DEPARTMENT OF HEALTH
AND
ENVIRONMENTAL CONTROL
MINE OPERATING PERMIT

PART I:

Haile Gold Mine

Haile Gold Mine, Inc.

(a fully-owned subsidary of Romarco Minerals, Inc.)

Haile Gold Mine, Inc., a corporation, has been granted a Mine Operating Permit, Mine Permit Number I-000601 to operate Haile Gold Mine in accordance with the S.C. Mining Act (S.C. Code Sections 48-20-10 *et seq*., 1976) and Regulations 89-10 *et seq*. The operator shall conduct this operation as represented in documents submitted to support the issuance of this permit.

Kent M. Coleman

KENT M. COLEMAN, DIRECTOR
DIVISION OF MINING AND SOLID WASTE MANAGEMENT

PERMIT NUMBER: I-000601
ORIGINALLY ISSUED: July 3, 1984
MODIFIED: November 5, 2014

In accordance with Section 48-20-60 of the South Carolina Mining Act, this Mine Operating Permit shall remain valid unless it terminates as set forth in R.89-270 or is revoked in accordance with Section 48-20-160 and R.89-280. The anticipated mining completion date is shown on the *Schedule for Conservation and Reclamation Practices* in the *Reclamation Plan*.

The approved permit application, *Reclamation Plan,* and all supplemental information referenced herein, are an integral part of this permit. *Land Entry Agreements* and Mine Maps as identified in Part II and Part IV, respectively, are also a part of this permit.

Haile Gold Mine, Inc.

Operator: Haile Gold Mine, Inc.

Home Office Address: Haile Gold Mine, Inc.
7283 Haile Gold Mine Road
P.O. Box 128
Kershaw, SC 29067

Local Office Address: Same

Address for Official Mail: Same

Company personnel and title to be the contact for official business and correspondence (The Department should be notified in writing immediately of any change in contact, address, telephone or fax numbers):

Ramona Schneider
Environmental Manager

Telephone: 803-475-1220
Fax: 803-475-2317

LOCATION: The mine is located on the Kershaw, SC U.S.G.S. 7.5' Topographic Map. The approximate U.T.M. coordinates for the site are:

Easting: 541693.9 Northing: 3826211.9

The operation is located in southern Lancaster County approximately two miles northeast of Kershaw, S.C. Specifically the site is located 1.0 mile east of the junction of SC-29-188 (Haile Gold Mine Road) and US Highway 601. The mine's access currently exits north from Haile Gold Mine Road, but will be relocated after permit issuance to exit east from Highway 601.

I-000601

Part II: MINE OPERATIONS

Haile Gold Mine, Inc., also referred to as the operator for this operation located in Lancaster County, South Carolina, is permitted to mine gold to a maximum depth of 840 feet (-340' MSL) on land owned by the referenced operator. This land is identified in the submitted *Land Entry Agreements* (LEAs). These LEAs must be recorded with the appropriate agency (i.e., Register of Mesne Conveyance, Clerk of Court) in Lancaster County.

MINE/PIT CHARACTERIZATION: The operation will consist of phased mining of multiple open pits as specified in the ***Haile Gold Mine I-601 Modification Application*** dated November 19, 2010 and revised December 26, 2012. In summary, eight pits will be opened sequentially over a twelve year period (**Site Maps SM-601-V2 through SM-601-V6**). Four of the pits (Mill Zone, Haile, Red Hill, and Chase) will be reclaimed concurrently by backfilling with overburden generated from ongoing mining. One pit (Snake) will be partially backfilled and the remaining pits (combined Snake/Ledbetter, Small, and Champion) will be reclaimed as lakes. Surficial soil (i.e. growth media) will be retained for reclamation. Blasting will be used to fragment overburden and ore prior to loading into haul trucks. Ore will be transported to a stockpile at the lined overburden storage area or to the primary crusher at the mill. The processing mill and tailings impoundment are located as depicted on Site Map (**SM-601-V1**). Overburden will be hauled to designated storage facilities or to previously mined pits.

PROCESSING PLANT LOCATED ON MINE SITE:
The processing plant generally consists of a primary crusher, conveyors, semi-autogenous mill, ball mill, cyclones and eight above-ground leach tanks. Gold is extracted from ore by a Carbon-In-Leach process. Sodium cyanide is the active leaching agent. Waste material produced by the ore grinding/leaching process (tailings) will be pumped as slurry to a lined tailings impoundment (Duckwood TSF). Sub-aerial deposition of tailings will be used to allow solids to settle with solution reporting to the reclaim pool at the southern end of the impoundment. Water accumulating in the reclaim pool will be pumped back to the plant for reuse.

MINE DEWATERING: Extraction wells will be installed around pit perimeters and operated to prevent groundwater from entering the pits during active mining. The predicted drawdown of groundwater will evolve over time as pits are sequentially opened and reclaimed. Groundwater generated from pit dewatering will be pumped to the processing area for use in the mill, or used for site construction and dust suppression. Excess groundwater from mine dewatering will be discharged to Haile Gold Mine Creek. (Note Part X: *Additional Terms and Conditions* #27 through #30 of this Mine Operating Permit regarding groundwater).

BLASTING: Blasting will be performed through the use of advanced blasting techniques to include electronic programmable delays and modern blasting agents in order to maximize blasting efficiency, minimize the displacement of blasted material, minimize the generation of fly rock, and reduce ground vibration. The blasting schedule, the size of each blast, and the amount of explosive used in an individual blast is variable depending on rock characteristics, drilling and production schedules, and safety considerations. Refer to Part X: Additional Terms and Conditions for specific conditions to the Mine Operating Permit relative to blasting operations conducted within the permitted area. (Note Part X: *Additional Terms and Conditions* #31 and #32 of this Mine Operating Permit regarding blasting)

Blasting is not permitted within two hundred (200) feet of a public road. In addition, when blasting will occur within three hundred (300) feet of a public road (i.e. Snake, Mill Zone, and Small Pits), the operator shall coordinate with S.C. Department of Public Safety and Lancaster County Department of Public Works to ensure the safety of motorists. All blasts shall be designed to ensure compliance with R.89-150 ground vibration requirements. In accordance with R.89-150(4)I, the operator shall maintain a blasting setback of 1000 feet between the nearest point of blasting and any occupied structures not owned by the operator at the date of permit issuance or where there is no waiver of damage. The blasting setback may be decreased if the operator can demonstrate that through use of alternative precautions (blast design, use of blasting mats, etc), public safety can be ensured.

SIGNIFICANT CULTURAL OR HISTORICAL SITES: One historic resource, Haile Gold Mine, and one historic structure, Haile Gold Mine School, are eligible for listing in the National Register of Historic Places (NRHP). Twenty-seven archaeological sites located within areas affected by mine development have been, or shall be evaluated for eligibility for listing in the NRHP. Haile Gold Mine, Inc. will implement a Memorandum of Agreement (MOA) with the Army Corp of Engineers and the South Carolina Historic Preservation Office to preserve, or to evaluate and mitigate as

necessary, the eligible cultural and historic resources at the mine in accordance with Appendix A of the MOA (the Cultural Resources Management Plan). Note Part X: *Additional Term and Condition #5* of this Mine Operating Permit.

VISUAL SCREEN: The mine is located in southern Lancaster County and is surrounded by agricultural and silviculture land. The mine straddles U.S. Highway 601 and the operator has augmented existing vegetation along U.S. Highway 601, where necessary, to screen the operation from motorists. Several facilities will be visible above existing woodlands because of their height (several overburden storage areas (OSA) and the tailings impoundment). Concurrent with construction, sections and benches of these facilities will be sloped and vegetated as soon as feasible to better blend with the surrounding environment. The operator shall maintain an approximate 100 foot setback from property lines to the edge of major mine facilities as depicted on Site Map (**SM-601-V1**). The setback may be augmented with additional safety measures, if necessary, where the 100 feet cannot be maintained (e.g. the property boundary west of Johnny's OSA and the northeastern corner of the tailings impoundment). Fifty (50) feet of the setback will remain undisturbed, except for the length of property line west of Johnny's OSA extending to the 601 OSA and the northeast corner of the tailings impoundment where undisturbed buffer will be reduced to 25 feet.

NOISE MONITORING AND CONTROL: The operator shall comply with county noise ordinances and utilize **B**est **M**anagement **P**ractices (**BMP**s) to minimize noise from the mine site. The operator may use noise mitigation measures such as sound cancelling devices on mining/milling equipment, vibration dampeners, and equipment isolation pads. Additional BMPs to be implemented may include electric engine starters on mining equipment, lower speed fans on coolers and radiators, and, where appropriate, rubber liners in grinding mills. Noise BMPs include proper maintenance of mufflers on equipment (trucks, track hoes, pumps, etc.).

OTHER STATE OR FEDERAL PERMITS:
The permittee must obtain, maintain, and update, as appropriate, all necessary State and Federal permits in order to construct and operate the mine.

LAND ENTRY AGREEMENTS:
The operator shall furnish and maintain up-to-date *Land Entry Agreements* on all lands covered under this permit. In the event of any change in ownership on any portion of land covered by this permit, the operator is responsible for furnishing the appropriate and completed *Land Entry Agreement* (Forms MR-600 or MR-700) to the Department within 30 days of the change of ownership.

Land Owner(s) as Listed on *Land Entry Agreement(s)*: Haile Gold Mine, Inc.

Total acres of the contiguous tract(s) of land for which the permit is granted: 4,567

OWNED 4,567.0 LEASED 0.0 TOTAL 4,567.0

Part III: PERMITTED LAND

This permit allows the operator to conduct mining operations within the permitted land as designated through the *Land Entry Agreements* and the permit application. Permitted land, as defined in Section 48-20-40(18), means "the affected land in addition to (a) lands identified for future mining to become affected land; and (b) undisturbed or buffer area that is or may become adjacent to the affected land." Therefore, this permit grants the operator the right to conduct active mining operations within the specified affected land, and to establish buffer zones.

AFFECTED LAND: Under the current mine plan, the total area to be affected by Haile Gold Mine, Inc. is 2,464 acres of land. The operator is permitted to affect up to 2,464 bonded acres of land at any point in time in accordance with the *Schedule for Conservation and Reclamation Practices* in the approved *Reclamation Plan*. Once affected land is released as reclaimed by the Department in accordance with R.89-330, Criteria for Approval of Reclamation and Completed Land Reclamation, that land is no longer considered affected. The affected acres are derived from the operator's response in the *Application for a Mine Operating Permit* (Form MR-400), page 3, line 2H and the Department's review of the application.

FUTURE MINE RESERVES: 0.0 acres are identified as future mine reserves.

BUFFER AREAS: 2,103 acres are identified as buffer area, setbacks or areas that will not be disturbed beyond the pre-mine natural state. These buffer areas are identified on the mine site map. Acres designated as buffer areas are not bonded under the reclamation bond. Any disturbance of the buffer areas (i.e. removal of timber) requires this Mine Operating Permit to be modified **prior** to any such disturbance.

TOTAL PERMITTED AREA: 4,567 acres as submitted on the Land Entry Agreements dated January 18, 2011, December 28, 2012, and March 13, 2014.

Part IV: MAPS

The mine site maps were prepared by AMEC Environmental & Infrastructure, Inc. The maps are dated and further identified with the SCDHEC map number as listed and are part of the operating permit.

SM-601-V1	General Layout - Security and Wildlife Fence	July 30, 2014
SM-601-V2	Haile Gold Mine Year 0	December 19, 2012
SM-601-V3	Haile Gold Mine Year 3	December 19, 2012
SM-601-V4	Haile Gold Mine Year 5	December 19, 2012
SM-601-V5	Haile Gold Mine Year 8	December 19, 2012
SM-601-V6	Haile Gold Mine Year 14	December 19, 2012

The reclamation maps were prepared by AMEC Environmental & Infrastructure, Inc. The maps are dated and further identified with the SCDHEC map number as listed and are part of the operating permit.

RM-601-V1	Reclamation Map (Sheet 1 of 2)	September 27, 2012
RM-601-V2	Reclamation Plan (Sheet 2 of 2)	September 27, 2012
RM-601-V3	Reclamation Schedule	August 4, 2014

Part V: FINANCIAL ASSURANCE

Pursuant to Title 48 Chapter 20 Sections 10 - 310 (The South Carolina Mining Act), South Carolina Regulation 89-10 – 350 (The South Carolina Mining Regulations), and the Department's review of the project application and supplemental information, the total financial assurance required for the Haile Gold Mine is set at $60,000,000, to be provided as set forth in Appendix B. Financial assurance will consist of $55,000,000 in surety bonds and a $5,000,000 interest bearing trust or other interest bearing account. All interest will accrue to the benefit of the Department for the prescribed uses. Financial assurance will be adjusted annually for inflation and for actual site conditions over time as determined by the Department. The surety bond and other financial assurance must be maintained in force continuously throughout the life of the mining operation and may only be released, partially or in full, after Department approval. The Department will not adhere to any prescribed bond release schedule but will only approve a release of bonds or other financial assurance after careful evaluation. When releasing financial assurance for a defined scope of reclamation upon its completion, a percentage of the financial assurance will be held by the Department until full effectiveness of the reclamation is demonstrated over an appropriate time period.

All forms of financial assurance must be: (a) issued solely for the benefit of the State of South Carolina; (b) legally binding instruments acceptable to the Department; (c)issued by or with a guarantor or surety or other financial institution acceptable to the Department; and (d) enforceable by the Department. Financial assurance will not be released under any circumstance without the appropriate Department approvals. Financial assurance instruments must ensure payment to the Department upon the operator's failure to comply with its obligations concerning reclamation, closure or post closure responsibilities, arising from statute, regulation, or this permit. The Department may, at its discretion, approve other forms of financial assurance through the life of the project as long as adequate coverage is maintained.

Financial assurance held by the State may be used by the Department, at its discretion, for the purpose of implementing, maintaining, repairing, or enhancing any aspect of reclamation, closure and post-closure that it determines necessary.

Financial assurance may be cancelled only by sending notice of cancellation by certified mail to the Principal and to the Department, provided, however, that cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation to both the Principal and the Department as evidenced by the return receipts. If the financial assurance is not replaced by another acceptable mechanism within 60 days of the notification of cancellation, the funds will be paid to the Department upon demand.

The funding of financial assurance will be phased in accordance with Appendix B to this permit. Failure to provide funding in compliance with Appendix B shall be grounds for permit revocation and bond forfeiture.

Part VI: SETTING/PROTECTION OF NATURAL RESOURCES

1. Describe the area of and around the mine site. Specify topography, surface water systems, wildlife habitats, residential houses, commercial properties, recreational areas and/ or public roads.

The site is located in a rural area of southern Lancaster County approximately one and a half miles northeast of Kershaw, South Carolina. The mine straddles U.S. Highway 601. The Little Lynches River forms the southwestern boundary, whereas timber and agricultural lands adjoin the site to the southwest, northeast and northwest. Located at the contact between the Coastal Plain and Piedmont physiographic regions, topography at the site ranges from approximately 370 feet (Little Lynches River flood plain) to 550 feet above mean sea level. Haile Gold Mine Creek and its tributaries, tributaries to the Little Lynches River, and the upper reaches of Camp Branch Creek traverse the site. Pine plantations occupy the northern half of the property where timber harvesting by previous landowners has converted much of the landscape to a weed-shrub habitat. These plantations are dissected by stream corridor forest where timbering was restricted. The southern half of the property has increasing land cover of mixed pine-hardwood forest in areas not previously disturbed by mining. South of Haile Gold Mine Road (S-29-188) there is an increasing amount of hardwood forest, particularly along the slopes to streams. The land cover in previously mined areas consists of managed grasslands.

The nearest residence is located approximately 2000 feet northwest of Small Pit, and west of US Highway 601. Additional residences are located southwest of the site near the junction of Earnest Scott (S-29-219) and Haile Gold Mine Roads (S-29-188) and northwest of the site in the Flat Creek Community along SC Highway 903.

2. Methods used to prevent physical hazards to persons and to any neighboring dwelling, house, school, church, hospital, commercial or industrial building or public road.

Agricultural and silvicultural lands surround the mine, with sparse residential development. Haile Gold Mine Church is located at the intersection of Haile Gold Mine and Earnest Scott Roads, approximately one mile east of the mine. The S.C. Department of Corrections' Kershaw Correctional Institute is located approximately ¾ mile west of the mine, and ½ mile south of the tailings facility.

The operator shall erect a perimeter fence as depicted on Site Map (SM-601-V1) to restrict site access and maintain security. *Warning* and/ or *Danger* signs shall be posted along the perimeter fence. Entrance(s) to the site shall be gated and kept locked when inactive.

Potential impacts to U.S. Highway 601, S.C. Highway 265, Earnest Scott, Haile Gold Mine, and Duckwood Roads shall be minimized by a 100 foot setback from major mine facilities (e.g. overburden storage areas, haul roads, pits, and the tailings impoundment). Best Management Practices (BMPs) shall be used to prevent accumulation of sediment/ soil on public roads carried by trucks and other vehicles exiting the mine site. Any accumulations of soil shall be removed by the operator on a daily basis (or more frequently if needed).

The operator shall establish a protected area or establish procedures to minimize fuel spillage or incidental spillage of other petroleum products during storage, refueling of equipment, or in the performance of maintenance on equipment. Contaminated materials resulting from contact with petroleum products must be removed from the site and properly disposed to prevent contamination to ground and surface water resources.

3. Methods used to prevent an adverse effect on the purposes of a publicly owned park, forest or recreation area.

Forty Acre Rock Heritage Preserve is located approximately six miles north-northeast of the mine. Carolina Sandhills National Wildlife Refuge is located approximately twelve miles south of the mine. Given the distance between Haile Gold Mine and these publicly owned properties, no adverse effects are anticipated from mine operations.

4. Measures taken to insure against substantial deposits of sediment in stream beds or lakes.

The operator shall comply with NPDES General Stormwater Permit for Industrial Activity (SCR004763) and the Stormwater Pollution Prevention Plan developed for this site. The General Stormwater Permit requires utilization of structures and non-structural techniques for stormwater management, visual assessment and documentation of the effectiveness of stormwater controls and implementation of corrective actions if needed. NPDES Permit SCR004763 also requires completion of routine inspections and benchmark sampling.

During construction of the ore processing plant, the operator shall comply with NPDES Stormwater Construction Permit SCR10S309. Once construction is complete, coverage under the General Stormwater Permit shall be expanded to incorporate the processing area.

5. Measures taken to insure against landslides or unstable mine walls.

Haile Gold Mine, Inc. is responsible for maintaining stable mine walls and appropriate setbacks. The operator shall implement recommendations with regard to footwall stability in the Snake, Ledbetter, Haile, Mill Zone, and Red Hill Pits pursuant to the ***Report of Feasibility Level Pit Slope Evaluation dated October 2010***. The operator shall complete slope stability analyses for Chase, Champion and Small Pits prior to their development.

Overburden storage areas and the tailings impoundment shall be constructed with overall slopes no steeper than 3H:1V) . The operator shall construct the overburden storage area for potentially acid generating waste rock (Johnny's OSA) and the tailings storage facility pursuant to the ***Haile Gold Mine Tailing and Process Water Management Permitting Design Report*** dated November 15, 2010, as revised in the ***Duckwood Tailings Storage Facility Detailed Design*** dated August 31, 2012, and Dam Safety Construction Permit 29-007. Pursuant to NPDES Industrial General Permit for Stormwater (SCR004763), the operator shall install and maintain appropriate stormwater controls at overburden storage and the tailings impoundment areas to ensure slope stability.

6. Measures taken to insure against acid water generation at the mine site that may result in pollution on adjacent property.

The operator shall implement the ***Haile Gold Mine Overburden Management Plan*** dated November 2010 to identify, separate and manage potentially acid generating (PAG) materials. Waste rock with a strong potential to generate acid rock drainage (ARD) shall be managed in a lined overburden storage area (Johnny's OSA). Waste rock with a moderate potential to generate ARD shall be managed in Johnny's OSA, or amended with a base (i.e. lime and/or another alkaline material as approved by SCDHEC) and used as subaqueous fill within previously mined pits. Inert waste rock and overburden shall be used in mine development or managed in the James, Robert, Hilltop, Hayworth, and Ramona overburden storage areas (see **SM-601-V1**) or used for pit backfill. The operator shall develop, for SCDHEC review, a confirmation sampling protocol to verify effective segregation and management of waste rock.

Runoff and seepage from mine facilities having the potential to generate ARD (Johnny's OSA, pit sumps, low-grade ore stockpile, etc.) shall be collected and sent to the mill for use as process makeup water or treated pursuant to NPDES Discharge Permit SC0040479 and discharged.

7. Measures taken to minimize or eliminate fugitive dust emissions from the permitted area.

The operator shall comply with SCDHEC Air Quality Construction Permit AIR-025354. Prior to mine development, the operator shall implement a Fugitive Dust Control Plan (FDCP) in accordance with Air Quality Construction Permit 1460-0070-CA.

Part VII: STANDARD CONDITIONS OF MINE OPERATING PERMIT

1) SURVEY MONUMENTS: In accordance to R.89-130, the operator shall install and maintain the two required permanent survey monuments or control points within the permitted area as shown on the mine site map. At the discretion of the Department the operator may be required to mark the area to be affected with flagging or institute other appropriate measures.

2) RIGHT OF ENTRY: Pursuant to Section 48-20-130 and R.89-240, the operator shall grant the Department and/or duly appointed representatives access to the permitted area for inspection to determine whether the operator has complied with the reclamation plan, the requirements of this chapter, rules and regulations promulgated hereunder, and any terms and conditions of this permit.

3) RECORDS RETENTION: Any records the Department requires the operator to maintain through additional terms and conditions of this permit or by regulations shall be kept on site or at the office identified for receipt of official mail and open for inspection during normal business hours. The records shall be maintained for a minimum of fifteen (15) years or as specified by the Department. The operator shall furnish copies of the records upon request to the Department.

4) PERMIT MODIFICATIONS: Pursuant to Section 48-20-80, the permit and/or *Reclamation Plan* may be modified upon approval by the Department. Requests for permit and/or *Reclamation Plan* modifications may be made to the Department on Form MR-1300. The operator shall submit any requested supporting data for consideration during the Department's evaluation of the modification request. If a modification request is determined to be substantial by the Department, the modification request will be public noticed pursuant to R.89-100 and a modification fee will be required as specified in R.89-340.

If the Department determines activities proposed under the *Reclamation Plan* and other terms and conditions of the permit are failing to achieve the purpose and requirements of the S.C. Mining Act and Regulations, the Department shall notify the operator of its intentions to modify the permit and/or Reclamation Plan pursuant to Section 48-20-150.

5) TRANSFER OF PERMIT: Pursuant to Section 48-20-70, this permit may be transferred to another responsible party. The transfer of the permit must be conducted in accordance with R.89-230. The transferor of the permit will remain liable for all reclamation obligations until all required documents, plans and the replacement reclamation bond have been submitted and approved by the Department. The transfer will be considered complete when all parties have received notification by certified letters of the approval of the transfer by the Department.

6) LENGTH OF MINE OPERATING PERMIT: In accordance with Section 48-20-60 this Mine Operating Permit will remain valid unless this permit terminates as set forth in R.89-270 or is revoked in accordance with Section 48-20-160 and R.89-280. The proposed anticipated mining completion date shown on the *Schedule for Conservation and Reclamation Practices* in the *Reclamation Plan* is the termination date for the operating permit. The Mine Operating Permit termination date may be changed through a modification to this mining permit if active mining operations extend beyond the proposed termination date. The termination date of this permit may not be extended for the sole purpose of postponing reclamation of the mine site. Reclamation activities in the absence of active mining may be required pursuant to R.89-270.

Pursuant to R.89-80 (B), the operator shall conduct reclamation simultaneously with mining whenever feasible. Reclamation shall be initiated at the earliest practicable time, but no later than within 180 days following termination of mining of any segment of the mine and shall be completed within two years after completion or termination of mining on any segment of the mine.

Part VIII: ENFORCEMENT ACTIONS

Pursuant to Section 48-20-30 of the S.C. Mining Act, "The Department has ultimate authority, subject to the appeal provisions of this chapter, over all mining, as defined in this chapter, and the provisions of the chapter regulating and controlling such activity." Section 48-20-30 allows the Department to assist, cooperate with or supersede other State agencies in taking enforcement action on violations of the State Regulations or violations of the S.C. Mining Act to ensure the purposes of this Act are enforced.

COMPLIANCE:
The operator shall comply at all times with all conditions of this mine operating permit. Non-compliance with this mining permit, statute, or regulations could lead to permit revocation and bond forfeiture pursuant to Sections 48-20-160 and 48-20-170 or other enforcement action allowed by law.

Compliance with the Mine Operating Permit requires the operator to conduct the mining operation as described in the approved *Application for a Mine Operating Permit*. Variance from the *Application for a Mine Operating Permit*, this permit, statute or regulation, without first receiving Department approval, shall be deemed non-compliance with the permit.

An operator or official representative of the mine operator who willfully violates the provisions of the S.C. Mining Act, rules and regulations or willfully misrepresents any fact in any action taken pursuant to this chapter or willfully gives false information in any application or report required by this chapter shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined not less than one hundred dollars nor more than one thousand dollars for each offense. Each day of continued violation after written notification shall be considered a separate offense.

The operator is responsible for all activity on the permitted mine site.

Part IX: REPORTS

1) ANNUAL RECLAMATION REPORTS: The operator shall comply with Section 48-20-120 and Regulation 89-210 and submit an *Annual Reclamation Report* on Form MR-1100 as supplied by the Department. The form for the report will be sent by regular mail to the operator to the mailing address shown on the previous year's *Annual Reclamation Report*. The operator should receive the report form from the Department by July 1 of each year; however, the operator is ultimately responsible for obtaining the *Annual Reclamation Report* form and is not excused from penalty fees for failure to submit the report on time.

The **Annual Operating Fee** is a part of the *Annual Reclamation Report*. Failure to submit a **complete** *Annual Reclamation Report* (i.e. information and fee) in accordance with Section 48-20-120 and R.89-340 will result in a late penalty payment. The *Annual Reclamation Report* and Annual Operating Fee is required if there is any permitted land not fully reclaimed and **released by the Department by June 30 of *each* year**.

2) SPECIAL REPORTS: The Department may at any time request information, data or explanations from the operation as to conditions relating to the permitted mine site. Such request from the SCDHEC shall be made in writing to the operator with appropriate time frame stated for the submittal of the requested information to the Department. The operator must produce the information requested within the timeframe specified by the Department.

Part X: ADDITIONAL TERMS AND CONDITIONS

GENERAL OPERATING CONDITIONS

1) Haile Gold Mine, Inc. shall establish wetland buffers and avoid wetland impacts unless such impacts have been permitted by the Army Corps of Engineers pursuant to Section 404 of the Clean Water Act and by SCDHEC pursuant to Section 401 Certification of Water Quality.

PUBLIC SAFETY

2) Haile Gold Mine, Inc. is signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold, "the Cyanide Code". The operator shall adhere to the Code's Principles and Standards of Practice as written in 2012 for the duration of milling operations.

3) Haile Gold Mine, Inc. shall develop and maintain an emergency preparedness and response plan in accordance with local, state and federal requirements. The operator shall review the emergency preparedness and response plan annually and provide updated contact information to participating local, State, and Federal government agencies as necessary.

4) Haile Gold Mine Inc. shall install and maintain a perimeter and security fences as shown on site map **SM-601-V1**. Warning signs shall be placed around the mine perimeter at approximate five hundred foot intervals. The Department may require Haile Gold Mine Inc. to add, move, repair, or maintain security fencing as needed to enhance public safety.

CULTURAL RESOURCES

5) Haile Gold Mine, Inc. shall finalize and implement a Memorandum of Agreement (MOA) with the Army Corp of Engineers and the South Carolina State Historic Preservation Office to preserve or evaluate and mitigate as necessary, the eligible cultural and historic resources at the mine in accordance with Appendix A of the MOA (the Cultural Resources Management Plan). If unanticipated archaeological materials are encountered prior to or during construction of mine facilities, or during mining then the operator shall implement Appendix B of the MOA (i.e. the Unanticipated Discovery Plan).

TAILINGS STORAGE FACILITY

6) Haile Gold Mine, Inc. shall construct and operate a recirculating, no discharge process water system to include a tailings impoundment to be constructed in four stages; a reclaim pool; a groundwater collection system and sump; and a process solution under drain collection system with pond and associated pumps and piping to return process water to the mill for reuse. The tailings impoundment and delivery system shall be constructed as specified in the ***Haile Gold Mine Tailing and Process Water Management Permitting Design Report*** dated November 15, 2010, as revised in the ***Duckwood Tailings Storage Facility Detailed Design*** dated August 31, 2012.

7) No later than six months after permit issuance, Haile Gold Mine, Inc. shall submit for SCDHEC review, a detailed design report, plans, and specifications for the tailings conveyance system/process water return system to be constructed between the mill and the Duckwood TSF.

8) Once construction of each phase of the tailings impoundment has been completed, a construction certification report shall be submitted to the Department by a S.C. licensed engineer other than the design engineer. This report shall include at minimum, information prepared in accordance with the detailed design requirements. In addition, the construction certification report shall contain as-built drawings prepared and sealed by a S.C. licensed engineer noting any deviations from the approved engineering plans, and a comprehensive narrative by the engineer. Upon approval of the construction certification report and a satisfactory Department inspection, the Department will approve deposition of tailings within the unit.

9) Haile Gold Mine, Inc. shall operate, maintain and inspect the tailings delivery system, the tailings impoundment, the under drain collection pond and associated leak collection and removal system pursuant to Dam Safety Permit 29-0007 and the ***TSF Operation, Maintenance and Inspection Manual*** dated August 31, 2012. Process water within the reclaim pool shall be managed so as to maintain storage capacity for the Probable Maximum Precipitation (PMP) event (i.e. 47.96 inches) with four (4) additional feet of freeboard between the pond's surface elevation and the crest of the tailings dam. SCDHEC shall be notified within twenty-four hours if the freeboard between the surface elevation of the reclaim pond and the crest of the tailings dam is less than eight (8) feet and written notification shall be submitted within

seven (7) working days. This written notification shall include a report on what actions will be taken to reestablish and maintain the freeboard of eight (8) feet.

10) Data collected pursuant to the ***TSF Operation, Maintenance and Inspection Manual*** dated August 31, 2012, and interpretation thereof shall be retained on site and accessible for SCDHEC review.

11) Haile Gold Mine, Inc shall review the ***TSF Emergency Action Plan*** dated August 2012 annually and submit updated contact information to participating governmental agencies as necessary.

12) The operator shall inspect the Leak Collection and Removal System (LCRS) associated with the TSF underdrain pond daily and monitor accumulated liquids monthly for total volume, Field pH, and Field Conductivity. If there is insufficient volume available to test, this should be entered into the operating record. The operator shall investigate and report instances where the volume has exceeded the 12 month rolling average accumulation over 50 gallons per day; or the 3 month rolling average accumulation over 150 gallons per day. The report shall be in writing and submitted within seven (7) of the event and include details of the investigation, with proposed corrective action.

13) Groundwater routed from beneath the composite liner and reporting to the access sump downgradient of the tailings impoundment shall be monitored (flow rate and volume) daily. The operator shall calculate and record monthly averages in the operating record and report to the Department within 24 hours any sudden increase above baseline in the volume or quality (i.e. decrease in clarity, iron/aluminum precipitates) of water collected in the access sump. Groundwater monitoring data shall be summarized and reported semi-annually.

14) To ensure adequate storage capacity through life of mine, Haile Gold Mine, Inc. shall evaluate the stored density and volume of tailings relative to the impoundment's projected filling curve (Drawing A210 of the *Duckwood Tailings Storage Facility Detailed Design* dated August 31, 2012) annually. The evaluation shall be certified by an independent, professional engineer registered in South Carolina and submitted to SCDHEC by January 31 of each year.

15) No later than six months prior to the cessation of milling, Haile Gold Mine, Inc. shall submit for review and approval, a detailed plan and implementation schedule for closure of any phase of the tailings impoundment in accordance with the approved ***Haile Gold Mine Reclamation Plan*** revised November 2013. The plan should include provisions for closure of the associated process water recirculation system between the tailings impoundment and processing mill, management of excess process water, tailings mass consolidation if necessary, and placement of the tailings cap/cover system with Department approved quality control/assurance procedures.

POTENTIALLY ACID-GENERATING (PAG) OVERBURDEN

16) Haile Gold Mine, Inc. shall construct and operate a lined facility for the storage of pyritic waste rock with the potential to generate acid (Johnny's OSA). Phase 1A, 1B, and 1C of Johnny's OSA and associated facilities shall be constructed as specified in the ***Haile Gold Mine Inc. Potentially Acid Generating Overburden Storage Area and Contact Water Ponds Detailed Design Report*** dated September 2014, or any Department approved modifications thereto.

17) No later than six months prior to the completion of Phase 1C of Johnny's OSA, Haile Gold Mine, Inc. shall submit for the Department's review, a detailed design report for construction of Phase II of the facility.

18) Once construction of each phase of Johnny's OSA has been completed, a construction certification report shall be submitted to the Department by a S.C. licensed engineer other than the design engineer. This report shall include at a minimum, information prepared in accordance with the detailed design requirements. In addition, the construction certification report shall contain as-built drawings prepared and sealed by a S.C. licensed engineer noting any deviations from the approved engineering plans, and a comprehensive narrative by the engineer. Upon approval of the construction certification report and a satisfactory Department inspection, the Department will approve placement of pyritic waste rock within the unit.

19) Data collected pursuant to the Operation, Maintenance and Inspection Manual for Johnny's OSA, dated September 2014 (***Appendix F of the Haile Hold Mine, Inc. Potentially Acid Generating Overburden Storage Area and Contact Water Ponds Detailed Design Report***), and interpretation thereof shall be retained on site and accessible for SCDHEC review.

20) Groundwater routed from beneath the composite liner at Johnny's OSA via collection pipes shall be monitored daily (flow rate and volume). The operator shall calculate and record monthly averages and report to the Department within 24 hours any sudden increase above baseline in the volume or quality (i.e. decrease in clarity, iron/aluminum precipitates). Samples shall be collected quarterly for Appendix A (Groundwater – List B) constituents specified in the Groundwater and Surface Water Monitoring Plan dated September 2014. Groundwater monitoring data shall be summarized and reported semi-annually.

21) Within six months of permit issuance, Haile Gold Mine, Inc. shall submit for the Department's review, a confirmation sampling protocol to verify effective segregation and management of waste rock pursuant to the ***Haile Gold Mine Overburden Management Plan*** dated November 2010. The plan shall contain a sampling and identification process to confirm proper management of potentially acid generating waste rock.

22) No later than six months prior to the cessation of mining, Haile Gold Mine, Inc. shall submit for review and approval, a detailed plan and implementation schedule for closure of any phase of Johnny's OSA in accordance with the approved ***Haile Gold Mine Reclamation Plan*** revised November 2013. The plan shall include though not be limited to provisions for the recontouring of benches to achieve long-term stability, provisions for placement of the cap/cover system with appropriate quality control/assurance procedures, and development of a permanent vegetative cover.

WILDLIFE

23) The operator shall install security fencing around the perimeter of the tailings impoundment, the underdrain collection pond, the 465 and 469 runoff/seepage ponds, the 19 M gallon pond, and the events pond at the mill as depicted on Mine Site MapSM-601-V1. Security fencing that abuts properties not owned or controlled by HGM, or that is within 50 feet of a public road right-of-way, must be a minimum of 8 feet tall.

24) Prior to the initiation of milling, Haile Gold Mine, Inc. shall develop a wildlife protection and mortality response plan for interagency (SC Department of Health and Environmental Control, SC Department of Natural Resources, and US Fish and Wildlife Service) review and approval. The plan must, at a minimum, provide for timely reporting of any wildlife mortality and wildlife activity in or near cyanide management areas. If wildlife mortality occurs or noteworthy wildlife activity is observed in cyanide management areas or other areas that may present a significant risk to wildlife, HGM will plan, report, and undertake timely measures to prevent wildlife impacts.

25) The operator shall, in consultation with the USFW and SCDNR, retain a biologist with avian expertise to provide independent observation of wildlife visitation at the tailings impoundment during the initiation of milling. The position shall be funded by HGM for one year in order to document seasonal variability in wildlife visitation and use of the facility. The frequency of third party monitoring may be adjusted once standard operating parameters (i.e. sodium cyanide leaching concentrations) are attained, if supported by an absence of wildlife mortality and approved by the Department.

26) The operator shall maintain a weak acid dissociable (WAD) cyanide concentration of less than 50 milligrams per liter (PPM) at or before the tailings discharge. Generally, WAD cyanide will not exceed 30 PPM in free liquids within the tailings pool. If samples indicate concentrations of cyanide greater than 30 PPM within the tailings pool, HGM will resample the pool within 15 days of becoming aware of cyanide levels greater than 30 PPM. If resampling confirms cyanide levels above 30 PPM in the tailings pool, HGM will submit a plan to the Department, within 15 days of receiving the confirmation data, detailing steps that will be taken to reduce pool cyanide levels. The plan must be implemented within 15 days of Department approval.

GROUNDWATER PROTECTION

27) The operator shall finalize, and implement the Groundwater and Surface Water Monitoring Plan dated September 2014 and any modifications thereto, as approved by the Department.

28) Haile Gold Mine, Inc. shall retain a hydrologic consultant, certified as a professional geologist or engineer in South Carolina, to serve as an independent third party in monitoring the impact of mine dewatering on surrounding water resources. The consultant shall be independent of Haile Gold Mine, Inc. and will have responsibilities for maintaining/updating the Haile Gold Mine Water Resources Inventory dated August 7, 2013, and monitoring groundwater drawdown and quality. The consultant shall be responsible for anticipating adverse impacts on wells, ponds, springs and streams and for assisting the Department in response to water resources related complaints.

29) The consultant shall be informed of the installation schedule for dewatering wells around developing pits. The consultant shall have access to construction details of the dewatering wells. Also, the consultant shall perform appropriate tests deemed necessary on the drilled dewatering wells to successfully evaluate groundwater drawdown and to anticipate adverse impacts on wells, ponds, springs and streams. Haile Gold Mine, Inc. shall collect and maintain data on the operation of the dewatering wells throughout the life of the mine. The nature and frequency of the data collected from pit dewatering wells shall be determined by the consultant.

30) If the Department determines a water supply well, spring/seep, or pond is being adversely affected by mine dewatering, then Haile Gold Mine, Inc. shall be responsible for mitigating the impact. Possible mitigation measures include, but are not limited to, improving an existing well, installing a new well, improving or enhancing an existing spring or seep, or providing a replacement water supply for an impacted well, spring, or seep. The operator shall supply the owner of an impacted well with a temporary water supply (e.g. bottled water for drinking, provisions for laundry services etc.) until a permanent water supply is re-established.

BLASTING

31) Prior to the initiation of blasting operations, Haile Gold Mine, Inc. shall be responsible for a pre-blast survey of all structures (commercial buildings, homes, churches, barns, etc.) that are within one-half mile of any blasting conducted by Haile Gold Mine, Inc. The survey may exclude structures that Haile Gold Mine owns or has a waiver of damage. The survey shall be conducted by a consultant retained by Haile Gold Mine, Inc. and approved by the Department. The consultant shall inspect each structure to ascertain the baseline condition of that structure before blasting begins on Haile Gold Mine, Inc.'s property.

Within ninety days of permit issuance, Haile Gold Mine, Inc. shall submit to the Department the names and addresses of the owners of all structures within a one-half mile zone of the perimeter of Mill Zone, Haile, Red Hill, Snake, Ledbetter, Chase, Champion, and Small Pits. The Department will notify, in writing and prior to blasting, the appropriate owners of these structures informing them of their right to have their homes or buildings inspected. Based on the response from the owner, the Department will notify Haile Gold Mine, Inc. as to which structures are to be inspected. The inspection of a structure shall be conducted by the third-party consultant in the presence of the owner and a written report of the inspection shall be submitted to the Department, owner of the structure, and to Haile Gold Mine, Inc.

32) Blasting shall not be conducted within 200 feet of a public road unless otherwise approved by the Department. All blasting operations shall be conducted in a manner so as to eliminate fly rock from leaving Haile Gold Mine's project boundary. When blasting must occur within 300 feet of public roads (i.e. Snake, Mill Zone, and Small Pits), the operator shall coordinate with S.C. Department of Public Safety and Lancaster County Department of Public Works to ensure the safety of motorists.

STANDBY

33) Prior to any temporary cessation of mining, Haile Gold Mine, Inc shall submit a mine deactivation plan for the Department's review and approval. Temporary cessation of mine operations is defined as the withdrawal of normal process plant personnel responsible for daily operation and maintenance of the permitted facilities and/or stoppage of ore processing or facility maintenance for a period in excess of two days. The deactivation plan shall include monitoring schedules, required facility maintenance activities, and provisions for prevention of potential adverse impact caused by the cessation of activity. Inspection and approval from the Department shall be obtained prior to mine reactivation.

CLOSURE/RECLAMATION

34) The Operator shall implement phased closure and concurrent reclamation during mine operation as depicted on Reclamation Maps **RM-601-V1** and **RM-601-V2** and as specified in the approved ***Haile Gold Mine Reclamation Plan*** revised November 2013, and the reclamation schedule as depicted in Mine Site Map RM-601-V3.

35) Haile Gold Mine, Inc. shall submit unit specific closure plans for Mill Zone, Snake, the combined Haile/Red Hill, and Chase Pits six months prior to achieving final depth at each facility. Each plan shall include cross-sections depicting the location and elevation of potentially acid generating (PAG) rock exposed in pit walls and a strategy for preventing its oxidation. Pre-pumping groundwater elevation data collected in the immediate vicinity of each pit shall be utilized in the closure design to ensure inundation of pyritic wall rock, where possible, and alkaline-amended backfill. If pyritic wall rock occurs above the anticipated elevation of groundwater recovery, then an alternative method for encapsulation/treatment must be proposed as needed to achieve acceptable water quality. Closure plans shall include anticipated groundwater recovery elevation, cross-sections depicting the character and elevation of backfill and final contour maps for each backfilled unit.

36) Haile Gold Mine, Inc. shall submit unit specific closure plans for the combined Snake/Ledbetter, Small, and Champion pits six months prior to achieving final depth at each facility. Haile Gold Mine, Inc. shall grade, contour and vegetate the surficial coastal plain sand unit to a gradient not steeper than 3H:1V. Unless otherwise approved by the Department, the underlying saprolitic unit shall be graded no steeper than 3H:1V to a depth of six feet below the anticipated water level of future pit lakes. Standard soil conservation practices (terraces, diversions, channel protectors, etc.) shall be proposed to control and dissipate the energy of runoff where appropriate on all slopes.

Each plan shall include cross-sections depicting the location and elevation of PAG rock exposed in completed pit walls, Snake Pit backfill, and anticipated fill rates based on current hydrogeologic and climatic date. For areas where pyritic wall rock occurs above the anticipated elevation of groundwater recovery, an alternative method for encapsulation/treatment must be proposed if necessary to achieve acceptable water quality.

37) The operator must monitor and manage the development of Ledbetter, Small, and Champion Pit Lakes pursuant to the adaptive management plan submitted in Haile Gold Mine, Inc.'s June 9, 2014 correspondence from J. Pappas (Haile Gold Mine, Inc.) to A. Rowe (SC Department of Health and Environmental Control) and any Department approved modifications thereto.