Transportation agrees to waive the 500 foot buffer requirement set forth by Lawrence County for work adjacent to existing D.O.T. right-of-way, provided adequate measures are taken to protect the traveling public from any safety concerns as determined by the South Dakota Department of Transportation. This also includes work to relocate the upper portion of State Highway 473.

Further, we have no objections to the choice of reclamation options (including rangeland, recreation, industrial use, or home sites) associated with the restoration done on lands adjacent to the highway right-of-way.

Cordially,

DEPARTMENT OF TRANSPORTATION

  
\_\_\_\_\_  
Gary D. Engel  
Area Engineer

GDE:rk

cc: Files



# 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

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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



# LEAD VOLUNTEER FIRE DEPARTMENT

801 WEST MAIN STREET  
LEAD SD 57754  
605-584-1617



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MINERALS & MINING PROGRAM

March 23, 2011

Mr. Ron Waterland  
Wharf Resources  
10928 Wharf Road  
Lead, SD 57754

RE: Lawrence County Buffer Waiver

Dear Mr. Waterland:

The Lawrence County Comprehensive Plan, Conditional Use Permit requires a buffer zone between the disturbed land and any adjacent landowner. This buffer shall be a minimum of 500 feet, except when the operator secures a waiver from adjacent landowners within five hundred feet of the proposed area of disturbance. By this letter, the Lead Volunteer Fire Department agrees to waive the 500 foot buffer requirement set forth by Lawrence County.

Further, we have no objections to the choice of reclamation options (including rangeland, recreation, industrial use, or home sites) associated with the restoration done on Black Hills Chairlift Co. lands adjacent to and within the Wharf Expansion Project.

Sincerely,

Tim Eggers  
Fire Chief  
Lead Volunteer Fire Department

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|---|----------------|
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| Certified Fee                                     | 2.80           |
| Return Receipt Fee<br>(Endorsement Required)      | 2.30           |
| Restricted Delivery Fee<br>(Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.17</b> |



Sent To **Lead Volunteer Fire Dept**  
 Street, Apt. No., or PO Box No. **801 West Main St**  
 City, State, ZIP+4 **Lead, SD 57754**

PS Form 3800, August 2006 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Lead Volunteer Fire Dept  
801 West Main St  
Lead, SD 57754**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
*Bileso Ryan*

B. Received by (Printed Name) **Bileso Ryan** C. Date of Delivery **4/22/11**

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
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4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) **7010 1670 0001 0575 2060**

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April 29, 2011

Ron Waterland  
Environmental Manager  
Wharf Resources USA Inc.  
10928 Wharf Road  
Lead, SD 57754-9710

Re: Reply to Wharf Letter of April 8, 2011

Dear Mr. Waterland

I am in receipt of the above referenced letter relative to your proposed Mine Expansion Project. Wharf has permission to enter and operate on Black Hills Chair Lift Company (BHCLC) controlled lands within the proposed permit area. I received the operating and reclamation plans attached to the above referenced letter. BHCLC wants the portion of the haul road from the Terry Peak Kussy Express entrance to the Golden Reward Mine to remain in place after mining for future use by the ski area and will provide maintenance once reclaimed to a reasonable width. I have reviewed the seed mixes attached to the above referenced letter and they are acceptable to BHCLC.

Respectfully,

A handwritten signature in brown ink that reads "Tom Marsing". The signature is fluid and cursive, with a large loop at the end.

Tom Marsing  
President / General Manager  
Terry Peak Ski Area  
21120 Stewart Slope Rd.  
Lead, SD 57754

Visit us at [www.terrypeak.com](http://www.terrypeak.com) for current snow conditions, events and information.

P.O. Box 774, Lead, SD 57754 • (605) 584-2165 • [ski@terrypeak.com](mailto:ski@terrypeak.com)

**GOLDCORP**  
WHARF RESOURCES (USA) INC.

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April 8, 2011

Tom Marsing  
Black Hills Chair Lift Company  
21120 Stewart Slope Road  
Lead, SD 57754

Certified: 7010 1670 001 0575 1582

Dear Mr. Marsing:

**RE: Wharf Expansion Large-Scale Mining Permit**

This letter serves as an instrument of consultation between Wharf Resources and the Black Hills Chair Lift Company (BHCLC) regarding Wharf's planned mining expansion. There are four main issues, described below, that still need to be addressed to satisfy state regulations.

1. As a land owner within Wharf's Expansion Project, Wharf is requesting permission from the BHCLC to enter and commence operations on BHCLC owned lands within the Expansion Project boundary.
2. As a land owner and interested party, Wharf is including a copy of the operating and reclamation plans.
3. As part of the reclamation plan, Wharf Resources plans to leave a portion of the haul road from the Terry Peak Kussy Express entrance to the Golden Reward Mine in place after mining for future use by the ski area. In order to leave this portion of road, Wharf must receive a statement from BHCLC stating that they want this portion of the haul road left for its use and agrees to future maintenance needs.
4. Also, all landowners must be consulted regarding the vegetation seed mixes. I have attached the final seed mix table along with a table showing the nurse seed mix that will be used in conjunction with the final seed mix during reclamation. This seed mixture is very similar to that of the existing Wharf final reclamation seed mix and was prepared in consultation with the Natural Resource Conservation Service (NRCS) and South Dakota Department of Environment and Natural Resources (SD DENR).

Please reply to this letter indicating (1) permission to enter and operate on BHCLC controlled lands, (2) receipt of the operating and reclamation plans, (3) a statement about maintaining control of the haul road, and (4) approval of the seed mixes. If you have any comments or require further information, please do not hesitate to contact me at 605.584.4155 or [ron.waterland@goldcorp.com](mailto:ron.waterland@goldcorp.com).

Sincerely,



Ron Waterland  
Environmental Manager

Enclosure

## Nurse Crop Seed Mixture

| Species         | Pounds<br>(pls/acre) <sup>(a)</sup> |
|-----------------|-------------------------------------|
| Spring Wheat    | 40                                  |
| Siberian Millet | 7                                   |
| Annual Ryegrass | 4                                   |
| <b>Total</b>    | <b>51</b>                           |

(a) pls/acre = pure live seed per acre.

## Final Reclamation Seed Mix

| Species               | Pounds<br>(pls/acre) |
|-----------------------|----------------------|
| Alfalfa               | 0.5                  |
| White Dutch Clover    | 0.5                  |
| Slender Wheatgrass    | 7.0                  |
| Thickspike Wheatgrass | 7.0                  |
| Hard Fescue           | 1.5                  |
| Timothy               | 1.0                  |
| Western Wheatgrass    | 8.0                  |
| Russian Wildrye       | 3.0                  |
| Canada Bluegrass      | 0.5                  |
| Pubescent Wheatgrass  | 2.5                  |
| Blanket Flower        | 0.3                  |
| Black-eyed Susan      | 0.1                  |
| Rocky Mt. Penstemon   | 0.1                  |
| <b>Total</b>          | <b>32.0</b>          |

7010 1670 0001 0575 1582

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Sent To

Black Hills Chair Lift Co  
21120 Stewart Slope Rd  
Lead, SD 57754

PS Form 3800, August 2005 See Reverse for Instructions

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1. Article Addressed to:

Black Hills Chair Lift Co  
21120 Stewart Slope Rd  
Lead, SD 57754

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A. Signature *Gail Derby*  Agent  Addressee

B. Received by (Printed Name) *Gail Derby* C. Date of Delivery

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March 3, 2011

Mr. Ron Waterland  
Wharf Resources  
10928 Wharf Road  
Lead, SD 57754

RE: Lawrence County Buffer Waiver

Dear Mr. Waterland:

The Lawrence County Comprehensive Plan, Conditional Use Permit requires a buffer zone between the disturbed land and any adjacent landowner. This buffer shall be a minimum of 500 feet, except when the operator secures a waiver from adjacent landowners within five hundred feet of the proposed area of disturbance. By this letter, Black Hills Chair Lift Co. agrees to waive the 500 foot buffer requirement set forth by Lawrence County.

Further, we have no objections to the choice of reclamation options (including rangeland, recreation, industrial use, or home sites) associated with the restoration done on Black Hills Chair Lift Co. lands adjacent to and within the Wharf Expansion Project.

Respectfully,

A handwritten signature in black ink, appearing to read "Tom Marsing", is written over the typed name and title.

Tom Marsing  
President / General Manager

Visit us at [www.terrypeak.com](http://www.terrypeak.com) for current snow conditions, events and information.

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March 3, 2011

Mr. Mike Cepek  
South Dakota Department of Environment and Natural Resources  
Office of Minerals and Mining  
523 East Capitol  
Joe Foss Building  
Pierre, SD 57501-3181

**RE: Letter of Support for Wharf Expansion**

Dear Mr. Cepak:

This letter is written on behalf of Black Hills Chair Lift Company (BHCLC) and is in support of Wharf Resources' plans to expand their current mining operations as being submitted to the South Dakota Department of Environment and Natural Resources.

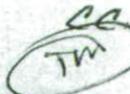
BHCLC is the owner and operator of Terry Peak Ski Area. The ownership of BHCLC is comprised of a limited number of partners. Wharf Resources is one of the partners in the company, but there is no owner, including Wharf, that owns a controlling interest in the company.

As a partner in Black Hills Chair Lift Company, Wharf Resources' ownership interest has been beneficial to all parties. In the recent past, Wharf has helped to make the ski area more functional by providing material for parking lots, transferring ownership of wells, and assisting with investments in artificial snowmaking equipment, among many other things. Wharf's involvement in Terry Peak has and will continue to have a positive impact for the ski hill.

During the past two decades, nearby gold mining and recreational skiing have co-existed. Visual impacts of mining have not interfered with ski operation as visitor volume has increased over the past twenty years. BHCLC believes that expansion of Wharf's mining operations, with appropriate season mining activity, will not adversely impact ski activities.

BHCLC agrees that this project will mutually benefit Wharf Resources', Black Hills Chair Lift Company, and the community at large. BHCLC gives the proposed Wharf expansion project our fullest support. Please contact me at (605) 584-2165 if I can be of any further assistance.

Respectfully,

  
Tom Marsing  
President / General Manager  
  


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

February 1, 2011

Dear Mr. Waterland,

Black Hills Chair Lift appreciates the opportunity to be part of the Pre-submission Conference. I feel the results as stated in your letter to Mike Cepak, dated December 20, 2010, we are in agreement with and know will result in a all around use of the permit area.

Please keep us informed in the proceedings of the permit.

Sincerely

A handwritten signature in black ink that reads "Tom Marsing". The signature is fluid and cursive, with a large loop at the end of the last name.

Tom Marsing  
President and General Manager  
Black Hill Chair Lift  
21120 Stewart Slope Road  
Lead, SD 57754

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United States  
Department of  
Agriculture

Forest  
Service

Black Hills National Forest  
Northern Hills Ranger District

2014 N Main Street  
Spearfish SD 57783  
605-642-4622

File Code: 2800

Date: April 15, 2011

Ron Waterland  
Environmental Manager  
GoldCorp Wharf Resources (USA) Inc.  
10928 Wharf Road  
Lead, SD 57754-9710

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Dear Mr. Waterland:

I am writing to inform you that I have received and reviewed Wharf's reclamation plan. The choice of reclamation options (including rangeland, recreation, commercial or home sites) does not interfere with management activities on adjacent National Forest System lands.

Please be advised that this letter does not verify the exact location of your activities. Acquiring recent survey from a certified Cadastral Surveyor is recommended to ensure all you planned activities are on your private property.

If you have questions or thoughts concerning this issue please contact Land/Mineral Specialist, Hillarie Jackson at this office, (605) 642-4622 or via email [hjackson@fs.fed.us](mailto:hjackson@fs.fed.us). Thank you for your continued cooperation with the Black Hills National Forest.

Sincerely,

RHONDA O'BYRNE  
District Ranger

Enclosure: None.

cc: Hillarie L Jackson





# GOLDCORP

WHARF RESOURCES (USA) INC.

April 8, 2011

Rhonda O'Byrne  
U.S. Forest Service  
Spearfish-Nemo Ranger District  
2014 N Main St  
Spearfish, SD 57783

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**Certified: 7010 1670 0001 0575 1575**

**RE: Wharf Expansion Project**

Dear Ms. O'Byrne:

This letter serves as an instrument of consultation between Wharf Resources and the United States Forest Service (USFS) regarding Wharf's planned mining expansion. Within Section 33, T5N, R2E, a portion of USFS land is located within 500 feet of the proposed Wharf Expansion Project permit boundary, and under South Dakota Codified Law (45-6B-44) Wharf is required to provide your department with a copy of the reclamation plan. The portion of Wharf's large-scale mining permit application that pertains to reclamation plans is enclosed for your review.

Please reply to this letter indicating receipt of the mine reclamation plans. If you have any comments or questions, please do not hesitate to contact me at 605.584.4155 or [ron.waterland@goldcorp.com](mailto:ron.waterland@goldcorp.com).

Sincerely,

Ron Waterland  
Environmental Manager

Enclosure

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 US Forest Service  
 2014 N. Main  
 Spearfish, SD 57783

Street, Apt. No., or PO Box No.  
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

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| <p>1. Article Addressed to:</p> <p>US Forest Service<br/>         2014 N. Main<br/>         Spearfish, SD 57783</p>  | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>   |
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United States  
Department of  
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Black Hills National Forest  
Northern Hills Ranger District

2014 N Main Street  
Spearfish SD 57783  
605-642-4622

File Code: 2800/5400

Date: March 29, 2011

Ron Waterland  
Environmental Manager  
Wharf Resources  
10928 Wharf Road  
Lead, SD 57754

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Dear Mr. Waterland:

I am writing you to inform you of the Forest Service's position on set back distances along Forest Service lands. This letter serves to give Lawrence County adequate information for the county to make decisions on approval of the Lawrence County Conditional Use Permit and the requirements of a buffer or set back from adjacent property owners.

The Forest Service has no jurisdiction on private property or interest in buffering Wharf Resources' or any landowner's activity on their property. The Forest Service has no regulation, policy, or direction that would require or need a set back or buffer zone on private property.

Further, the choice of reclamation options (including rangeland, recreation, industrial use, or home sites) does not interfere with management activities on adjacent National Forest System lands.

Please be advised that this letter does not verify the exact location of your activities. Acquiring a recent survey from a certified Cadastral Surveyor is recommended to ensure all your activities are on your private property. Thank you for your cooperation with the Black Hills National Forest.

If you have any questions or thoughts concerning this issue please contact Land/Mineral Specialist, Hillarie Jackson at this office, (605) 642-4622.

Sincerely,

RHONDA O'BYRNE  
District Ranger

Enclosure:





**GOLDCORP**

WHARF RESOURCES (USA) INC.

April 8, 2011

Marian Atkins  
Bureau of Land Management  
310 Roundup Street  
Belle Fourche, SD 57717-1698

Certified: 7010 1670 0001 0575 1599

Dear Ms. Atkins:

**RE: Wharf Expansion Large-Scale Mining Permit**

This letter serves as an instrument of consultation between Wharf Resources and the Bureau of Land Management (BLM) regarding Wharf's planned mining expansion. As a land owner within the Expansion Project, Wharf is requesting permission from the BLM to enter and commence operations.

Also, per South Dakota Codified Law 45-6B-39, landowners must be consulted regarding the vegetation seed mixes. I have attached the final seed mix table along with a table showing the nurse seed mix that will be used in conjunction with the final seed mix during reclamation. This seed mixture is very similar to that of the existing Wharf final reclamation seed mix and was prepared in consultation with the Natural Resource Conservation Service (NRCS) and South Dakota Department of Environment and Natural Resources (SD DENR).

Please reply to this letter indicating (1) permission to enter and operate on BLM lands located within the Expansion Project and (2) approval of the seed mixes. If you have any comments or require further information, please do not hesitate to contact me at 605.584.4155 or [ron.waterland@goldcorp.com](mailto:ron.waterland@goldcorp.com).

Sincerely,

Ron Waterland  
Environmental Manager

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## Nurse Crop Seed Mixture

| Species         | Pounds<br>(pls/acre) <sup>(a)</sup> |
|-----------------|-------------------------------------|
| Spring Wheat    | 40                                  |
| Siberian Millet | 7                                   |
| Annual Ryegrass | 4                                   |
| <b>Total</b>    | <b>51</b>                           |

(a) pls/acre = pure live seed per acre.

## Final Reclamation Seed Mix

| Species               | Pounds<br>(pls/acre) |
|-----------------------|----------------------|
| Alfalfa               | 0.5                  |
| White Dutch Clover    | 0.5                  |
| Slender Wheatgrass    | 7.0                  |
| Thickspike Wheatgrass | 7.0                  |
| Hard Fescue           | 1.5                  |
| Timothy               | 1.0                  |
| Western Wheatgrass    | 8.0                  |
| Russian Wildrye       | 3.0                  |
| Canada Bluegrass      | 0.5                  |
| Pubescent Wheatgrass  | 2.5                  |
| Blanket Flower        | 0.3                  |
| Black-eyed Susan      | 0.1                  |
| Rocky Mt. Penstemon   | 0.1                  |
| <b>Total</b>          | <b>32.0</b>          |

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 Bureau of Land Management  
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 Belle Fourche, SD 57717

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# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
South Dakota Field Office  
310 Roundup Street  
Belle Fourche, South Dakota 57717-1698  
[www.blm.gov/mt](http://www.blm.gov/mt)

In Reply Refer To:  
3800

March 8, 2011

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Mr. Ron Waterland  
Wharf Resources  
10928 Wharf Road  
Lead, SD 57754

Dear Mr. Waterland:

The Lawrence County Comprehensive Plan, Conditional Use Permit requires a buffer zone between the disturbed land and any adjacent landowner. This buffer shall be a minimum of 500 feet, except when the operator secures a waiver from adjacent landowners within five hundred feet of the proposed area of disturbance.

Bureau of Land Management lands within the 500 foot buffer waiver are:

T.4N., R.2E.  
Section 1, Lots 2, 8, 9, 10, 12, 19, 20, 21, 14  
Section 12, Lots 12, 13

By this letter, the BLM agrees to waive the 500 foot buffer requirement set forth by Lawrence County. However, any actions would need to be reviewed by the South Dakota Field Office regarding conformance with the South Dakota Resource Management Plan and federal mining law requirements.

Further, due to the limited area of BLM surface lands on these claims, the reclamation options should be the same as the surrounding lands either recreation or woodland grazing throughout the restoration associated with the Wharf Expansion Project.

Sincerely,

Marian Atkins  
South Dakota Field Manager  
Bureau of Land Management

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 Marian Atkins

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Name ( Street, City, St  
 Marian Atkins  
 Bureau of Land Management  
 310 Roundup Street  
 Belle Fourche, SD 57717-1698

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 Bureau of Land Management  
 310 Roundup Street  
 Belle Fourche, SD 57717-1698

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 X *Terry Dubois*

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April 12, 2011

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Mr. Mike Fosha  
Archaeological Research Center  
2425 E. St. Charles Street  
Rapid City, SD 57709-1257

**Certified: 7010 1670 0001 0575 1612**

**RE: Wharf Expansion Project**

Dear Mr. Fosha,

This letter serves as an instrument of consultation between Wharf Resources and the State Archaeological Research Center (SARC). As part of Wharf Resources' large-scale mine expansion project, we need a letter from SARC indicating you have received the cultural resource surveys (listed below), your analysis regarding any properties that your office deems to have historic or archaeological significance within the proposed mine areas, and any necessary mitigation measures. I'd also like to note that Wharf has recently changed the Expansion Project boundary (see attached map) to exclude Terry Cemetery.

- **Buechler, J., 2010.** *A Cultural Resources Inventory Survey of the Golden Reward 2010 Expansion Project in Lawrence County, South Dakota*, prepared by Dakota Research Services, Rapid City, SD, for RESPEC, Rapid City, SD.
- **Luoma, G. and J. A. Lowe, 2010.** *A Level III Cultural Resource Inventory For Wharf Resources (USA) Inc., Wharf Golden Reward Project, Lawrence County, South Dakota*, prepared by TRC Environmental Corporation, Laramie, WY, for Wharf Resources (USA) Inc., Lead, SD.
- **McClelland, B. R. and J. A. Lowe, 2010.** *A Level III Cultural Resources Inventory for Wharf Resources (U.S.A.) Inc., Wharf Golden Reward Project (Tract E), Lawrence County, South Dakota, Black Hills Archaeological Region*, TRC Project 172897, prepared by TRC Environmental Corporation, Laramie, WY, for Wharf Resources (U.S.A.) Inc., Lead, SD.

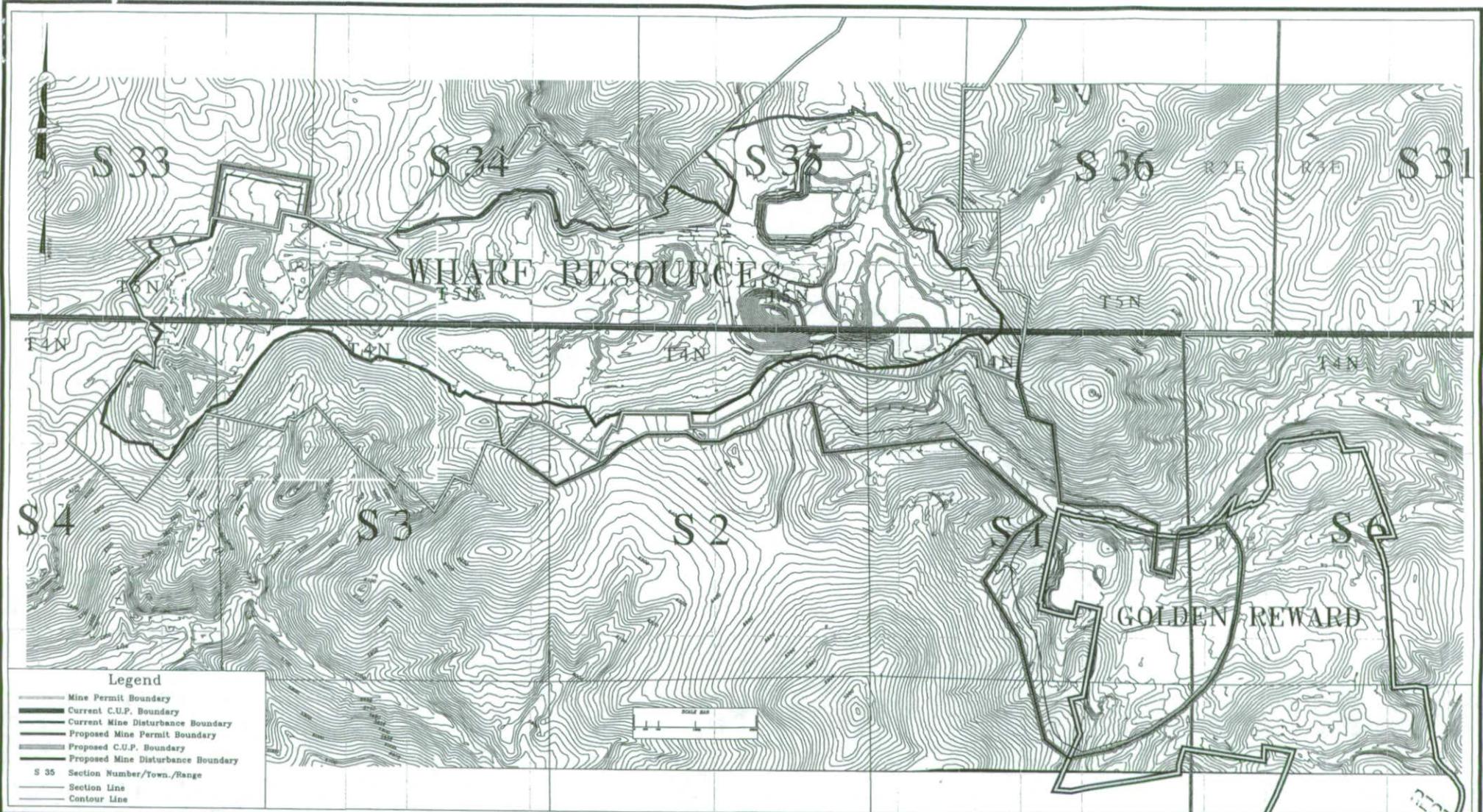
If you have any comments or questions, please do not hesitate to contact me at 605.584.4155 or [ron.waterland@goldcorp.com](mailto:ron.waterland@goldcorp.com).

Sincerely,



Ron Waterland  
Environmental Manager

Enclosure




**WHARF RESOURCES (U.S.A.), Inc.**  
 A wholly owned subsidiary of Goldcorp Inc.  
 10928 Wharf Road  
 Lead, SD 57754

**EXHIBIT 1.1**  
 Project Location

DATE: 1/1/11  
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 GEE

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| Restricted Delivery Fee<br>(Endorsement Required) | —             |
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Sent To **Mr. Mike Fosha**  
 Street, Apt. No.,  
 or PO Box No. **Archaeological Research Center**  
**2425 E. St. Charles Street**  
 City, State, ZIP+4 **Rapid City, SD 57709-1257**

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1. Article Addressed to:

Mr. Mike Fosha  
 Archaeological Research Center  
 2425 E. St. Charles Street  
 Rapid City, SD 57709-1257

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 *Susan L. [Signature]*  Agent  
 Addressee

B. Received by (Printed Name) \_\_\_\_\_ C. Date of Delivery  
 4-14-11

D. Is delivery address different from item 1?  Yes  
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4. Restricted Delivery? (Extra Fee)  Yes

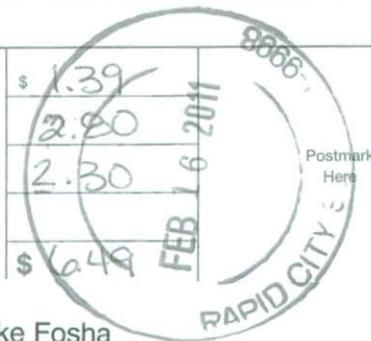
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Name ( Mr. Mike Fosha  
 Street, Archaeological Research Center  
 City, St 2425 E. St. Charles Street  
 Rapid City, SD 57709-1257

PS For

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7099 3220 0000 5189 7334

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1. Article Addressed to:

Mr. Mike Fosha  
 Archaeological Research Center  
 2425 E. St. Charles Street  
 Rapid City, SD 57709-1257

2. Article Number

(Transfer from service label)

7099 3220 0000 5189 7334

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A. Signature

James P. Watts  Agent  
 Addressee

B. Received by (Printed Name)

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2-17-11

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# CONDITIONAL USE PERMIT

EUP# 00000398

LAWRENCE COUNTY OFFICE OF  
PLANNING & ZONING  
DEADWOOD, SOUTH DAKOTA 57732

RECEIVED  
JUL 05 2011  
MINERALS & MINING PROGRAM

This Conditional Use Permit granted this day to WHARF RESOURCES (U.S.A.) INC (WHARF RESOURCES (U.S.A.) INC) on recommendation of the Lawrence County Planning Board and the Lawrence County Commission; and upon the results of the required public hearing(s).

Said Conditional Use Permit is intended to be used for the specific use herein. Any other use of this Conditional Use Permit is in violation of Lawrence County Ordinance and the violator is subject to the penalties set forth in said Ordinance.

Parcel #: 00000-00000-000-00

Location: NORTH EAST OF TERRY PEAK

911 Add: 10928 WHARF ROAD  
LEAD SD 57754

Legal Desc: MULTIPLE PARCELS IN SECTIONS 1, 2, 3 & 12, T4N, R2E, AND SECTIONS 6 & 7, T4N, R3E, AND SECTIONS 33 & 36, T5N, R2E B.H.M., LAWRENCE CO., SD

Type of Permit: LARGE SCALE MINE

Present Zoning Dist.: SRD, PF, RC, HSC

Signature of Property Owner: 

Signature of Administrative Official:   
Amber A. Vogt, Director  
Lawrence County Planning and Zoning

Date Granted: June 14, 2011

RECEIVED  
JUL 05 2011  
MINERALS & MINING PROGRAM

STATE OF SOUTH DAKOTA  
LAWRENCE COUNTY  
BOARD OF COUNTY COMMISSIONERS

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| <b>IN THE MATTER OF THE<br/>APPLICATION OF WHARF<br/>RESOURCES (U.S.A.) INC. FOR A<br/>LARGE-SCALE EXTRACTIVE<br/>INDUSTRY CONDITIONAL USE<br/>PERMIT.</b> | <b>CUP NO. 398<br/><br/>FINDINGS<br/>AND<br/>DECISION</b> |
|--|---|

The application (“Application”) of Wharf Resources (U.S.A.) Inc. (“Wharf Resources”) for a large-scale extractive industry Conditional Use Permit (“CUP”) came on regularly to be heard before the Lawrence County Planning Commission (“Planning Commission”) and the Lawrence County Board of County Commissioners (“Board of County Commissioners”). The Board of County Commissioners having considered the Application, and the testimony and evidence admitted, and good cause appearing therefore, hereby enters the following:

**FINDINGS**

1. The CUP Application was filed with the office of the Lawrence County Planning and Zoning Administrator (“Administrator”) on March 4, 2011. The Application is for the expansion of the existing Wharf and Golden Reward Mines (the “Expansion Project”).
2. The \$3,000 application fee was paid by Wharf Resources on March 4, 2011.
3. The Application contains all required and requested information.
4. The Application is complete in all respects.
5. On April 7, 2011, the Planning Commission held an informational meeting regarding the Application.
6. An on-site field trip for the Planning Commission, the Board of County Commissioners, and the public to the Expansion Project was held April 19, 2011.
7. Notices of the Application and all hearings thereon were published, posted and mailed as required by law.

*May 27, 2011*

8. Notice of the May 5, 2011 Planning Commission hearing on the Application was published in the *Black Hills Pioneer* on April 13 and April 20, 2011.

9. On April 6, 2011, Wharf Resources mailed, by registered mail, notice of the May 5, 2011 Planning Commission hearing on the Application to each property owner of record within 500 feet of the proposed outer boundary of the proposed CUP area. The mailed notice indicated the type of conditional use proposed, and the date, place and time of the public hearing.

10. Wharf Resources filed copies of all the notice letters and the return receipts with the Administrator.

11. Prior to April 25, 2011, Wharf Resources posted notice of the May 5, 2011 Planning Commission public hearing on a public road at a site designated by the Administrator.

12. Notice of the May 24, 2011 joint public hearing of the Planning Commission and the Board of County Commissioners was published in the *Black Hills Pioneer* on May 7 and May 14, 2011.

13. Buffer zone waiver letters from the United States Department of Agriculture–National Forest Service, the South Dakota Department of Transportation, the United States Department of Interior–Bureau of Land Management, Black Hills Chair Lift Co., and Lead Volunteer Fire Department were filed with the Application.

14. Wharf Resources filed a socio-economic impact study with the Application.

15. The socio-economic impact study addresses all required and requested Expansion Project impacts and areas.

16. The socio-economic impact study is complete in all respects.

17. The Expansion Project is primarily located to the south and west of the existing Wharf and Golden Reward Mines, respectively. A small section of the Expansion Project is located north of the Wharf Mine. The CUP area, and the areas of disturbance, are as specified on the maps filed with the Application.

18. The Expansion Project covers approximately 600 acres of private land, with approximately 250 acres of disturbed lands. Only an additional 116 acres outside of the existing Wharf and Golden Reward Mines permit boundaries will be disturbed.

19. Mining in the Expansion Project will be an open-pit truck and shovel operation, similar to the current operations at the Wharf Mine. The ore produced in the Expansion Project will be processed at the existing Wharf Mine by heap leaching with a dilute cyanide solution. The waste disposal sites within the permit area are as specified on the maps filed with the Application.

20. Both gold and silver ore will be mined in the Expansion Project.

21. It is anticipated that mining in the Expansion Project will increase Wharf Resources' life-of-mine by approximately 7 years, extending the mine life from 2012 to 2019 or 2020.

22. Wharf Resources presently employs 150 persons. To conduct mining operations in the Expansion Project, and also continue its present operations, Wharf Resources anticipates the continued employment of approximately 150 persons.

23. Sixty-two percent (62%) of Wharf Resources' current employees live in Lawrence County.

24. One hundred percent (100%) of Wharf Resources' employees currently live in South Dakota.

25. Over the extended mine life, Wharf Resources will pay a total of approximately \$25 million in various state and local taxes.

26. Also over the extended mine life, Wharf Resources will spend approximately \$20 million per year in South Dakota.

27. The Expansion Project does not include any plans to mine, disturb, or move the Terry Cemetery.

28. Mining in the Expansion Project will not disturb any part of the active Terry Peak Ski Area, and mining will not interrupt the ski season.

29. Reclamation in parts of the Expansion Project will have the potential for lengthening ski runs and otherwise improving Terry Peak Ski Area facilities.

30. The owner of the Terry Peak Ski Area, Black Hills Chair Lift Co., gives its fullest support to the Expansion Project.

31. In the area of the Expansion Project, State Highway 473 (Nevada Gulch Road) will be relocated and improved at Wharf Resources' expense, under the supervision of the South Dakota Department of Transportation.

32. The conditional use proposed in the Expansion Project, gold and silver mining, is appropriate considering the existing adjacent Wharf and Golden Reward Mines and the mining history of the region.

33. The size of the Expansion Project is appropriate, considering the sizes of the adjacent Wharf and Golden Reward Mines.

34. The Expansion Project is easily accessed by State Highway 473 (Nevada Gulch Road) and the Wharf Road. In addition, the proposed haul road tunnel under relocated State Highway 473 (Nevada Gulch Road) will provide safe access to the Expansion Project in the Golden Reward Mine area and maintain public safety. The access and haul roads are as specified on the maps filed with the Application.

35. The topography in the Expansion Project is similar to the topography in the existing Wharf and Golden Reward Mines, and is appropriate for the requested conditional use, gold and silver mining.

36. Considering the existing Wharf and Golden Reward Mines and the area surrounding the Expansion Project, mining in the Expansion Project will not be a detriment to the present or anticipated population density.

37. Wharf Resources owns the substantial majority of the lands in the buffer zone. The only other landowners in the buffer zone are the United States Department of Agriculture–National Forest Service, the South Dakota Department of Transportation, the United States Department of Interior–Bureau of Land Management, Black Hills Chair Lift Co., and Lead Volunteer Fire Department. All five of said landowners have signed buffer zone waivers, and the waivers are on file with the Administrator.

38. The required buffer zone boundaries are as specified on the maps filed with the Application.

39. The buffer zone between disturbed and surrounding lands, considering the filed waivers, reasonably prevents injury or interference with the existing uses and enjoyment of other property within 500 feet of the areas of disturbance, and also reasonably prevents substantial diminishment or impairment of property values within 500 feet of the areas of disturbance.

40. It is anticipated the Expansion Project will assure the continued employment of approximately 150 persons and the continued payment of state and local taxes by Wharf Resources, thereby having a positive effect upon the population base and tax base of Lawrence County.

41. Considering that the Wharf Mine has been in operation in its present location since approximately 1982, and further considering that it has employed 150 persons over the last several years, and further considering that its gold production

has been approximately 60,000 ounces per year over the last several years, the continued operation of the Wharf Mine consistent with these historic levels for an additional 7 years will have positive and beneficial effects upon housing, public education, law enforcement, fire protection, public and private water systems, public sewer and solid waste systems, public roads, health services, parks and recreation within Lawrence County.

42. Regarding the Lost Camp Subdivision, during Wharf Resources' mining operations:

- a. Property values in the subdivision have increased significantly;
- b. Wharf Resources donated the Terry-Trojan water supply system to the subdivision homeowners association;
- c. The subdivision has benefited by the Terry Peak Ski Area improvements, including water, equipment and facilities for snowmaking, made possible by the cooperation between Wharf Resources and the Terry Peak Ski Area;
- d. The subdivision will be further benefited by the expansion of, and additional improvements to, the Terry Peak Ski Area made possible by the Expansion Project; and
- e. The subdivision will be further benefited by improved access as a result of the relocation and improvements, at Wharf Resources' expense, of State Highway 473 (Nevada Gulch Road) as a part of the Expansion Project.

43. The Planning Commission unanimously recommended to the Board of County Commissioners that the Application be approved.

On motion duly made, seconded and carried, the Board of County Commissioners hereby adopts the foregoing Findings, and makes and enters the following:

#### **DECISION**

The Application is approved, as conditioned by the Permit Conditions set forth on Exhibit A attached hereto and by this reference incorporated herein.

DATED this 14 day of June, 2011.

**LAWRENCE COUNTY BOARD OF  
COUNTY COMMISSIONERS**

By:  for  
Daryl Johnson, Chairman

ATTEST:

  
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Lawrence County Auditor



## Conditional Use Permit #398 Wharf Resources Expansion Project

### CONDITIONS

1. In May of each year, Wharf Resources shall file a written annual report with the Lawrence County Planning and Zoning Administrator, setting forth Wharf Resources' compliance with the terms, requirements, and conditions of this Conditional Use Permit as well as an update on the general operations and reclamation of its mining and processing operations. Such report shall address selected key socioeconomic information such as employment, payroll, work force, residency, taxes, anticipated activities, impacts on adjacent lands (that is, drilling, blasting, noise, dust, traffic, etc.) and any additional areas as may be determined by the Lawrence County Commission.
2. All excavations, extraction of materials and minerals, open pits and impounding of waters hereafter established or enlarged shall conform to the approved operating plans and permit conditions of the South Dakota Department of Environment and Natural Resources (DENR) and any applicable United States Environment Protection Agency (EPA) water discharge permit standards.
3. Copies of all Notices of Violations (NOV's) sent to Wharf Resources from the DENR or EPA shall be transmitted to the Lawrence County Planning and Zoning Administrator within ten (10) days of Wharf Resources' receipt.
4. Reclamation of the land shall conform with the rules, approved reclamation plans and permit conditions of the DENR and in consultation with the Natural Resources and Conservation Service (NRCS). Reclamation will proceed in a timely and orderly fashion as determined by the DENR and the NRCS. All state required annual reclamation reports shall be made available for review by the public upon request.
5. Wharf Resources shall immediately report the release of fuel or chemicals in excess of the "reportable quantity" or in quantities that will be harmful to the groundwater, the public health or the environment or that will contaminate surface water supplies in any way to the DENR, the Lawrence County Commission Chairman, the Lawrence County Planning and Zoning Administrator and the Lawrence County Emergency Management Director pursuant to the Lawrence County Hazardous Materials Emergency Response Plan. If the Lawrence County Emergency Management Director is not available, the Lawrence County Sheriff's Dispatch Center shall be contacted.
6. Wharf Resources will monitor wells within the permit area in compliance with DENR requirements. In the event water quality problems develop in any wells, Wharf Resources will notify the Lawrence County Planning & Zoning Administrator of all mitigative measures taken.
7. Wharf Resources shall be responsible for Lawrence County's portion of the continued operation and annual payments of two (2) stream flow gages which measure stream flow in the vicinity of mining operations near Terry Peak in Lawrence County for the life of the mine. Gage 1 is known as continuous-record gaging station 06430800 located on Annie Creek near Lead. Gage 2 is known as continuous-record gaging station 06432172 located on False Bottom creek near Central City.
8. If an overburden disposal area will affect drainage, Wharf Resources shall install a surface water quality monitoring station below the disposal areas, and shall comply with all Surface

## Conditional Use Permit #398 Wharf Resources Expansion Project

### CONDITIONS

Water Discharge Permit requirements. Any confirmed evidence of discharges beyond the DENR's and EPA's standards shall be reported to the DENR and the Lawrence County Planning and Zoning Office within twenty-four (24) hours. Follow-up correspondence shall be forwarded to the EPA as required by Wharf Resources Surface Water Discharge Permits. Results of the monitoring program shall be made available for review by the public upon request.

9. Existing public roads within the permit area will remain intact wherever possible. If existing public roads are disturbed, a suitable alternative access road will be provided as long as active mining and reclamation are in progress.
10. Wharf Resources shall adhere to a dust suppression program to control dust on the following roads: those areas of State Highway 473 disturbed by Wharf Resources' mining operation, the Wharf access road, and all haul roads within the permit area. Wharf Resources shall utilize dust suppression methods recommended or approved by the Lawrence County Highway Superintendent or the DENR. Should legitimate dust concerns be raised by adjoining property owners, Wharf Resources shall increase its dust suppression activities on affected roads and increase air quality surveillance to ensure compliance with state and federal regulations.
11. Wharf Resources shall cooperate with Lawrence County in regulating employees', contractors', service person's and suppliers vehicle speeds and the observance of traffic signs on all public roads in the vicinity of Wharf Resources Mining Operation.
12. Wharf Resources shall try to schedule normal off-site heavy truck weekday deliveries during daylight hours.
13. Complaints shall be handled in accordance with the complaint, violation and penalty provisions of the Lawrence County Zoning Ordinance then in effect.
14. Wharf Resources shall conduct blasting operations during daylight hours.
15. Blasting parameters shall be as determined by the Bureau of Mines Report of investigation/1980 (R1 8507), unless superseded by a more recent document to establish safe seismic disturbances and air blast limits. During development and operation of the Expansion Project, Wharf Resources shall conduct studies at least annually, or more frequently if required, to quantify the effect of pit blasting on the surrounding area. Results of such testing shall be included in the written annual report. If complaints arise regarding blasting and further investigation is merited, monitoring equipment may be required to evaluate the complaints. Appropriate mitigation measures may be established by the County Commission. All costs associated with monitoring and mitigation shall be at the sole expense of Wharf Resources.
16. If dust due to blasting becomes a problem to local residents, one or more of the following mitigative measures shall be employed:
  - a) Blast parameters shall be revised for possible adjustment.
  - b) Weather conditions shall be monitored and blasting shall be conducted with favorable meteorological conditions (i.e. raining or favorable winds, no inversion).

## Conditional Use Permit #398 Wharf Resources Expansion Project

### CONDITIONS

- c) Air quality surveillance shall be increased to ensure compliance with state and federal regulations.
17. Wharf Resources shall, to the extent possible, continue to maintain sixty percent of its workforce from within Lawrence County. Should work at the project be contracted out, Wharf Resources shall make every reasonable effort to utilize county residents and/or contractors.
18. Wharf Resources shall continue to make every effort to make initial and recurrent purchases of materials and supplies from within Lawrence County communities first and regional communities secondly, to the extent such items are available at comparable costs, quality and delivery schedules of suppliers outside the area.
19. Wharf Resources shall be allowed to operate a Rubble/Construction and Demolition Debris Disposal site in the areas referenced by exhibit in the application materials as regulated by the State of South Dakota for such operations. This will allow for dumping of materials produced by Wharf Resources associated with reclamation and general housekeeping of their property only, and shall not extend to materials generated off-premises.
20. Wharf Resources shall have a Fire Hazard Mitigation Plan developed and implemented.
21. Wharf Resources shall provide hazard training and work cooperatively with Lawrence County Emergency Management Office to ensure county emergency responders are properly trained to manage any hazard situations that may arise.
22. Wharf Resources shall maintain access to the Terry Peak Cemetery during mining, and will continue to work with the Terry Cemetery Association.
23. Any construction of structures or movement of buildings onto the property shall require a building permit from the Lawrence County Office of Planning and Zoning.
24. All lights used for illumination shall be directed away from any nearby residences, businesses and public roads and shall use "down-throw" lighting.
25. The applicant shall provide a copy of the State Permit and any inspections/violations from the DENR to the Lawrence County Planning and Zoning Office.
26. The applicant shall submit to the Office of Planning & Zoning a person to contact with their telephone number, other than the office's number, in case of emergencies, violations or for gathering information.
27. Wharf Resources will notify the Lawrence County Planning & Zoning Office of changes in the Mine General Manager and the Operations Manager within 2 business days of such changes.
28. One on-premise sign may be allowed on the property and conform to Chapter 7 of the Lawrence County Zoning Ordinance. This sign will state the name of the company, telephone numbers and hours of operation.

## Conditional Use Permit #398 Wharf Resources Expansion Project

### CONDITIONS

29. All noxious weeds shall be controlled per the Lawrence County Invasive Species Department regulations.
30. Wharf Resources shall, ninety (90) days prior to any planned, permanent closure or long term cessation of mining operation, give notice of said closure or cessation to the Lawrence County Planning and Zoning Commission and the Lawrence County Commission. Wharf Resources shall cooperate with any inspections undertaken by said Planning and Zoning Commission and Lawrence County Commission for the purpose of identifying any impacts on affected roads and compliance with reclamation plans.
31. If State of South Dakota or federal laws, rules or conditions conflict with these conditions, the state or federal requirements shall control.
32. Any change of property ownership, with the proposed transfer of this subject Conditional Use Permit, shall be reported immediately to the Office of Planning and Zoning.
  - a. If any terms, condition or requirement stipulated in the Conditional Use Permit, the Lawrence County Zoning Ordinance or applicable State and Federal regulations are not fully complied with in all respects, this permit shall be reviewed and may be suspended or revoked.
  - b. This permit shall be reviewed on an annual basis or on an as needed basis to assure compliance with the attached conditions, at which time addition conditions may be attached or the permit may be cancelled if deemed necessary for the protection of the public interest.

## Conditional Use Permit #398 Wharf Resources Expansion Project

### CONDITIONS

33. Prior to conveying any portion of the real property included within the boundaries of Conditional Use Permit No. 398, and prior to conveying any portion of real property now owned by Wharf Resources adjoining or adjacent thereto, Wharf Resources shall submit proposed boundary plat(s), as defined in Chapter 2, Article 1, of the Lawrence County Subdivision Ordinance, that include said portions to the Lawrence County Planning Commission and County Commission and obtain approval as to size and shape. Factors to consider in determining plat size and shape may include, but not be limited to, topography, geography and natural, typical, practical or artificial boundaries. This condition shall not apply to such portion of the property that is subject to contractual conveyance obligations between Wharf Resources and Black Hills Chair Lift Co. existing as of the date of the approval of the application for Conditional Use Permit No. 398. This condition shall not apply to the existing Lost Camp Subdivision. Approval of any boundary plat shall be a pre-condition to approval of any preliminary plat(s) submitted for the purpose(s) of subdivision of any such property.

Conditional Use Permit #398 Wharf Resources Expansion Project

CONDITIONS

34. During active mining operations, Wharf Resources will provide public rights-of-way across its property to provide access from the Stewart Slope Road to the Perkins Road (Richmond Hill Road), and to the Redpath Creek Road. Wharf Resources may change the locations of the public rights-of-way. Wharf Resources will maintain the public rights-of-way during its active mining operations. During reclamation, the public rights-of-way will be reclaimed as required by ARSD 74:29:07:12, unless a local, state, or federal agency requests that the public rights-of-way remain unreclaimed and agrees to be responsible for future maintenance. ARSD 74:29:07:12(10).

# REQUEST FOR CONDITIONAL USE PERMIT

LAWRENCE COUNTY OFFICE OF  
PLANNING & ZONING  
DEADWOOD, SOUTH DAKOTA 57732

03/29/2011  
CUP# 00000398

RECEIVED  
JUL 05 2011  
MINERALS & MINING PROGRAM

Parcel #: 00000-00000-000-00  
Name: WHARF RESOURCES (U.S.A.) INC  
Applicant: WHARF RESOURCES (U.S.A.) INC  
911 Address: 10928 WHARF ROAD  
LEAD SD 57754  
Location: NORTH EAST OF TERRY PEAK  
Type of Permit: LARGE SCALE MINE  
Legal Desc: MULTIPLE PARCELS IN SECTIONS 1, 2, 3 & 12, T4N, R2E, AND SECTIONS 6 & 7, T4N, R3E, AND SECTIONS 33 & 36, T5N, R2E B.H.M., LAWRENCE CO., SD  
Present Zoning: SRD, PF, RC, HSC

Names of Property Owners with 500' of subject property: See Exhibit 'A'

Fee: \$3000.00 Receipt #: MR-11-0000466

Signature of Petitioner: [Signature]

Signature of Property Owner: [Signature]

Signature of Administrative Official: Amber A. Vogt  
Amber A. Vogt, Director  
Lawrence County Planning and Zoning

Public Hearing Date Scheduled: 05/05/2011 at 3:00 p.m. and 05/24/2011 at 1:00 p.m.  
(or as soon thereafter as may be heard)

Legal Note Published: APR 20, 2011 and MAY 14, 2011

Notice of Hearing Posted on Road Frontage Property: 04/25/2011

Recommendations of Planning Commission: Approval  Denial   
(Reasons attached) Date June 14, 2011

Recommendations of County Commission: Approval  Denial   
(Reasons attached) Date June 14, 2011