

Minutes of the  
Board of Minerals and Environment  
Telephone Conference Call Meeting

DENR Lower Level Conference Room  
523 East Capitol Avenue  
Pierre, South Dakota

February 19, 2015  
10:00 a.m. CT

CALL TO ORDER AND ROLL CALL: The meeting was called to order by Chairman Rex Hagg. The roll was called and a quorum was present.

BOARD MEMBERS PARTICIPATING: Rex Hagg, Linda Hilde, Dennis Landguth, Pete Bullene, Doyle Karpen, Gregg Greenfield, Daryl Englund, and Bob Morris.

BOARD MEMBER ABSENT: Glenn Blumhardt.

OTHERS PRESENT: Bob Townsend, Eric Holm, Mike Cepak, Roberta Hudson, Tom Cline, Brett Graves, Patty McQuay, and Mike Lees, DENR Minerals and Mining Program; Ken Nelson, Wharf Resources, and Terry Smith, Jim Voyles, Jay Gear, and Ann Gliedt, Coeur Mining.

APPROVAL OF MINUTES FROM JANUARY 22, 2015, MEETING: Motion by Karpen, seconded by Hilde, to approve the minutes from the January 22, 2015, Board of Minerals and Environment meeting. A roll call vote was taken, and the motion carried unanimously.

MINING ISSUES

Exchange of Surety for Wharf Resources' Mine Permits: Eric Holm reported that prior to the meeting, the board was provided with information on Coeur Mining, Inc. Coeur Mining, Inc. purchased all the shares of Wharf Resources, USA, from GoldCorp. After that transaction is completed, Wharf will become a wholly-owned subsidiary of Coeur Mining, Inc.

Terry Smith, vice president of North American operations for Coer Mining, Inc. provided information and the environmental aspects of Coeur Mining, Inc.

Mr. Smith, Mr. Voyles, and Ms. Gliedt answered questions from the board members regarding the company's past surety bonds, the company's past experience with mine closure and reclamation, and the exchanges of surety the board is being asked to approve today.

Mr. Smith noted that he would be happy to provide more information on the company at a future board meeting.

Mr. Holm noted that the department's recommendation for Wharf Resources' Mine Permit 450 bonds was omitted from the table the board received prior to the meeting. He read the recommendation and requested board approval.

Motion by Karpen, seconded by Morris, to approve the following:

Wharf Resources (USA), Inc., Lead, SD, Mine Permit 450, Reclamation Bond – Maintain CD No. 8701000277, First Interstate Bank, in the amount of \$5,600, and designate new signatories to the Certificate of Authority; and

Wharf Resources (USA), Inc., Lead, SD, Mine Permit 450, Post Closure Bond – Exchange Scotia Bank Irrevocable Letter of Credit No. 92821/80085 for Wells Fargo Bank Irrevocable Letter of Credit No. IS0274134U, in the amount of \$1,767,077, and accept Amendment 1 to Wells Fargo Irrevocable Letter of Credit No. IS0274134U correcting language and correcting applicant to Coeur Mining, Inc. on behalf of Wharf Resources (USA), Inc.

A roll call vote was taken, and the motion carried unanimously.

Motion by Morris, seconded by Bullene, to approve the following:

Wharf Resources (USA), Inc., Lead, SD, Mine Permits 356, 434, 435, 464, & 476, Reclamation Bond – Exchange North American Specialty Insurance Company & Westport Insurance Corporation Bond No. 2179280 for Westchester Fire Insurance Company, Bond No. K09047803, in the amount of \$15,786,000; Ironshore Indemnity Inc., Bond No. SUR20000289, in the amount of \$6,000,000; Argonaut Insurance Company, Bond No. SUR0032040, in the amount of \$6,000,000; and Aspen American Insurance Company, Bond No. SU27833, in the amount of \$8,000,000;

Wharf Resources (USA), Inc., Lead, SD, Mine Permits 356, 434, 435, 464, & 476, Post Closure Bond – Exchange North American Specialty Insurance Company & Westport Insurance Corporation Bond No. 2179281 for U.S. Specialty Insurance Company, Bond No. 1000967509, in the amount of \$25,000,000 and Westchester Fire Insurance Company, Bond No. K09047761, in the amount of \$5,783,000;

Wharf Resources (USA), Inc., Lead, SD, Mine Permits 356, 434, 435, 464, & 476, Financial Assurance Bond – Exchange North American Specialty Insurance Company Bond No. 2179282 for Aspen American Insurance Company, Bond No. SU27832, in the amount of \$597,800;

Wharf Resources (USA), Inc., Lead, SD, All Exploration Permits, Reclamation Bond – Maintain CD No. 7655679046, Wells Fargo Bank, in the amount of \$20,000, and designate new signatories to the Certificate of Authority; and

Wharf Resources (USA), Inc., Lead, SD, Mine License No. 90-400, Reclamation Bond – Maintain CD No. 457013171, Wells Fargo Bank, in the amount of \$1,000, and designate new signatories to the Certificate of Authority

A roll call vote was taken, and the motion carried unanimously.

Update on Pete Lien & Sons Large Scale Mine Permit 57 Reclamation Plans: Mr. Holm reported that at the November 20, 2014, Board of Minerals and Environment meeting, Pete Lien

& Sons was granted a five-year extension to extend the period of final reclamation after the completion of mining until 2019 for Large Scale Mine Permit 57. The extension was approved on the condition that the board is kept apprised of Pete Lien's reclamation progress.

On February 9, 2015, as part of its annual report, Pete Lien submitted a letter and map outlining reclamation plans and status of the area covered under the mine permit from this year through 2020. The board members were provided with a copy of the letter and map prior to the meeting.

Referring to the map, Mr. Holm explained the reclaimed areas, planned reclamation and acreages, permanent facilities, and the Black Hawk Quarry.

Mr. Holm noted that the Black Hawk Quarry will be mined for more than 50 years under Mine License 83-100. The permanent facilities will be used during this period in support of the quarry. Material from the lime plant and crusher will be used to slowly backfill the remaining mine pit. Pete Lien is proposing to place these facilities under the mine license. The department still needs to discuss this proposal with Pete Lien. These facilities will be reclaimed after limestone reserves run out in more than 50 years.

No board action was required.

Prior to the meeting, the board received a table listing the department recommendations for release of liability and surety and releases of liability (see attachment).

Motion by Karpen, seconded by Englund, to accept the department recommendations for the release of liability and surety and releases of liability listed on the table. A roll call vote was taken, and the motion carried unanimously.

NEXT MEETING: The next board meeting is scheduled for April 16, 2015, at 10:00 a.m. Central Time.

ADJOURNMENT: Motion by Hilde, seconded by Bullene, that the meeting be adjourned. A roll call vote was taken, and the motion carried unanimously.

The meeting was digitally recorded and a copy of the recording may be obtained by contacting the Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, SD 57501; telephone number 605-773-3886. The recording is also available on the DENR website at <http://denr.sd.gov/boards/schedule.aspx>.

Approved this 16<sup>th</sup> day of April, 2015.

Linda Hilde 4-16-2015      Dan Lien 4/16/15  
Secretary                                  Date                                  Witness                                  Date

## *South Dakota Board of Minerals & Environment*

*February 19, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b><u>Exchanges of Surety for Wharf Resources' Mine Permits:</u></b>						
Wharf Resources (USA), Inc. Lead, SD	356, 434, 435, 464, & 476	<b>Reclama- tion Bond</b>	\$35,786,000	2179280	North American Specialty Insurance Company & Westport Insurance Corporation	Exchange North American Specialty Insurance Company & Westport Insurance Corporation Bond No. 2179280 for Westchester Fire Insurance Company, Bond No. K09047803, in the amount of \$15,786,000; Ironshore Indemnity Inc., Bond No. SUR20000289, in the amount of \$6,000,000; Argonaut Insurance Company, Bond No. SUR0032040, in the amount of \$6,000,000; and Aspen American Insurance Company, Bond No. SU27833, in the amount of \$8,000,000.
		<b>Post Closure Bond</b>	\$30,783,000	2179281	North American Specialty Insurance Company & Westport Insurance Corporation	Exchange North American Specialty Insurance Company & Westport Insurance Corporation Bond No. 2179281 for U.S. Specialty Insurance Company, Bond No. 1000967509, in the amount of \$25,000,000 and Westchester Fire Insurance Company, Bond No. K09047761, in the amount of \$5,783,000.

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*February 19, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b><u>Exchanges of Surety for Wharf Resources' Mine Permits:</u></b>						
Wharf Resources (USA), Inc. Lead, SD	356, 434, 435, 464, & 476	<b>Financial Assurance Bond</b>	\$597,800	2179282	North American Specialty Insurance Company	Exchange North American Specialty Insurance Company Bond No. 2179282 for Aspen American Insurance Company, Bond No. SU27832, in the amount of \$597,800.
Wharf Resources (USA), Inc. Lead, SD	450	<b>Reclamation Bond</b>	\$5,600	8701000277	First Interstate Bank, Lead	Maintain CD No. 8701000277, First Interstate Bank, in the amount of \$5,600. Designate new signatories to the Certificate of Authority.
		<b>Post Closure Bond</b>	\$1,767,077	ILOC No. 92821/80085	Scotia Bank, New York	Exchange Scotia Bank ILOC No. 92821/80085 for Wells Fargo Bank ILOC No. IS0274134U, in the amount of \$1,767,077. Accept Amendment 1 to Wells Fargo ILOC No. IS0274134U correcting language and correcting applicant to Coeur Mining, Inc. on behalf of Wharf Resources (USA), Inc.
<b><u>Exchange of Surety for Wharf Resources' Exploration Permits:</u></b>						
Wharf Resources (USA), Inc. Lead, SD	All Exploration Permits	<b>Reclamation Bond</b>	\$20,000	7655679046	Wells Fargo Bank, Lead	Maintain CD No. 7655679046, Wells Fargo Bank, in the amount of \$20,000. Designate new signatories to the Certificate of Authority.

## *South Dakota Board of Minerals & Environment*

*February 19, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b><u>Exchange of Surety for Wharf Resources' Mine License:</u></b>						
Wharf Resources (USA), Inc. Lead, SD	90-400	<b>Reclamation Bond</b>	\$1,000	457013171	Wells Fargo Bank, Lead	Maintain CD No. 457013171, Wells Fargo Bank, in the amount of \$1,000. Designate new signatories to the Certificate of Authority.
 <b><u>Update on Pete Lien &amp; Sons Large Scale Mine Permit 57 Reclamation Plans:</u></b>						
Pete Lien & Sons, Inc. Rapid City, SD	57		\$204,300	ILOC No. S500998	UMB Bank, Kansas City, MO	
				Portions of Section 20 & 21; T2N-R7E, Pennington County		
				At the November 20, 2014 BME meeting Pete Lien & Sons was granted a 5-year extension to extend the period of final reclamation after the completion of mining until 2019 for Permit 57. At the board's request, this update is being given to keep the board apprised of Pete Lien's reclamation progress.		
 <b>Mine Licenses:</b>						
<b><u>Release of Liability and Surety:</u></b>						
Lonnie Lowe South Shore, SD	05-819		\$500	12165	Community State Bank, Stockholm	Release liability and \$500.
		<b>819001</b>	NE1/4 Section 26; T119N-R51W, Codington County			

## South Dakota Board of Minerals & Environment

*February 19, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b>Mine Licenses:</b>						
<b><u>Releases of Liability:</u></b>						
Aggregate Construction Inc. Minot, ND	89-382		\$20,000	5301306	Ohio Farmers Insurance Company	Release liability.
		<b>382024</b>	SW1/4 Section 1; T3N-R7E, Meade County			
		<b>382027</b>	NE1/4 Section 23; T4N-R6E, Meade County			
		<b>382029</b>	NW1/4 Section 13; T6N-R6E, Meade County			
C & W Enterprises, Inc. Harrisburg, SD	98-671		\$-0-	NA	NA	Release liability.
		<b>671004</b>	SW1/4 Section 29; T22N-R27E, Corson County			
		<b>671007</b>	S1/2 S1/2 Section 10 & NW1/4 Section 15; T19N-R29E, Corson County			
Croell Redi-Mix, Inc. Sundance, WY	96-604		\$20,000	2092148	North American Specialty Insurance Company	Release liability.
		<b>604007</b>	SW1/4 NE1/4, NW1/4 SE1/4 & NE1/4 SW1/4 Section 11; T8N-R5E, Butte County			

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*February 19, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b><u>Releases of Liability:</u></b>						
Schladweiler Construction Mitchell, SD	83-167		\$2,500	103982	Fulton State Bank, Mitchell	Release liability.
			\$1,500	104097	Fulton State Bank, Mitchell	
			\$1,000	103814	Fulton State Bank, Mitchell	
			\$500	104186	Fulton State Bank, Mitchell	
			\$500	103809	Fulton State Bank, Mitchell	
			\$500	102880	Fulton State Bank, Mitchell	
	<b>167031</b>	NW1/4 Section 8; T105N-R66W, Aurora County				
Cedar Township Ree Heights, SD	94-531		Exempt	NA	NA	Release liability.
			<b>531002</b>	Section 29; T110N-R70W, Hand County		
Sanborn County Highway Department Woonsocket, SD	83-225		Exempt	NA	NA	Release liability.
			<b>225009</b>	SW1/4 Section 25; T107N-R63W, Jerauld County		