



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

October 07, 2013

Mr. James R. Arnold
Haile Gold Mine Inc
7283 Haile Gold Mine Rd
Kershaw, SC 29067

Re: Permit to construct the Duckwood Tailing Storage Facility in Lancaster County

Dear Mr. Arnold:

The South Carolina Department of Health and Environmental Control (Department/DHEC) has reviewed your application for a permit to construct the Duckwood Tailing Storage Facility, together with plans prepared by Jay Newton Janney-Moore of AMEC, and your application is approved. Enclosed is your permit NO. 29-0007. This proposed dam is classified as significant hazard by DHEC due to the likely damages that would result from its failure or improper operation.

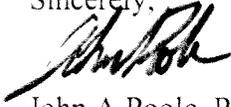
Please note the special provision in the permit that your engineer notifies us in writing when construction is complete in accordance with the approved plans. Once notified, the Department will schedule a joint final inspection with your engineer. Based on satisfactory results of the final inspection, DHEC can issue a Certificate of Operation or Completion. You do not have the Department's assent to impound water within or place the storage facility into operation until this certificate is issued. Additionally, obtaining a permit from DHEC's Dams and Reservoirs Safety program does not obviate your requirement to obtain other necessary federal, state or local assent.

Unless a written request for final review and a filing fee in the amount of \$100 is filed with Department this becomes final agency decision fifteen (15) calendar days after this letter has been mailed. Enclosed you will find the South Carolina Board of Health and Environmental Control Guide to Board Review. The information within the guide is provided as a courtesy; parties are responsible for complying with all applicable legal requirements.

A copy of the South Carolina Dams and Reservoirs Safety Act Regulations 72-1 thru 72-9 along with other pertinent information can be obtained from the following website:
<http://www.scdhec.gov/environment/water/drsmainpage.htm>

If you have any questions regarding the contents of this letter or the enclosed information, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Poole".

John A Poole, PE.
Dams & Res. Safety Section
(803) 898-4212

Enclosures: Guide to Board Review
Permit NO. 29-0007

cc: Jay Newton Janney-Moore - AMEC
Gregory Harrington - Midlands EQC Lancaster Office

CODE NO. 29-0007

NAME OF APPLICANT James R. Arnold of Haile Gold Mine, Inc.

EFFECTIVE DATE: October 7, 2013

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

DAMS & RESERVOIRS SAFETY PERMIT

Approval of plans and specifications for construction, enlargement, removal or repair of dams and reservoirs is required under provision of the "Dams and Reservoirs Safety Act" (Article 3, Chapter 11, Title 49 of the Code of Laws of S.C., 1976).

This permit constitutes approval for: James R. Arnold
Haile Gold Mine, Inc.
7283 Haile Gold Mine Rd
Kershaw, SC 29067

to: construct the Duckwood Tailing Storage Facility dam in Lancaster County

GENERAL CONDITIONS:

1. That all activities identified and authorized herein including the approved plans and specifications shall be consistent with the terms and conditions of this permit; and that any activity performed in any manner inconsistent with the activities authorized herein shall constitute a violation of this permit, which may result in modification, suspension or revocation of this permit, in whole or in part, and the institution of such legal proceedings as the Department of Health and Environmental Control may consider appropriate.
2. That this permit may be summarily suspended, in whole or in part, upon a finding by the Department, or its authorized agents, that the work being constructed or as constructed is in variance with the herein approved plans and specifications or the terms of this permit. The Department may order, upon such finding of noncompliance, that the offending portion or portions of such structure be immediately removed or otherwise put into conformance with approved plans and specifications at the permittee's expense.
3. That this permit may be suspended or modified in whole or in part, upon a finding by the Department or its authorized agents, that such suspension or modification is deemed necessary to protect public health or safety. Any modification or suspension of this permit shall not be the basis for any claim of damages against the State of South Carolina.
4. That this permit does not convey, expressly or impliedly, any property in rights in real estate or material, nor any exclusive privileges; nor does it authorize the permittee to alienate, diminish, infringe upon or otherwise restrict the property rights of any other

person or the public; nor shall this permit be interpreted as appropriating public properties for private use.

5. That the permittee shall permit the Department or its authorized agents or representatives to make periodic inspections at any time deemed necessary in order to assure that the activity being performed is in accordance with the terms and conditions of this permit.

6. That this permit does not obviate the requirement to obtain other Federal, State or local assent required by law for the activity authorized herein. Issuance of this permit does not, nor shall be interpreted as to, relieve the permittee/owner of the responsibility for maintaining such structure in a safe condition throughout the life of the structure. Nothing in this permit shall be construed to relieve an owner of a dam or reservoir of the legal duties, obligations or liabilities incident to the ownership of a dam or reservoir, nor shall an action against the State of South Carolina, its agencies or employees, lie by reasons of the issuance of this permit or the terms or conditions contained herein.

7. That the permittee agrees to maintain an authorized structure in good condition in accordance with approved plans and specifications throughout the life of such structure.

8. That it has been determined that this impoundment or water control structure is for the purpose(s) of Tailings.

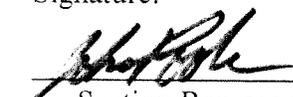
9. That this impoundment or water control structure is located in Lancaster County as shown on the map submitted as part of the permit application, which has been made a part of this permit. The Midlands EQC Lancaster Office serves the area where this dam is located.

SPECIAL CONDITIONS:

1. That this permit shall be valid for a one (1) year term from the date of execution of this permit. Any request for extensions must be submitted in writing at least 30 days prior to expiration of the permit.

2. That the owner's engineer must notify DHEC in writing within 10 days once the dam has been properly constructed. DHEC will then schedule a joint inspection of the dam with the engineer. Once the final inspection is satisfactorily completed, DHEC can issue a Certificate of Operation or Completion. You do not have DHEC's assent to impound fluid until the Department issues this certificate.

This permit shall become effective on the date of the Section Representative's Signature.


Section Representative

October 07, 2013
Date

Copy filed with:

1. S.C. Department of Health and Environmental Control
 2. Applicant
- DHEC 2603(06/94)