

Regional Water Quality Control Board
Central Valley Region
Board Meeting – 6/7/8 April 2011

Response to Comments for Shasta Gold Corporation and French Gulch
(Nevada) Mining Corporation

Tailings and Waste Rock Disposal Facilities
Washington Mine, Shasta County
Tentative Waste Discharge Requirements

The following are responses to written comments received from interested parties in response to the Tentative Waste Discharge Requirements (“WDRs”) for Shasta Gold Corporation and French Gulch (Nevada) Mining Corporation (“Discharger”), Washington Mine for their tailings and waste rock disposal facilities issued on 31 January 2011. Written comments from interested parties on the tentative WDRs were due to the Central Valley Regional Water Quality Control Board (“Central Valley Water Board”) by 4 March 2011 in order to receive full consideration. Written comments were received from the following party:

1. National Park Service, Whiskeytown National Recreation Area

Written comments from the above interested party are summarized below, followed by the response of the Central Valley Water Board staff.

UNITED STATES DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE, WHISKEYTOWN NATIONAL RECREATION AREA (NPS) COMMENTS

NPS-COMMENT #1: Overall, the National Park Service (“NPS”) supports the proposed waste discharge requirements being implemented at the Washington Mine by the California Regional Water Quality Control Board. However it is not clear why Shasta Gold Corporation will be allowed four years to close and move the existing tailings to the Group B WMU (Section [sic] 27). The NPS requests that the mineralized tailings are secured as soon as possible to prevent migration of arsenic and other contaminants into surface and ground water. The NPS feels that one to two years is a logistically feasible amount of time to move the tailing to the Group B WMU site.

RESPONSE:

The four year time schedule to move the existing tailings to the new WMU is the maximum amount of time the Discharger may take to complete the task, although it may take less. This time frame was proposed by the Discharger to allow for time to accomplish other priority tasks required by the Central Valley Water Board which will provide a greater benefit to water quality in the area, including the collection and treatment of mine drainage from several portals comprising the

Washington Mine complex and required in their NPDES permit and Cease and Desist Order adopted in May 2010.

NPS-COMMENT #2: The NPS would also like to take the opportunity to reiterate the position that a comprehensive plan of operations should be developed for this site. A comprehensive plan should describe all facets for the existing operation and any anticipated expansion of operations including current and anticipated mining locations, mining methods, ore beneficiation process, waste rock disposal, tailings disposal, water use, water disposal, and seasonal variations, anticipated environmental mitigation; risk analysis (public health and ecological), and, their permitting documents as required by county, state or federal law.

RESPONSE:

Many of the items described, including mining methods, ore beneficiation process, waste rock disposal, tailings disposal, and water disposal are described in the applications submitted for the proposed Waste Discharge Requirements and the previously adopted NPDES permit.

However, the Washington Mine is regulated by a number of other entities, including Shasta County Division of Resource Management, the State of California-Office of Mine Reclamation, and because a portion of the site is on federal land, the Bureau of Land Management. Each entity has its own regulatory structure and requirements.

While the Central Valley Water Board does not have the authority to require items that are outside its regulatory jurisdiction, we will provide the comments and concerns regarding a comprehensive plan of operations to Shasta County and the BLM.