



McLaughlin Reclamation Project

May 5, 2016

Dr. Richard Miller
Wilbur Hot Springs Resort
23100 North Highway 1
Fort Bragg, CA 95437

Dear Dr. Miller:

Thank you for taking the time to meet with me and discuss the Sulphur Creek Mining District Waste Removal Project on May 2, 2016. The permits required for the project that you signed in July 2013 require Homestake to act as your authorized representative in timely completion of the project. As we have discussed, the constraints imposed by these project permits affect both the timing of the work and the placement of equipment, and may create some inconvenience for Wilbur Hot Springs. However, Homestake must conduct and complete this project in strict compliance with all permit requirements.

This letter summarizes and documents the talking points of our meeting on Monday:

- 1 The state and federal permit applications that were provided to you before submission included several figures depicting the detailed plan for the project. The plan for the project remains essentially unchanged as shown in the updated figures provided to you at our meeting. The U.S. Army Corps of Engineers is anticipated to issue the final permit required for the project, the 404 Permit, in May to facilitate work commencing this summer.
- 2 Wilbur Hot Springs General Managers (GMs) were provided a project overview at the facility on April 29, 2016 that included a field tour. The GMs were also provided a project schedule last week via email and an update on May 3, 2016 with a revised on-site start date of July 12, 2016. During our meeting at Wilbur Hot Springs with the GM's they were provided with the most current project grading figures and informational fliers describing the measures to be implemented as part of the project to protect bat species in the area.

- 3 Anticipated hours of construction equipment activity will be 7:00 a.m. to 5:00 p.m. Monday through Friday. Health and safety is of utmost importance to all project participants. The contractor and the consultants on the project will follow project specific Health and Safety Plans and protocols. Personal protection equipment (PPE) is required and must be worn in all construction areas at all times. For the safety of unauthorized visitors and project staff, access through the construction area will be restricted. Restricted access areas will be communicated to the GMs and clearly posted.
- 4 Fire safety has been discussed and was addressed within the project risk assessment, emergency action plan and work plan documents. There will be water trucks, a water tower, and fire extinguishers on site during project construction activities. The local CalFire station has been notified of the project and we anticipate that they will conduct a site visit.
- 5 The construction crew is anticipated to be approximately 8 to 9 workers directly engaged in construction activities. An additional 5-10 support/management staff (geologist, engineer, biologist, archeologist, tribal monitors, regulatory agencies, etc.) will be working on the project as well, and may be at the site intermittently. It is anticipated that the contractor will be leaving the site at the end of each day. The project inspector will ensure that all Wilbur Springs property access gates are locked with double chains at the end of each day. Water trucks will be continually accessing the project area on a daily basis via the Highway 20 BLM access gate. We anticipate that the general construction equipment that will be utilized on the project site will include bulldozers, excavators, haul trucks, a motor grader, water trucks, and a backhoe. Additionally there will be a job trailer/office, generator, and storage box and storage area (water, fuel, portable toilet, supplies, etc.) to support construction activities.
- 6 As you are aware, there are several state and federal permits issued for this project. These permits require that the project take into account several environmentally- sensitive aspects (e.g., Townsends Big Eared bats at the West End Mine and Native American cultural sites) within the project boundary. Permit requirements therefore control the project design and implementation

plan in terms of the construction schedule, road locations and laydown area locations.

The storage and stockpile area locations will be visible from the house that looks out across the valley (where we met on May 2, 2016). Unfortunately, these areas may not be relocated. These locations are dictated by cultural resources constraints on activities within a large amount of the flat project area adjacent to Sulphur Creek to the west, as well as environmental sensitivities and regulatory requirements associated with the Federal 404 Nationwide Permit. These areas of concern were identified in the 2013 permit applications for the project.

Homestake will work with the resort managers and contractor to minimize project impacts to extent reasonably feasible. The project grading plans provided in the various permit applications, and in the materials recently provided to you, identify existing haul roads and temporary haul roads that will be utilized. Existing roads that are presently in passable condition will remain after project completion. Roads to be utilized that are presently not passable will be rehabilitated for use during the project as internal haul roads.

At the end of the project, the temporary roads will be restored to pre-existing conditions as required by the project permits because applicable regulations require that the project may only have temporary impacts associated with waters of the state and United States (U.S.). The temporary impact requirements are also described in the 2013 permit applications you signed. Specifically, under Section 404 of the Clean Water Act, EPA and the U.S. Army Corps of Engineers jointly promulgated regulations revising and clarifying requirements regarding compensatory mitigation. According to these regulations, compensatory mitigation means the restoration, establishment, or enhancement, and in some circumstances preservation of wetlands, streams and other aquatic resources to offset unavoidable adverse impacts that remain after all appropriate and practicable avoidance and minimization has been achieved. This project will therefore not trigger any compensatory mitigation because there are no new permanent impacts associated with waters of the state and U.S. (no net loss).

- 7 Homestake understands that communication with regards to project activities throughout the construction period should be provided by Homestake to the GMs. Pre-project preparation will necessitate site visits; Homestake

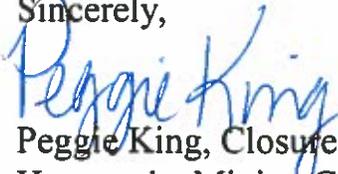
understands this may impose some constraints on the staff at Wilbur Hot Springs. Homestake will work directly with the GMs to assure that information is communicated promptly, and to address issues that arise in a timely fashion. Homestake will notify the GMs by email prior to site visits. Homestake will provide bright orange dashboard placards to identify project-associated visitors, and will access the site via the BLM access road.

- 8 Anticipating that the 404 permit will be issued by the Corps of Engineers by mid-May, Homestake plans to begin construction by July 12th, 2016 and complete the project by September 23, 2016. As you can appreciate with a project of this nature, unforeseen conditions may arise that result in delays in the schedule. Homestake understands that there are two weddings scheduled during the planned construction period. Homestake will attempt to minimize project impacts on these wedding activities to the extent feasible. However, the project must proceed this year in compliance with all permit requirements and it is a high priority of the Central Valley Regional Water Quality Control Board that this work be completed as soon as possible. Homestake would appreciate receiving timely updates related to the scheduled weddings including their dates and locations. Homestake presumes that the weddings are planned for weekends when project related construction activities will not be taking place.

Homestake recognizes the nature of construction presents inconvenience for activities at Wilbur Hot Springs, and we will work with the GMs to minimize project impacts to the extent practicable. As you know, there is substantial benefit to you in the completion of this work. Homestake has spent and will spend millions of dollars to complete the Sulphur Creek Waste Removal Project. As the current property owner, you were named among the several entities and individuals as responsible parties in the 2010 Technical Report Orders issued by the Central Valley Regional Water Quality Control Board (CVRWQCB) that require clean-up of mine waste on your property. Homestake, through its Settlement Agreement with the CVRWQCB, is helping all parties named in the order by conducting significant and expensive clean-up activities that otherwise would be required of you as a property owner. Homestake looks forward to successful completion of this good-will project with your support and partnership.

If desired, Homestake will provide regular detailed project overviews, status updates and site visits to you, the GMs and other interested parties associated with Wilbur Hot Springs. If you have any questions or would like to schedule such a meeting, please don't hesitate to call me at 707-995-6080.

Sincerely,



Peggie King, Closure Manager
Homestake Mining Company of California

cc: Pamela Creedon, Executive Officer, CVRWQCB
Patrick Pulupa, Senior Staff Counsel, State Water Resources Control Board
Jeff Huggins, Water Resources Control Engineer, CVRWQCB