

August 17, 2011

Minerals and Mining Program
SD Department of Environment and Natural Resources
523 East Capitol
Pierre, South Dakota 57501

RECEIVED
AUG 22 2011
MINERALS & MINING PROGRAM

To Whom It May Concern:

Re: Wharf Expansion Proposed Permit

74:09:01:01 Petition to Initiate Contested Case

(1) Statement of the petitioner's interest in the involved matter;

I am writing, representing my mother, Mrs. Helen Schold, who is the legal owner of several parcels within the Terry Valley Development, on Terry Peak. Her Terry Peak residence address is 11073 Badger Trail, Lead, SD 57754.

(2) Statement of the departmental recommendation contested, if any, and the relief and decision requested from the board;

Please see number (3).

(3) Statement alleging the relevant facts and issues known to the petitioner upon which the contest or request of the board is based;

I respectfully request the board to consider the following concerns related to the proposed Wharf expansion proposed permit. As preface to my request, I wish to emphasize the frustration that innumerable homeowners and landowners feel regarding this expansion- many have owned vacation and permanent homes in the Terry Valley development for decades.

Some of this frustration is due to a feeling of being powerless in standing up to a large Canadian corporation. However, frustration is also due to the lack of notification and information provided to homeowners at both the state and local levels.

I have listened to Wharf officials speak publicly about their communication and commitment efforts in regard to the local communities affected by the proposed expansion. Wharf has stated there is "consent of affected communities". This statement in regard to nearly 200 adjoining landowners is completely inaccurate and disingenuous.

As a consequence of a lack of critical information being forthcoming, a couple of hundred homeowners, many of whom live permanently in the eastern part of the state, and several even further outside the area, were unaware of the huge ramifications of this expansion until very late in

the process. The frustration that property owners now feel as a result is enormous- some individuals have discussed their future desire to abandon the area; some have already placed their homes for sale; many of us are investigating legal action to recoup losses in interests which are certain to be adversely affected.

In sum, the long-term consequence of the destruction of the natural beauty of this area of the Black Hills with a heap-leach surface mine expanding in the face of the most significant winter recreation area in South Dakota will be devastating, and long-lasting. I request the current expansion permit, in its present form, be denied for the following reasons:

- a) Noise- The permit materials submitted by Wharf state "adjacent housing areas, is the only component of the permit that could bear an impact on residential property owners". Although worded poorly, it indicates an admission by Wharf of the potential adverse consequences on our development. Even today, the sound from heavy equipment is unacceptable at our home, and is heard day and night- including annoying safety warning sounds. This noise will obviously increase in level as the operation moves closer toward Foley Ridge. Arbitrary and inadequate decibel reading benchmark information is presented by Wharf to reach misleading conclusions in their application. The conclusions conflict with homeowner experience. Finally, the permit states "Wharf will consider monitoring noise and vibration levels on occasion". This is unacceptable.
- b) State Hwy 473 Rerouting- The relocation of one mile of this roadway lower on the hillside of Green Mountain will change the entry sequence to our development forever. Currently, the road winds through forest with views of Terry Peak. Sadly, the change will result in the road being stripped of its scenic beauty, the result incorporating views of a new haul road and tunnel to accommodate enormous mining trucks, complete with chain link security fencing. The permit states "visual screening will include a buffer zone of 10-40' in width of existing vegetation including grasses.....". Driving through what will be an active gold mining circulation route with as small as a 10' buffer of grasses, with views of chain link fences, security personnel, trucks hauling, and a mining operation is hardly appropriate as an entrance to the major winter ski and recreation area of the state of South Dakota.
- c) Blasting- My mother is elderly with health conditions which have required her in the past to travel down Hwy 473 to the Deadwood Hospital emergency room. Wharf states "blasting within 1000 ft. of public travel will result in stoppage of traffic". Additionally, "blasts are based upon standards set by the Bureau of Mines". Does this standard recognize the special conditions dictated by a major housing development that nearly adjoins the permit expansion? What about traffic stoppage in the event emergency vehicles need to travel without hesitation, or my mother needs immediate medical attention?
- d) View sheds and their affect on the future of the Terry Peak Ski Area and the Terry Valley development- With the elimination of Green Mountain, there will no longer be a mountain and forest buffer to the present mining area, and its' expansion will be even more evident, and significantly closer to both our development and the skiing. Mining will no longer be as geographically separate from the ski area. It will be visually and even physically contiguous.

From Wharf's information, "mining activity will be visible from the Red Chair and Kussy lift. Since mining will only take place during the off season (April-Nov), the visual impact will be minimal". As an avid skier, I can testify that the idyllic goal of the majority of skiers is to ski in undisturbed, pristine areas. The views from the Terry Peak area have been magnificent and to see these destroyed for generations for the benefit of a few years of mining is an inequitable sacrifice for the people of SD. These impacts on the ski area must be considered carefully, as so-called "support" from the ski area is now compromised with Wharf as partial owner. Assuredly, the visual impacts will not be "minimal".

- e) Property value assessments- Section V of the Social and Community Impacts section of the permit application states "historically, mining by Wharf has had no measurable effect on property values, and if Wharf maintains their past record of being sensitive to adjacent land use, the impact resulting from the additional mine life will remain much as it has over the last quarter century". The problem with this statement is that the current permit expansion will change forever the face of mining relative to Terry Peak Ski Area and the Terry Valley development. Instead of being confined as in the past to being on the other side of Green Mountain, Wharf mine will now be the dominant feature in the landscape, impossible to ignore from Terry Peak Ski Area, State Hwy 473, and the Terry Valley development. Wharf states "A general barometric reading of the overall housing market was obtained by independently interviewing three real estate professionals (who are they?), each with many years of industry experience". Their opinion is linked to the decline in demand that "has become somewhat of a long-run problem". This information related to the mine's potential affect on property values is arbitrary. It is based upon conjecture, not on a valid market study, and not on the facts.

I own property elsewhere in Lawrence County. The assessed value of this property has remained consistent from 2009-2011. The contrary is the case with our property in the Terry Valley development. Assessed values were consistent or increasing through 2010. In 2011, the values dropped significantly. This issue of a "diminishment of value" has also been addressed to the Lawrence County Board of Commissioners (see attached letter from Bangs McCullen).

We, as well as other landowners, intend to pursue litigation to recover the loss in value caused by these expanded operations.

Thank you for your careful review and consideration of this request.

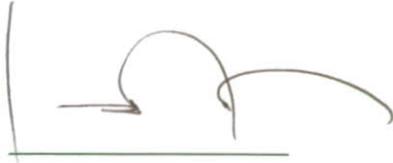
- (4) Statement of the legal authority and jurisdiction under which the hearing would be held, if known;

Board of Minerals and Environment

- (5) Reference to the particular statutes and rules involved;

Statutes are SDCL 45-6B Mined Land Reclamation; Regulations are ARSD 7429 Mined Land Reclamation

(6) Signature of the petitioner or the petitioner's attorney;



A handwritten signature in dark ink, consisting of a vertical line on the left, a horizontal line below it, and a large, stylized loop that extends to the right and then curves back down to the horizontal line.

Randall Schold



A handwritten signature in dark ink, written in a cursive style that reads "Helen Schold".

Mrs. Helen Schold

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CERTIFICATE OF FILING AND SERVICE

I, Randall Schold, do hereby certify that on the 18th day of August, 2011, I sent by first class U.S. mail the original of the foregoing to:

Minerals and Mining Program
SD Department of Environment and Natural Resources
523 East Capitol
Pierre, South Dakota 57501

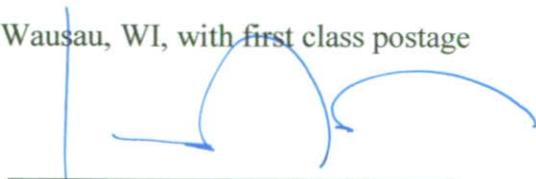
and a full, true and complete copy of the same to be served upon the following named persons at their last known post office addresses as follows:

Roxanne Giedd
Deputy Attorney General
State of South Dakota
1302 E Hwy 14
Suite 1
Pierre SD 57501-8501

Max Main, Attorney at Law
BENNETT, MAIN & GUBBRUD, P.C.
618 State Street
Belle Fourche, SD 57717

Bill Shand, General Manager
WHARF RESOURCES
10928 Wharf Road
Lead, SD 57754

by depositing the same in the United States Mail in Wausau, WI, with first class postage thereon prepaid, in envelopes as above.



Randall Schold

Randall Schold
8925 Twin Lakes Crossing
Eden Prairie, MN 55347



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Resources
523 East Capitol
Pierre, South Dakota 57501

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Nebraska, North Dakota,
Iowa, Minnesota and Missouri*



BANGS McCULLEN
— LAW FIRM —

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Reply to Rapid City Office

Writer's e-mail address: mhickey@bangsmccullen.com

June 13, 2011

Sent via Facsimile: (605) 578-1065

Mr. Daryl Johnson, Chairman
Ms. Connie Atkinson
Lawrence County Auditor
90 Sherman Street
Deadwood, SD 57732

Re: Expansion of Wharf Mine

Dear Mr. Johnson and Ms. Atkinson:

Pursuant to the terms of SDCL 3-21-2, this is to notify you that we represent Helen Schold in connection with the proposed expansion of the Wharf Mine. Mrs. Schold owns a home and three additional lots in the Terry Valley development. She is very concerned about the negative impact Wharf's proposed expansion will have on the properties she own.

It is the belief of Mrs. Schold that Wharf's expansion will seriously diminish the value and marketability of her home and lots. This belief is shared by numerous other members of the home owners association and is supported by the opinions of several realtors we have contacted. The alleged "weakness" in the real estate market caused by the closing of Homestake Mine and the national recession will certainly not be remedied by this mining expansion. The potential buyers of these properties are not going to be willing to make the necessary investment in properties located next to an active and working gold mine. Individuals wanting to spend time in the Black Hills do so for the beauty and tranquility of the hills. They do not

RAPID CITY

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333 West Boulevard
Suite 400
P.O. Box 2670
Rapid City, South Dakota
57709-2670
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SIOUX FALLS

Doral Centre Building
101 W. 69th Street
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Letter to Mr. Daryl Johnson, Chairman
Ms. Connie Atkinson
Lawrence County Auditor
June 13, 2011
Page 2 of 2

want the visual pollution, noise, congestion and disruption of an operating gold mine as their neighbor. The mitigation steps suggested by Wharf are simply inadequate to address these concerns.

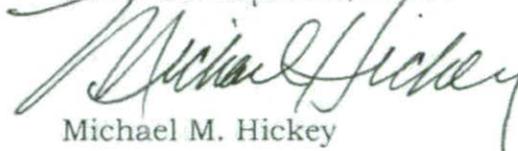
In reviewing Wharf's application, it appears that it intends to operate 24 hours a day from April to November (non-ski season). In addition during this time, I understand that there will be frequent episodes of blasting which will required the highway to be shut down. Mrs. Schold is an elderly woman who has a medical condition that could require her to be immediately hospitalized. If her hospitalization is delayed due to the road being closed, it would have catastrophic consequences.

In any event, it is the position of Mrs. Schold that if Lawrence County allows this expansion in its present form, Lawrence County will be held responsible for the diminishment in the value of the property of my client. Mrs. Schold and the other landowners impacted by the Commissioners' decision intend to pursue litigation against Lawrence County and Wharf to recover the loss in value caused by these expanded mining operations.

Thank you for your consideration of this request.

Sincerely,

BANGS, McCULLEN, BUTLER,
FOYE & SIMMONS, L.L.P.



Michael M. Hickey

MMH:bah
cc: Client