



18 January 2013

Pebble Limited Partnership
3201 C Street, Suite 604
Anchorage, AK 99503

Mr. Kerwin Krause
Alaska Department of Natural Resources
Division Mining Land & Water (MLW)
550 W 7th Avenue, Suite 900 B
Anchorage, Alaska 99501-3577

Subject: 2012 Annual Reclamation Report – Pebble Project A126118

Dear Mr. Krause:

Executive Summary

Pebble Limited Partnership (PLP) is submitting the attached 2012 Annual Reclamation Report for the Pebble Project, Iliamna Alaska. This letter provides a brief summary of proposed versus actual activities performed during the 2012 field season. Land reclamation was conducted between June and November 2012 concurrently with exploration in accordance with the following Miscellaneous Land Use Permit (MLUP) for Hardrock Exploration & Reclamation:

- A126118 (MLUP effective dates 8 June 2012 through 31 December 2012) granted by the Alaska Department of Natural Resources, Division of Mining, Land & Water (ADNR-DMLW) on 8 June 2012;

According to the 2012 Plan of Operations for the Pebble Exploration Project, submitted to ADNR on 22 February 2012, project management anticipated a land disturbance of 1.54 acres related to the following activities. “Disturbed” is defined as the vegetative mat removed or destroyed.

Proposed acreage to be disturbed between May 1, 2012 and December 31, 2012:

- Forty (40) diamond core drilling boreholes;
- One hundred-twenty (120) geotechnical drill holes [Eighty (80) were to use mud rotary or reverse circulation (RC) drilling and forty (40) were to use sonic drilling];
- One hundred (100) shallow soil test pits; and
- Thirty-four (34) seismic lines totaling no more than 220,000 feet.



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|-------------------|---|
| 0.28 acres | Diamond core drilling boreholes |
| 0.25 acres | Upland drill water sump locations |
| 0.15 acres | Mud rotary or reverse circulation drilling sites (Geotechnical) |
| 0.08 acres | Sonic drilling sites (Geotechnical) |
| 0.07 acres | Shallow soil test pits |
| <u>0.71 acres</u> | Seismic lines |
| 1.54 acres | TOTAL |

Total land disturbed during the 2012 field operations was approximately 0.23 acres. Activities actually performed during 2012 included:

Actual acres disturbed between June and November 2012:

- Sixteen (16) diamond core boreholes for exploratory purposes;
- Thirty (30) mud rotary boreholes for geotechnical purposes (Note: twenty-two (22) of these boreholes were completed under MLUP 126118 within the historical Pebble claim boundary while the other eight (8) boreholes were completed in accordance with the Generally Allowed Uses on State Land (11 AAC 96.020) in the vicinity of Cook Inlet).
- Thirty-one (31) sonic boreholes for geotechnical purposes;
- No reverse circulation drilling was conducted this season;
- Shallow soil test pit excavation planned for 2012 was not conducted this season; therefore, no reclamation was necessary for 0.07 acres permitted for this activity; and
- Seismic studies planned for 2012 were not conducted this season; therefore, no land reclamation was necessary for 0.71 acres permitted for this activity.

| | |
|-------------------|-----------------------------------|
| 0.11 acres | Diamond core drilling boreholes |
| 0.00 acres | Upland drill water sump locations |
| 0.06 acres | Mud rotary drilling boreholes |
| 0.06 acres | Sonic drilling boreholes |
| 0.00 acres | Shallow test pits |
| <u>0.00 acres</u> | Seismic lines |
| 0.23 acres | TOTAL |

During 2012 approximately 0.17 acres were reclaimed from work completed during the 2011/2012 field programs, leaving approximately 0.12 acres to be reclaimed as soon as conditions allow.



2012 Land Disturbance vs. Reclamation (1 acre = 43,560 sq ft.)

The following is a summary of the number of acres disturbed and/or reclaimed during 2012. "Disturbed" is defined as the vegetative mat removed or destroyed.

- 0.06 – disturbed acres remaining following 2011 program, reclaimed during 2012
- 0.00 – acres still remaining to be reclaimed from 2011 exploration program
- 0.23 – total acres disturbed during 2012 exploration program
- 0.11 – acres disturbed during 2012 exploration program, reclaimed during 2012
- 0.12 – acres disturbed from 2012 exploration program remaining to be reclaimed

All reclamation work was completed in accordance with State of Alaska regulations.

Should you have any questions please contact me at (907) 339-2600 or email at tomjordan@pebblepartnership.com.

Sincerely,

A handwritten signature in black ink that reads "Tom Jordan".

Tom Jordan
Director, Site Operations
Pebble Limited Partnership

cc: // Scott Pexton, ADNR – DMLW
Sharmon Stambaugh, ADNR Office of Project Mgmt/Permit Anchorage
Dan Easton, PLP
Jim Male, PLP
Jeff Norberg, JBN Consultants, Inc.