

Dawson Mine

Plan of Operations Approval

No. J20243032POOA



DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water

Month XX, 2024

The Alaska Department of Natural Resources, Division of Mining, Land and Water (ADNR), in accordance with and subject to Alaska Statutes 38.05 (Alaska Land Act) and the 11 AAC 86.800 (Plan of Operations), approves the Revised Plan of Operations (POO) dated October 2023 for the Dawson Mine submitted by:

Sundance Mining Group, LLC.
P.O. Box 875023
Wasilla, Alaska 99687

Throughout this document, unless otherwise specifically indicated, reference to Sundance Mining Group, LLC., SMG, Dawson Mine or Permittee is considered a reference to Sundance Mining Group, LLC.

Throughout this document, unless otherwise specifically indicated, reference to the State, Department, ADNR, DNR or Division are considered a reference to the State of Alaska – Department of Natural Resources – Division of Mining, Land & Water – Mining Section.

Throughout this document, the Plan of Operations is considered to consist of:

- *Dawson Mine Phase Three Revised Plan of Operations (October 2023)*

Reference to any of the plan appendices throughout this document are considered to be a reference to the Plan of Operations. Likewise, any and all stipulations associated with the approval of any of these individual plans are considered to be a requirement of the Plan of Operations Approval.

Effective dates of this plan approval are **Month XX, 2024** through **Month XX, 2029**. The Permittees obligations under the terms and conditions of this plan approval shall continue, unless sooner terminated in accordance with the provisions of this plan approval, until completion of all requirements under and pursuant to the Plan of Operations.

This plan approval is for activities upon ADNR managed lands encompassed by the Sundance Mining Group, LLC. Activities are authorized on State of Alaska Upland Mining Lease ADL 548341.

This plan approval does not constitute certification of any property right or land status claimed by the applicant.

The Plan of Operations was found to be complete and is approved with the following conditions:

General Stipulations

Financial Assurance. Total acreage of mining disturbance, as stated within Dawson Mine Phase Three Revised Plan of Operations, is less than five acres. Current reported mining disturbance meets the exemption for small operations (AS 27.19.050). A letter of intent must be

filed annually with all reporting requirements outlined under 11 AAC 97.500 to maintain this exemption for financial assurance. ADNR may require SMG to obtain financial assurance if regulatory conditions are not met under this exemption.

Terms of this Plan Approval. The Terms and Conditions contained within the *Plan of Operations, amendments & approvals* are hereby included as stipulations of this Plan Approval. If there is a difference between the Plan of Operations as submitted and the terms contained within this Plan Approval, the terms contained within this Plan Approval take precedence. Changes to the documents incorporated herein must be approved by ADNR if they affect this plan approval. If ADNR approves the changes, they become terms of this Plan of Operations Approval.

Authorized Officer. The Authorized Officer for ADNR is the Director of the Division of Mining, Land and Water or his designee. The designated Authorized Officer is the Mining Section Chief within the Division of Mining, Land and Water, currently Steve Buckley. The Authorized Officer may be contacted at 550 West 7th Avenue, Suite 900B, Anchorage, Alaska 99501-3577, Attention: Steve Buckley, telephone (907) 269-8621, and fax (907) 269-8930 or at stephen.buckley@alaska.gov. The Permittee will be notified of changes to the authorized officer as needed.

Alaska Historic Preservation Act. The Alaska Historic Preservation Act (AS 41.35) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archeological site without a permit from the Commissioner of ADNR. Activities described in the Plan of Operations are subject to the following stipulations:

- a. If cultural or paleontological resources are inadvertently discovered as a result of or during the activities authorized by this Plan of Operations Approval, all activities which would disturb such resources shall be stopped and measures taken to protect the site. The U.S. Army Corps of Engineers archeologist (907-753-2690) and the State Historic Preservation Officer (907-269-8721) shall be contacted immediately so that compliance with state and federal laws may begin.
- b. If burials or human remains are discovered as a result of or during the activities authorized by this Plan of Operations Approval, all activities which would disturb such remains shall be stopped and measures taken to protect the site. In addition to the U.S. Corps of Engineers Archeologist and the State Historic Preservation Officer, the State Troopers shall be contacted immediately so that compliance with state and federal laws may begin.

Forestry Resources. All timber on the Upland Mining Lease which will be cleared or selectively thinned shall be salvaged and used in operation or reclamation activities. Should the Permittee remove timber from the site, a salvage timber sale agreement shall be in place in accordance with the Southern Southeast Forest Land Use Plan, in accordance with the Alaska Forest Resources and Practices Act (AS 41.17 and 11 AAC 95), the Alaska Land Act (AS

38.05 and 11 AAC 71), the DNR Division of Forestry and other pertinent state guidelines and laws prior to any such removal.

Reporting. The results of monitoring, required by all state and federal authorizations (unless otherwise indicated by the Authorized Officer), obtained during a reporting period shall be summarized and submitted to the Authorized Officer or designee quarterly, no later than 60 days after the last day of the quarter, in an electronic format acceptable to ADNR. An annual report will be due by March 1st and shall summarize activities (surface disturbance, reclamation, mining, and milling) conducted during the previous calendar year and include fourth quarter monitoring data. The annual report shall also address the adequacy of the financial responsibility, including, but not limited to, inflation, significant changes in reclamation activity costs, concurrent reclamation, expansion or other changes to the operation of the facility.

Quarterly ABA sampling shall be conducted individually of material classified as Waste Rock, Ore, and Tailings. For purposes of sampling, a Net Neutralizing Potential (NNP) of less than 20 T/kton of CaCO₃ or a Neutralizing Potential (NP) to Acid Potential (AP) ratio less than 1.2 shall be considered Potentially Acid Generating (PAG). If sampling indicates the potential for acid generating material:

- a. Pag material that will not be processed as ore must immediately be covered in a manner which will prohibit the oxidation of sulfides.
- b. A water catchment will be required until such time that water sampling shows no acid production or heavy metal contamination.
- c. Material that classifies as PAG shall not be transported from the mine site without prior authorization.

Electronic copies should also be sent to ADNR (Adam Daniels at adam.daniels@alaska.gov and dnr.water.reports@alaska.gov, William Groom at william.groom@alaska.gov, and Mark Minnillo at mark.minnillo@alaska.gov), and Alaska Department of Environmental Conservation (ADEC) (David Kahn at david.kahn@alaska.gov). Amendments to this distribution list will be provided to the Permittee as needed.

Maps. The Permittee shall submit to ADNR an annual set of maps illustrating the current development of all facilities within the Upland Mining Lease boundary. The plan maps shall show cleared and grubbed areas; growth medium stockpiles; roads; waste rock dump development; material site development; and facility construction. Maps shall be appropriately scaled to review the development of individual facilities.

Temporary Closure. The Permittee shall notify the Authorized Officer in writing at least thirty (30) days prior to any planned Temporary Closure of ninety (90) days or longer. The Permittee shall notify the Authorized Officer of any unanticipated Temporary Closure expected to last ninety (90) days or more within ten (10) days of the first day of the Temporary Closure. The notice shall state the nature and reason for the Temporary Closure, the anticipated duration of the Temporary Closure, what actions will be taken to maintain compliance with project permits and plan approvals, and any event which would reasonably be anticipated to result in the resumption of mining or the permanent cessation of mining. Mining operations must resume for

not less than ninety (90) consecutive days in order to terminate the running of the Temporary Closure. If a Temporary Closure extends beyond three (3) years, the Department may deem mining operations to be permanently abandoned or ceased, and whereupon final reclamation must commence unless otherwise agreed by the Department.

The Permittee shall ensure that the project area and facilities are maintained in a safe condition during a Temporary Closure and the Permittee shall not allow the project area or facilities to be degraded / eroded or facilities to fall into a state of disrepair during or as a result of the Temporary Closure. Action shall be taken to prevent or mitigate any impacts to ground or surface waters from project facilities. All collection, treatment, maintenance, and monitoring activities required under project permits or plan approvals shall be performed under any Temporary Closure.

Abandonment or Cessation of Operations. Not later than thirty (30) days after the permanent cessation or abandonment of mining operations, the Permittee shall notify the Authorized Officer of the cessation of mining operations and provide a schedule for the final reclamation of the site.

Permanent Closure. For purposes of determining monitoring requirements and bond release, closure of a facility is achieved when the applicable surface and ground water quality standards have been met, and the site has been reclaimed in accordance with the reclamation plan.

Erosion Standard. Erosion features which form in areas that have been recontoured and covered with topsoil must be stabilized if they affect the long-term stability of the reclaimed area or may result in additional erosion or sedimentation. Actions to stabilize erosion features shall be conducted in a manner that minimizes disturbance to adjacent areas. Subsequent inspections shall be completed to verify that rills and gullies do not persist. If chronic or long-term erosion features are identified, then remediation of the site drainage that is contributing to the formation of the rills and gullies shall be completed.

Invasive Weed Control. The Permittee shall inspect revegetated areas to identify invasive plant species and eradicate these species to the extent practicable. If invasive plant species are identified, the Permittee shall notify the Authorized Officer.

Disposal of Buildings, Structures, and Debris on State Land. A miner shall remove, dismantle, or otherwise properly dispose of buildings and structures constructed, used, or improved on state land, unless granted written authorization for the structures to remain. A miner shall remove or otherwise properly dispose of all equipment, scrap iron, tools, piping, hardware, chemicals, fuels, waste, and general mining debris on state lands in a manner approved by ADEC (11 AAC 97.210) and (11 AAC 96.040 (f)). All structures, equipment, and debris remaining unclaimed on state land 180 days after the Lease is no longer valid, are subject to disposition by the state as provided in 11 AAC 97.630. The permittee shall pay to the state all costs of moving, storing, and disposing of such structures, equipment, and debris. The state shall not be responsible for any damages to or loss of structures and equipment caused by the moving, storing, or disposal.

Fuel and Hazardous Substances. Secondary containment shall be provided for fuel or hazardous substances.

- a. **Container marking.** All independent fuel and hazardous substance containers shall be marked with the contents and the Permittee's name using paint or a permanent label.
- b. **Fuel or hazardous substance transfers.** Except for hand operated equipment, secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers, where feasible and prudent. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times.

Vehicle refueling shall not occur below the ordinary high waterline of any waterbody. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.

- c. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody. (Note – This stipulation [Subsection “c” of Fuel and Hazardous Substances] does not apply to the tailings storage facility during mine operations.)
- d. **Exceptions.** The Authorized Officer may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.
- e. **Definitions.**
 - 1) **"Containers"** means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks or any tanks in a series must be considered as a single container. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.
 - 2) **"Hazardous substance"** is defined under AS 46.03.826(5) as (A) an element or compound which, when it enters into the atmosphere, or in or upon the water, or surface or subsurface land of the state, presents and imminent and substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural habitat in which they are found; (B) oil; or (C) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

- 3) **"Secondary containment"** means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest container. Double-walled tanks do not qualify as secondary containment unless valves and piping are contained within the outer double wall.
 - 4) **"Surface liner"** means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.
- f. **Notification of Discharge.** The Permittee shall immediately notify the Department of Environmental Conservation (DEC) and Authorized Officer of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported immediately. If a discharge, including a cumulative discharge, or oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Permittee shall report the discharge within 48 hours. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis.

Notification of discharge during normal business hours must be made to the nearest DEC Area Response: Anchorage (907) 269-7500, fax (907) 269-7687; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 456-5340, fax (907) 465-5245. For discharges in state offshore waters call (907) 269-0667. The DEC oil spill report number outside normal business hours is (800) 478-9300.

Notification of discharge must be made to the appropriate DNR Office, preferably by email: Anchorage email dnr.scro.spill@alaska.gov, (907) 269-8503; Fairbanks email dnr.nro.spill@alaska.gov, (907) 451-2739; Juneau email sero@alaska.gov, (907) 465-3400. The Permittee shall supply the Authorized Officer with all incident reports submitted to DEC.

- g. **Remediation.** Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the Permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the Permittee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

Inspection and Entry. The Permittee shall allow authorized representatives of ADNR to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice for the purpose of inspecting the area and activities covered under this plan approval. Said inspections shall be subject to the safety and security procedures adopted by the Permittee.

At any time upon ADNR's written request, the Permittee shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation,

ordinance or this Plan of Operations Approval available to ADNR for inspection and copying, as reasonably required by ADNR, to determine the Permittee's compliance with local, state and federal laws applicable to the operations authorized under this plan approval.

Violations. This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and State).

Assignment. This plan approval may be transferred or assigned with prior written approval from ADNR. ADNR will only disapprove a transfer with good cause and will evaluate whether the proposed assignee (1) is qualified to hold interests in state mining rights under AS 38.05.190 and to acquire all other permits and authorizations necessary to conduct operations under the plan; (2) is on notice of default or subject to an enforcement action by any state agency on any lease, reclamation bond, or other permit within the state. Any assignee must commit in writing to be bound by this plan approval to the same extent as the Permittee, and must provide to ADNR all proofs of insurance, bonds, or undertakings required by this plan approval. Transfer of this plan approval may, at ADNR's discretion, require bond review and update.

Other Authorizations. The issuance of this authorization does not alleviate the necessity of the Permittee to obtain authorizations required by other agencies for this activity.

Valid Existing Rights. This authorization is subject to all valid existing rights in and to the land under this authorization. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.

Reservation of Rights. ADNR reserves the right to grant additional authorizations to third parties for compatible uses on the land under this authorization per terms of The Upland Mining Lease ADL 548341.

Change of Address. Any change of address must be submitted in writing to the Authorized Officer.

Modifications. Any request for modification of the plan of operations and any other affected permits or authorizations must be made by written application to ADNR. Amendments to the Plan of Operations may, at the discretion of ADNR, require bond review and update.

Statutes and Regulations. This plan approval is subject to all applicable state and federal statutes, including state, federal, and any local statutes and ordinances in effect on the effective date of this plan approval, new statutes, regulations, and ordinances enacted or promulgated after said effective date, and changes to existing statutes and regulations made after the effective date, to the extent constitutionally permissible.

Severability. If any clause or provision herein contained shall be adjudicated to be invalid, it shall not affect the validity or effect of any other clause or provision of this plan approval, nor constitute any cause of action in favor of either the Permittee or ADNR as against the other.

Save Harmless. The recipient of this Plan of Operations Approval shall indemnify, save harmless, and defend the ADNR, its agents and its employees from any and all claims, actions or liabilities for injuries or damages sustained by any person or property arising directly or indirectly from approved activities or the Permittee’s performance under this Plan of Operations Approval. However, this provision has no effect, if, and only if, the sole proximate cause of injury is the ADNR’s negligence.

Project Specific Stipulations

Permit Renewal. At least 120 days before the expiration of the plan approval, the Permittee must submit to the department an updated reclamation plan and cost estimate for approval.

Commencement of permitted activities will be considered an acceptance by Sundance Mining Group, LLC. of these stipulations.

Approved: _____

Steve Buckley
Chief, Mining Section
Division of Mining, Land & Water
Alaska Department of Natural Resources

_____ Date

Appeal Right and Procedure

An eligible person affected by this decision may appeal to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any appeal must be received within twenty (20) calendar days after issuance of this decision under 11 AAC 02.040. An eligible person must first appeal a decision to the Commissioner before seeking relief in superior court. The Alaska Court System establishes its own rules for timely appealing final administrative orders and decisions of the department.

Appeals may be mailed or hand-delivered to the DNR Commissioner’s Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; or faxed to (907)-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Appeals must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a)-(b). A copy of 11 AAC 02 is available on the department’s website at <https://dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf>.