

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

MDEQ Reference No.: CNTS-RD-2011-001

**Kennecott Eagle Minerals Company, Humboldt Mill Property Redevelopment
4547 County Road 601, Humboldt Township, Marquette County, Michigan**

Proceeding under the general powers and authority of the Department of Attorney General.

ADMINISTRATIVE AGREEMENT AND COVENANT NOT TO SUE

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- A MDEQ approved Environmental Response Activities Work Plan
- B Property Depiction

ADMINISTRATIVE AGREEMENT AND COVENANT NOT TO SUE

I. JURISDICTION

This Administrative Agreement (Agreement) is entered into voluntarily by and between the State of Michigan, through the Michigan Department of Attorney General (MDAG) and the Michigan Department of Environmental Quality (MDEQ) (collectively referred to as the State), and Kennecott Eagle Minerals Company, Kennecott Eagle Land, LLC, and Rio Tinto America Inc. (collectively referred to as "KEMC") pursuant to the authority vested in the MDEQ and the MDAG by law including Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), MCL 324.20101 *et seq.* In addition, the State is authorized to regulate the Humboldt Mill operation and Property under Part 632 of NREPA. The Parties agree not to construe this Agreement as supplanting the State's authority under Part 632 (including implementing regulations and the Part 632 mining permit for the Humboldt Mill dated February 9, 2010 (MP 01 2010)) or construe this Agreement to impose any requirements that conflict with Part 632. Upon execution, this Agreement shall apply and be binding upon the State and KEMC and their respective successor entities.

II. DENIAL OF LIABILITY

The execution of this Agreement by KEMC is neither an admission or denial of liability with respect to any issue dealt with in this Agreement nor an admission or denial of any factual allegations or legal determinations stated or implied herein.

III. PARTIES BOUND

3.1 This Agreement shall apply to and be binding upon KEMC and the State and their successors. Any change in ownership, corporate, or legal status of KEMC, including, but not limited to, any transfer of assets, or of real or personal property, shall in no way alter KEMC's responsibilities under this Agreement. To the extent that KEMC is the owner of a part or all of the Facility, KEMC shall provide the MDEQ with written notice prior to its transfer of ownership of part or all of the Facility and shall provide a copy of this Agreement to any subsequent owners or successors prior to the transfer of any ownership rights. Further, this Agreement is only for the benefit of KEMC and the State, and shall not be enforceable by or interpreted to be for the benefit of any third party.

3.2 Notwithstanding the terms of any contract that KEMC may enter with respect to the performance of response activities pursuant to this Agreement, KEMC is responsible for compliance with the terms of this Agreement and shall ensure that its contractors, subcontractors, laboratories, and consultants perform all response activities in conformance with the terms and conditions of this Agreement.

3.3 The signatories to this Agreement certify that they are authorized to execute this Agreement and to legally bind the parties they represent.

IV. DEFINITIONS

The terms used in this Agreement shall have the following meanings:

4.1 "Agreement" means this document, any attachments and any reports, Submissions and attachments thereto made pursuant to this document. Upon approval by the MDEQ, all

attachments to this document and any Submissions under this document are incorporated into and made an enforceable part of this document.

4.2 "Day" means a calendar day, unless otherwise noted.

4.3 "MDEQ" means the Michigan Department of Environmental Quality, its predecessor and successor entities, and those persons or entities acting on its behalf.

4.4 "Effective Date" means the latest date of execution of the Signatories specified in Section XXIV (Signatories).

4.5 "Facility" means the Property and any area, place, or Property where a hazardous substance attributable to the Property, in excess of the concentrations which satisfy the cleanup criteria for unrestricted residential use under Part 201, has been released, deposited, disposed of, or otherwise comes to be located by migration.

4.6 "KEMC" means the Kennecott Eagle Minerals Company, Kennecott Eagle Land, LLC, and Rio Tinto America, Inc.

4.7 "Oversight Costs" means reasonable and customary costs incurred by the State in development, oversight, enforcement, and monitoring of this Agreement and documentation of compliance with this Agreement. Oversight Costs may include costs incurred to monitor the response activities described in Attachment A at the Property; observe and comment on covered field activities; review and comment on Submissions; collect and evaluate samples; purchase supplies to perform or monitor response activities relative to the Property; attend and participate in meetings; prepare cost reimbursement documentation; and enforce, monitor and document

compliance with this Agreement. Oversight costs are costs of response activity pursuant to Part 201. Oversight costs also include any costs incurred by the State pursuant to Section XIII (Assignment). Oversight costs do not include costs incurred by the State in development, oversight, enforcement and monitoring of the permits issued under or with respect to Part 632 of the NREPA.

4.8 "Part 31" means Part 31, Water Resources Protection, of the NREPA, 1994 PA 451, as amended MCL 324.3101, *et seq.*, and the administrative rules promulgated thereunder.

4.9 "Part 201" means Part 201, Environmental Remediation, of the NREPA, MCL 324.20101 *et seq.*

4.10 "Part 201 Rules" means the administrative rules effective on December 14, 2010, that were promulgated under Part 201 of the NREPA, and any rules promulgated in the future pursuant to Part 201.

4.11 "Part 632" means Part 632, Nonferrous Metallic Mining, of the NREPA, MCL 324.63201 *et seq* and the administrative rules promulgated thereunder.

4.12 "Parties" means KEMC and the State.

4.13 "Permitted Release" shall have the meaning set forth in MCL 324.20101(1)(ii).

4.14 "Property" means the 349.7 acre parcel described in Section 1.2.1 of the Application for Permit MP 01 2010, issued by the MDEQ to the Kennecott Eagles Mineral Company on February 9, 2010, and as depicted on Exhibit B.

4.15 "RD" means the Remediation Division of the MDEQ, its successor entities, and authorized persons acting on its behalf.

4.16 "State" or "State of Michigan" means the MDAG and the MDEQ, and any representative acting on behalf of any such agency or subdivision.

4.17 "Submissions" means all work plans, documents, schedules, submissions, and reports to be submitted to the MDEQ pursuant to this Agreement.

4.18 Unless otherwise defined herein, all terms used in this Agreement which are defined in Part 3 of the NREPA, MCL 324.301, Part 201, Part 632, the Part 201 Rules, or the Part 632 Rules shall have the same meaning in this Agreement as in Parts 3, 201 and 632 of the NREPA and the Parts 201 and 632 Rules. If there is a conflict between the NREPA and the Part 201 Rules, the NREPA shall prevail.

V. STATEMENT OF PURPOSE

In entering into this Agreement, it is the mutual intent of the Parties to protect the public health, safety, welfare and the environment while facilitating a brownfield redevelopment project at the Property. This Agreement also is intended to: (a) provide for KEMC's implementation of voluntary response activities at the Property; (b) coordinate the implementation of response activities with redevelopment activities at the Property; (c) provide a mechanism for KEMC to purchase or operate on the Property without incurring strict liability for releases of hazardous substances at the Facility that occurred prior to the Effective Date; and (d) provide a mechanism to facilitate KEMC's transfer of ownership of the Property with respect to liability under Section 20126(1)(c) of the NREPA. KEMC agrees to implement certain response activities including

removal of mining residuals left on the property by prior owners and the other work set forth in Attachment A. In exchange for this work the State agrees, as set forth in Sections XIV (Covenant Not to Sue) and XV (Reservation of Rights), to issue a covenant not to sue for releases of hazardous substances at the Facility that occurred prior to the Effective Date.

VI. COMPLIANCE WITH STATE AND FEDERAL LAWS

6.1 All actions required to be taken pursuant to this Agreement shall be undertaken in accordance with the requirements of all applicable or relevant and appropriate state and federal laws, rules, and regulations, including, but not limited to, Part 201, the Part 201 Rules, Part 31, the Part 31 Rules, Part 632, the Part 632 Rules, and laws relating to occupational safety and health. Other agencies may also be called upon to review the performance of response activities under this Agreement.

6.2 This Agreement does not relieve KEMC's obligation to obtain and maintain compliance with permits including, but not limited to, a National Pollutant Discharge Elimination System (NPDES) permit and a Part 632 Nonferrous Metallic Mining permit. KEMC's operations on the Property will involve Permitted Releases.

VII. FINDINGS OF FACT AND DETERMINATIONS

The State makes the following findings of facts and determinations:

7.1 The Property consists of 349.7 acres. Kennecott Eagle Land LLC (KEL) owns a 24 acre portion of the Property referred to as the "mill facility". Callahan Mining Corporation owns approximately 188 acres (the Callahan Property) consisting of the Tailings Disposal Facility and surrounding land activities (hereinafter referred to as the Tailings Disposal Facility

or TDF). Humboldt Properties LLC owns the remainder of the Property which comprises approximately 135.5 acres.

7.2 The Property was used for iron mining, iron ore beneficiation and management of related residuals from approximately 1954 until 1979. The mill facility was constructed to concentrate low grade iron ore from the Humboldt mine. The mine was developed in two stages, initially with underground removal and later as an open pit mine. Overburden rock and lean rock derived from open pit mining activities were placed on the Property.

7.3 The mill facility was purchased by Callahan Mining Company in 1985 and converted to process gold ore from a nearby mine. Tailings derived from beneficiation of the gold ore were managed via placement below water in the former Humboldt open pit mine which had been allowed to fill with water following cessation of iron mining. These operations continued until approximately 1990.

7.4 Minerals Processing Corporation (MPC) acquired the mill facility from Callahan in 1995. The Tailings Disposal Facility was not included in this transaction. MPC conducted additional site investigations in support of development of a baseline environmental assessment (BEA) for the mill facility. A BEA was submitted to the MDEQ in January 1996. MPC used a small portion of the mill building to process industrial minerals through dry grinding operations. Later, MPC used the building for equipment storage.

7.5 KEL, an affiliate of Kennecott Eagle Minerals Company, acquired the mill facility from MPC in September 2008. KEL submitted a category N BEA for disclosure to the MDEQ in March 2009. KEL conducted preliminary site rehabilitation activities, including

removal/disposal of ore processing residuals and accumulated debris from within the mill building, removal/disposal of abandoned/discarded containers, and abatement of asbestos containing materials.

7.6 Investigations conducted to-date document the presence of a variety of mining residuals on portions of the Property, including, but not limited to, iron concentrate, iron tailings, pyrite, and leach residue. In addition, fuel-related constituents have been detected in proximity to former UST areas.

7.7 Releases into the environment of hazardous substances have occurred historically on the Property and these releases have impacted soils, groundwater, or surface water at concentrations which constitute a facility pursuant to Section 20101(1)(r) of the NREPA.

7.8 On February 9, 2010, KEMC was issued Permit MP 01 2010 by the MDEQ under the authority of Part 632, Nonferrous Metallic Mineral Mining, of the NREPA for beneficiation and residuals management activities on the Property. Placement of tailings in the Humboldt Tailings Disposal Facility and related construction activities will be regulated pursuant to the Part 632 permit and Permit No. 08-52-0104-P, a permit issued under the authority of Part 301, Inland Lakes and Streams, and Part 303, Wetlands Protection, of the NREPA. Surface water discharge from beneficiation and related activities on the Property as well as storm water runoff will be conducted in accordance with the requirements of National Pollutant Discharge Elimination System surface water discharge permit, Permit No. MI0058649, issued under the authority of Part 31 of the NREPA. Air discharges from beneficiation activities will be in accordance with an air use permit, Permit to Install No. 405-08, and if required, a Renewable Operating Permit, both issued under the authority of Part 55 of the NREPA.

BASED ON THE FOREGOING FACTS AND DETERMINATIONS, KEMC HEREBY AGREES TO PERFORM THE RESPONSE ACTIVITIES SPECIFIED IN THIS AGREEMENT.

VIII. IMPLEMENTATION OF RESPONSE ACTIVITIES

8.1 KEMC will conduct the response activities described in the MDEQ-approved work plan (Attachment A). Upon completion of the performance of the response activities in the MDEQ-approved work plan, KEMC shall submit a draft final report as described in Section XXII (Termination).

8.2 Within two years of the Effective Date, KEMC shall undertake and complete the response activities detailed in Attachment A, including: (a) removal and proper disposal of the buried pyrite and associated impacted soils; (b) further management and remediation of hydrocarbon/UST release areas; and (c) excavation and proper disposal of soils in the various former stockpile areas identified south of the mill building.

8.3 Within two years of the Effective Date, KEMC shall properly abandon and plug any monitor wells, which were installed as part of a response activity by prior owners at or related to the Facility and which will not be utilized for long-term monitoring at the Facility, in accordance with the procedures described in the American Society for Testing and Materials (ASTM) Standard Guide for Decommissioning of Ground Water Wells, Vadose Zone Monitoring Devices, Boreholes, and Other Devices for Environmental Activities, ASTM Designation: D5299-92.

IX. REIMBURSEMENT OF COSTS

9.1 KEMC shall reimburse the State its reasonable Oversight Costs under this Agreement for the development, execution, and implementation of this Agreement. The MDEQ will provide KEMC with an annual invoice for such costs lawfully incurred by the State. Any such invoice will set forth with reasonable specificity the nature of the costs incurred.

9.2 Except as provided by Section XVII (Dispute Resolution), within thirty (30) days of receipt of an invoice from the MDEQ, KEMC shall send a certified check made payable to the "State of Michigan - Environmental Response Fund" to the address specified in Paragraph 18.1(B) (Project Coordinators and Communications) of this Order. The certified check shall reference the Humboldt Mill Facility, the MDEQ Reference No. CNTS-RD-2011-001 and the Remediation Division. A copy of the transmittal letter and the check shall be provided simultaneously to the MDEQ Project Coordinator and the Assistant Attorney General in Charge: Environment, Natural Resources, and Agriculture Division, Department of Attorney General, P.O. Box 30755, Lansing, Michigan, 48909. The MDEQ may bill on an annual basis, but reserves the right to extend the billing period. Interest shall accrue on the unpaid balance at the end of the thirty-(30) day period at the rate provided for in Section 600.6013 of the Michigan Compiled Laws, being the Revised Judicature Act of 1961, Act No. 236 of the Public Acts of 1961.

9.3 KEMC may request reasonable documentation kept by the State in its normal course of business and as may be available to the MDEQ. Provision of these documents by the MDEQ may result in the MDEQ incurring additional Oversight Costs which will be included in the next invoice. In any challenge by KEMC to an invoice for reimbursement of costs by the

MDEQ, KEMC shall have the burden of establishing that the costs were not lawfully incurred, in accordance with 20126a(1)(a) of the NREPA and this Agreement.

9.4 Costs recovered pursuant to this Section shall be deposited in the Environmental Response Fund in accordance with the provisions of Section 20108(3) of NREPA.

X. SAMPLING AND ANALYSIS

10.1 All sampling and analysis conducted to implement this Order shall follow the methodologies prescribed in the Part 201 Rules and legally binding guidance provided by the MDEQ on sampling locations, parameters, detection limits and analytical methods.

10.2 KEMC shall provide the MDEQ with the results of all environmental sampling and other data generated by KEMC or by its consultant(s) in the performance or monitoring of any requirement under this Agreement. Such information shall be provided in accordance with Paragraph 8.1.

10.3 KEMC shall assure that the MDEQ and its authorized representatives are allowed access to any laboratory utilized by KEMC in implementing this Agreement for quality assurance monitoring.

XI. ACCESS TO PROPERTY

11.1 For the purposes listed in Section 20117(3)(a) - (e) of NREPA and for the purpose of monitoring compliance with this Agreement, the MDEQ, and its authorized employees, agents, representatives, contractors and consultants shall have an irrevocable right of access to the Property and to the remainder of the Facility to the extent it is owned, controlled by, or

available to KEMC.

11.2 The access authorized by this Section shall be subject to the following conditions and understandings:

- (a) Reasonable notice shall be provided to KEMC.
- (b) Upon request, any party granted access pursuant to this Agreement shall provide proper identification to the person in charge of the Property.
- (c) Access granted pursuant to this Agreement shall be during reasonable times.
- (d) All parties granted access pursuant to this Agreement shall comply with all applicable health and safety laws and regulations and the Rio Tinto guidelines that are available on site for such activities.
- (e) Access granted pursuant to this Agreement shall be limited to those areas of the Property and the remainder of the Facility owned, controlled by, or available to KEMC where access is reasonably required to conduct the activities outlined in Section VIII (Implementation of Response Activities), including verification of any data or information submitted to the MDEQ.
- (f) Any party granted access pursuant to this Agreement shall coordinate its activities with KEMC and shall make all reasonable efforts to prevent interference with KEMC's operation or activities.
- (g) Notwithstanding Paragraphs 11.2(e) and (f), parties granted access pursuant to this section shall not be required to take any action that would result in incurring any material cost increases in performing response activities. In addition, KEMC shall not interfere with the MDEQ or its contractors acting in compliance with these conditions and understandings.

11.3 KEMC shall reserve for the MDEQ and its authorized employees, agents, representatives, contractors and consultants the access provided under this Agreement in any lease, purchase, contract or other agreement entered into by KEMC which transfers to another party a right of control over the Property or a portion of the Property.

XII. RECORD RETENTION/ACCESS TO INFORMATION

12.1 Except as provided in Paragraph 21.4 of this Agreement, KEMC and its representatives, consultants, and contractors shall preserve and retain, during the pendency of this Agreement and for a period of ten (10) years following the MDEQ issuance of a Certificate of Termination, all records, sampling or test results, charts and other documents relating to releases of hazardous substances, hazardous substance disposal, treatment or handling activities, and response activities, including, but not limited to, demolition conducted at the Facility, or that are maintained or generated pursuant to any requirement of this Agreement.

12.2 KEMC shall, upon request, provide to the MDEQ copies of all documents and information within its possession, or within the possession or control of its employees, contractors, agents, or representatives relating to the implementation of response activities at the Facility or to the implementation of this Agreement, including, but not limited to, sampling, analysis, chain of custody records, manifests, trucking logs, receipts, reports, sample traffic routing, correspondence, or other documents or information related to the response activity(ies). KEMC shall also, upon request, make available to the MDEQ, upon reasonable notice, KEMC's employees, contractors, agents, or representatives with knowledge of relevant facts concerning the performance of the response activity(ies).

12.3 If KEMC submits documents or information to the MDEQ that KEMC believes are entitled to protection as provided for in Section 20117(10) of the NREPA, KEMC may designate in that submission the documents or information which it believes are entitled to such protection. If no such designation accompanies the information when it is submitted to the MDEQ, the MDEQ may provide the information to the public without further notice to KEMC. Information described in Section 20117(11)(a)-(h) of the NREPA shall not be claimed as confidential or privileged by KEMC. Information or data generated under this Agreement shall not be subject to Part 148, Environmental Audit Privilege and Immunity, of the NREPA, MCL 324.14801 *et seq.*

XIII. ASSIGNMENT

Following the issuance of the Certificate of Termination to KEMC pursuant to Paragraph 21.2, the covenant not to sue provided to KEMC pursuant to this Agreement may be assigned to a subsequent owner of any or all of the Property at the reasonable discretion of the State provided that, at a minimum; (a) the subsequent owner is not liable under Section 20126(1)(a) or (b) of the NREPA; and (b) the assignment of the covenant not to sue would provide a benefit to the state that would not otherwise be realized. If the subsequent owner of any or all of the Property is an entity 100 percent owned or controlled by KEMC, and if the request for assignment occurs within five years of the Effective Date, the benefit provided to the State under this Agreement shall satisfy the benefit requirement of subparagraph (b) above.

XIV. COVENANTS NOT TO SUE

14.1 Subject to Section XV (Reservation of Rights) and in consideration of the response activities that KEMC performs pursuant to the MDEQ-approved work plan under Section VIII (Implementation of Response Activities) of this Agreement, the State hereby covenants not to sue or take any civil, judicial, or administrative action against KEMC for any claims arising from KEMC's ownership or operation at the Property for liability under Section 20126(1)(c) of the NREPA or Section 107a of CERCLA for releases of hazardous substances that occurred prior to the Effective Date of this Agreement. In the event that MDEQ alleges that KEMC causes or contributed to a release of hazardous substances after the Effective Date of this Agreement and MDEQ brings a cause of action under CERCLA, KEMC shall have the burden of proof set forth in 42 USC 9601(40)(A) to establish that all disposal of hazardous substances occurred prior to the Effective Date.

14.2 The covenant not to sue shall become effective upon the Effective Date.

14.3 The parties agree that it is their mutual intention that KEMC shall be afforded contribution protection for existing contamination pursuant to Section 20129(5) of the NREPA and Section 113(f)(2) of the CERCLA, 42 USC 9613(f), to the extent provided by law.

14.4 Subject to its reservation of rights in Paragraph 15.8, KEMC hereby covenants not to sue or take any civil, judicial, or administrative action against the State, its agencies, or their authorized representatives for any claims with respect to the Facility arising from:

(a) Any acts or omissions of the State or its authorized representatives acting within the scope of their authority under law and this Agreement related to environmental contamination at the Facility, except as authorized under Part 201 of the NREPA; or

(b) Off-site disposal, remediation, recycling or reclamation of hazardous substances associated with the Facility.

In addition, KEMC agrees that MDEQ shall have the right to specific performance of all the response activities described in the approved Work Plan, and further agrees not to take any civil, judicial, or administrative action to attempt to compel the State to undertake, implement, or complete any response activity at or related to the Facility under this Agreement.

XV. RESERVATION OF RIGHTS

15.1 Except as provided in Paragraph 14.1 and in this Section XV, the covenant stated in Paragraph 14.1 shall apply to any liability for the Property that KEMC may have pursuant to Section 20126(1)(c) of the NREPA or CERCLA for releases of hazardous substances that occurred prior to the Effective Date of this Agreement. The State reserves the right to take independent judicial or administrative actions against KEMC for any of the following:

(a) To enforce the provisions of this Agreement, including specific performance of the response activities described in the approved Work Plan;

(b) Any releases of hazardous substances that occur after the Effective Date of this Agreement that KEMC is liable for under applicable law;

(c) KEMC's interference with or failure to cooperate with the MDEQ or its representatives, contractors, or agents as set forth in this Agreement;

(d) For property, and any facility attributable to such property, that is owned or operated by KEMC currently or in the future that is not defined in Paragraph 4.14 of this Agreement and for which KEMC has liability under state and federal law including, but not limited to, Part 201 of the NREPA;

(e) Reimbursement of state costs incurred to undertake response activities necessary to protect the public health, safety, or welfare or the environment at the Facility for which KEMC has liability under the NREPA or CERCLA; and

(f) Any other violations of law or permits applicable to KEMC's operations on the Property.

15.2 The parties agree that nothing in this Agreement shall be construed as a statement, representation, finding, or warranty by the State that the Property is fit for any particular use or that the response activities performed in accordance herein will result in the achievement of the remedial criteria established by law.

15.3 Nothing in this Agreement shall in any way limit the power and authority of the State to take appropriate action to: (a) protect public health, safety, or welfare or the environment; or (b) prevent, abate, or minimize a release or threatened release associated with the Facility.

15.4 Nothing in this Agreement shall in any way limit or affect the State's right to take judicial or administrative action against any other person(s) who may be liable under Section 20126 of the NREPA. Furthermore, this Agreement shall not be construed as discharging the liability of any other person or entity.

15.5 Nothing in this Agreement shall affect the duties and obligations that KEMC may have with respect to permits or other governmental approval or waive KEMC's duties and obligations under applicable federal or State law.

15.6 Nothing herein shall be construed as a waiver or modification of Sections 20137(6) and 20137(7) of the NREPA.

15.7 Notwithstanding any other provision of this Agreement, the MDEQ and the Attorney General shall retain all of their information gathering, inspection, access, and enforcement authorities and rights under Part 201 of the NREPA and any other applicable statutes or regulations.

15.8 Nothing in this Agreement shall bar KEMC from asserting applicable counterclaims, cross claims, or any defenses in conjunction with a lawsuit or other administrative action initiated by the MDEQ.

XVI. INDEMNIFICATION/INSURANCE

16.1 This Agreement shall not be construed as an indemnity by the State for the benefit of KEMC or any other party.

16.2 Neither the State of Michigan nor any of its departments, agencies, officials, agents, employees, contractors, or representatives shall be held out as a party to any contract entered into by KEMC or on behalf of KEMC in carrying out actions pursuant to this Agreement. Neither KEMC nor any contractor shall be considered an agent of the State.

16.3 Subject to Paragraph 15.8 above, KEMC waives any and all claims or causes of action against the State of Michigan and its departments, agencies, officials, agents, employees, contractors, and representatives for damages, reimbursement or set-off of any payments made or to be made to the State that arise from, or on account of, any contract, agreement, or arrangement

between KEMC and any other person for performance of response activities at the Facility, including claims on account of construction delays; provided such activities are within the scope of authority at law and under this Agreement.

16.4 Prior to commencing any response activities on or near the Property, KEMC shall secure, and maintain until issuance of the Certificate of Termination pursuant to Section XXI (Termination) of this Agreement, comprehensive general liability insurance with limits of one million dollars (\$1,000,000.00), combined single limit, naming the MDEQ, the Attorney General, and the State of Michigan as additional insured parties. If KEMC demonstrates by evidence satisfactory to the MDEQ that any contractor or subcontractor maintains insurance equivalent to that described above, then with respect to that contractor or subcontractor, KEMC needs to provide only that portion, if any, of the insurance described above that is not maintained by the contractor or subcontractor. Regardless of the method used to insure, KEMC shall provide the MDEQ and the Attorney General with certificates evidencing said insurance and the MDEQ's, the Attorney General's, and the State of Michigan's status as additional insured parties. In addition, until the issuance of the Certificate of Termination pursuant to this Agreement, KEMC shall satisfy, or shall ensure that its contractors or subcontractors satisfy, all applicable laws and regulations regarding the provision of Workers' Disability Compensation Insurance for all persons performing response activity on behalf of KEMC in furtherance of this Agreement. Prior to commencement of the work under this Agreement, KEMC shall provide to the MDEQ satisfactory proof of such insurance.

XVIII. DISPUTE RESOLUTION

17.1 The dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising between the parties under this Agreement, except for Section XIII (Assignment) which shall not be subject to Dispute Resolution. All disputes under this Agreement shall initially be subject to informal dispute resolution as follows:

(a) KEMC shall notify the MDEQ Project Coordinator, in writing, of KEMC's objection to an MDEQ decision concerning a requirement of this Agreement within ten (10) days of receipt of the notice of that decision.

(b) The MDEQ and KEMC shall have ten (10) days from the receipt by the MDEQ of the notification of objection to resolve the dispute.

(c) If resolution cannot be reached on any matter within this ten (10) day period, the MDEQ shall provide a written statement of its decision to KEMC. In the absence of initiation of formal dispute resolution by KEMC under Paragraph 17.2, the MDEQ position shall be binding on the parties.

17.2 Subject to Paragraph 17.1, if KEMC seeks to formally challenge any decision or determination under this Agreement the dispute resolution process shall be as follows:

(a) KEMC shall, within ten (10) days from receipt of the MDEQ position issued in accordance with Paragraph 17.1(c), provide to the MDAG and MDEQ Project Coordinator a statement of its position including: the issues in dispute; the relevant facts upon which the dispute is based; any factual data, analysis or opinion that supports KEMC's position; and all supporting documents on which KEMC relies.

(b) The MDEQ Project Coordinator shall within ten (10) days after receiving the written request for review provide a written reply to KEMC and the MDAG stating its

understanding of the issues in dispute; the relevant facts upon which the dispute is based; any factual data, analysis, or opinion supporting its position; and all supporting documentation on which the MDEQ relies.

(c) The State shall, within ten (10) days after receiving the written statement of positions of the KEMC and the MDEQ Project Coordinator, provide the State's written statement of its position to KEMC and the MDEQ Project Coordinator.

(d) KEMC may file an action for resolution of the dispute in a court of competent jurisdiction within twenty (20) days after receipt of the State's position. The action for resolution of the dispute shall be limited to those disputed issues expressly raised in KEMC's and the MDEQ's statements of position.

17.3 Invoking dispute resolution shall not of itself extend or postpone any obligation of KEMC under this Agreement.

17.4 Notwithstanding this Section XVII (Dispute Resolution), in the event that any dispute arises between the State and KEMC, the burden of proof in such a dispute shall be borne by the parties in accordance with the NREPA and the administrative rules promulgated thereunder, except for any disputes that arise under Section XIV (Covenant Not to Sue). Any disputes concerning CERCLA arising under Section XIV shall be in accordance with Section XIV (Covenant Not to Sue).

XVIII. PROJECT COORDINATORS AND COMMUNICATIONS

18.1 Each party shall designate a Project Coordinator. The MDEQ's Project Coordinator is Steve Harrington. KEMC's Project Coordinator is Kristen Mariuzza. Whenever a notice is required to be given or a communication, report, sampling data, analysis of data, or

other technical document is required to be forwarded by one party to the other party under this Agreement, such communication shall be directed to the parties at the below listed addresses and shall reference this Agreement. If any party changes its designated Project Coordinator, the name, address, and telephone number of the successor shall be provided to the other party, in writing, as soon as practicable.

As to MDEQ:

A. For Record Retention:

(Via Mail)

Chief
Compliance and Enforcement Section
Remediation Division
Michigan Department of Environmental Quality
P.O. Box 30426
Lansing, MI 48909-7926
Telephone: 517-373-7508
Fax: 517-373-2637

(Via Courier)

Chief
Compliance and Enforcement Section
Remediation Division
Michigan Department of Environmental Quality
Constitution Hall, South Tower, 4th Floor
525 W. Allegan Street
Lansing, MI 48913

B. For all payments pertaining to this Agreement:

(Via Mail)

Revenue Control Unit
Michigan Department of Environmental Quality
P.O. Box 30657
Lansing, MI 48909-8157

(Via Courier)

Revenue Control Unit
Michigan Department of Environmental Quality
Constitution Hall, South Tower, 5th Floor
525 W. Allegan Street
Lansing, MI 48913

C. For all other matters pertaining to this Agreement:

Steve Harrington, Project Coordinator
Remediation Division
Upper Peninsula District Office
Michigan Department of Environmental Quality
K.I. Sawyer International Airport and Business Center
420 5th Street
Gwinn, MI 49841
Telephone: (906) 346-8507
Fax: (906) 346-4480

As to KEMC:

D. For all matters pertaining to this Agreement:

Ms. Kristen Mariuzza
Kennecott Eagle Minerals Company
504 Spruce Street
Ishpeming, Michigan
Phone No.: (906) 486-1257 (ext. 229)
E-Mail: Kristen.Mariuzza@riotinto.com

18.2 KEMC's Project Coordinator shall have primary responsibility for overseeing the implementation of the response activities and other requirements specified in this Agreement.

18.3 In addition to its Project Coordinator, the MDEQ may designate other MDEQ employees or other authorized representatives, employees, and consultants to observe and

monitor the progress of any activity undertaken pursuant to this Agreement. In such event, the names of those MDEQ authorized representatives shall be provided to KEMC.

XIX. MODIFICATIONS

This Agreement may only be modified according to the terms of this Section. The procedure for modifying this Agreement shall be as follows:

(a) Modification of any Submission or attachments to Submissions required under this Agreement is upon written agreement of KEMC's and the MDEQ's Project Coordinators.

(b) Modification of any other provision of this Agreement is upon written agreement between KEMC, the MDEQ, and the MDAG.

XX. SEVERABILITY

The provisions of this Agreement shall be severable, and if any provision is declared by a court of competent jurisdiction to be inconsistent with federal or State law, and therefore unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.

XXI. TERMINATION

21.1 When the response activities required by Section VIII (Implementation of Response Activities) of this Agreement have been completed, KEMC shall submit to the MDEQ Project Coordinator a Certification of Completion and draft final report demonstrating that the response activities conducted pursuant to Section VIII (Implementation of Response Activities) were completed according to the MDEQ-approved work plan. Such Certification of Completion shall be signed by KEMC's Project Coordinator.

21.2 Upon receipt of the Certification of Completion and draft final report, the MDEQ will review the draft final report, any supporting documentation and the actual response activities performed in accordance with this Agreement. Within one hundred twenty (120) days of receipt of the Certification of Completion and draft final report, the MDEQ will determine whether KEMC has satisfactorily completed the requirements of this Agreement, including; but not limited to, completing the response activities and reimbursing Oversight Costs according to the terms of the Agreement. If the MDEQ determines that all the requirements of this Agreement have been satisfied, the MDEQ shall notify KEMC in writing and KEMC shall submit a "final" final report. MDEQ in, shall issue a Certificate of Termination after receipt of the "final" final Report. If MDEQ determines that KEMC has not satisfactorily completed all the requirements of this Agreement, it will notify KEMC of the deficiencies in writing. Upon receipt of a disapproval, KEMC shall correct the deficiencies in the draft final report and resubmit it for RD review and approval within thirty (30) days after receiving the RD disapproval. If upon resubmission the Submission is not approved, the RD shall so advise KEMC. Upon receipt of a disapproval of a resubmission, KEMC shall seek resolution of the deficiencies pursuant to Section XVII (Dispute Resolution) of this Agreement.

21.3 Only after KEMC has submitted the certification required in Paragraph 21.1 and the RD Chief has signed a Certificate of Termination verifying that KEMC's obligations pursuant to Section VIII (Implementation of Response Activities) of this Agreement have been completed shall the following components of the Agreement terminate: Section VIII (Implementation of Response Activities) and Section XVI (Indemnification/Insurance).

21.4 If KEMC notifies the MDEQ by certified mail that it no longer has status as an owner or operator of the Property and provided KEMC has previously been issued a Certificate of Termination by the MDEQ, KEMC and its successors shall obtain MDEQ's written permission prior to the destruction of documents required to be maintained pursuant to Section XII (Records Retention/Access to Information) of this Agreement. Upon request, KEMC shall relinquish custody of all such documents to the MDEQ. KEMC's request shall be accompanied by a copy of this Agreement and sent to the address specified in Section XX (Project Coordinators and Communications) or to such other address as may subsequently be designated in writing by the MDEQ.

XXII. FORCE MAJEURE

22.1 KEMC shall perform the requirements of this Agreement within the time limits established herein, unless performance is prevented or delayed by events that constitute a "Force Majeure." Any delay in the performance attributable to a Force Majeure shall not be deemed a violation of this Agreement in accordance with this section.

22.2 For the purposes of this Agreement, a "Force Majeure" event is defined as any event arising from causes beyond the control of and without the fault of KEMC, of any person controlled by KEMC, or of KEMC's contractors, that delays or prevents the performance of any obligation under this Agreement despite KEMC's "best efforts to fulfill the obligation." The requirement that KEMC exercises "best efforts to fulfill the obligation" includes KEMC using best efforts to anticipate any potential Force Majeure event and to address the effects of any potential Force Majeure event during and after the occurrence of the event, such that KEMC minimizes any delays in the performance of any obligation under this Agreement to the greatest

extent possible. Force Majeure includes an occurrence of nonoccurrence arising from causes beyond the control of and without the fault of KEMC, such as an act of God, untimely review of permit applications or submission by the MDEQ or other applicable authority, and acts or omissions of third parties that could not have been avoided or overcome by diligence of KEMC and that delay the performance of an obligation under this Agreement. Force Majeure does not include, among other things, unanticipated or increased costs, changed financial circumstances, or failure to obtain a permit or license as a result of actions or omissions of KEMC.

22.3 KEMC shall notify the MDEQ by telephone within seventy-two (72) hours of discovering any event that causes a delay or prevents performance with any provision of this Agreement. Verbal notice shall be followed by written notice within ten (10) calendar days and shall describe, in detail, the anticipated length of delay for each specific obligation that will be impacted by the delay, the cause or causes of delay, the measures taken by KEMC to prevent or minimize the delay, and the timetable by which those measures shall be implemented. KEMC shall use its best efforts to avoid or minimize any such delay.

22.4 Failure of KEMC to comply with the notice requirements of Paragraph 22.3 above, shall render this Section XXII void and of no force and effect as to the particular incident involved. The MDEQ may, at its sole discretion and in appropriate circumstances, waive the notice requirements of Paragraph 22.3.

22.5 If the parties agree that the delay or anticipated delay was beyond the control of KEMC, this may be so stipulated and the parties to this Agreement may agree upon an appropriate modification of this Agreement. If the parties to this Agreement are unable to reach such agreement, the dispute shall be resolved in accordance with Section XVII (Dispute

Resolution) of this Agreement. The burden of proving that any delay was beyond the control of KEMC, and that all the requirements of this section have been met by KEMC, is on KEMC.

22.6 An extension of one compliance date based upon a particular incident does not necessarily mean that KEMC qualifies for an extension of a subsequent compliance date without providing proof regarding each incremental step or other requirement for which an extension is sought.

XXIII. SEPARATE DOCUMENTS

This Agreement will be executed in two (2) duplicate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


XXIV. SIGNATORIES

Each undersigned individual represents and warrants that he or she is fully authorized by the party he or she represents to enter into this Agreement and to legally bind such party to the terms and conditions of this Agreement.

THE STATE AND KEMC AGREE TO ALL TERMS AND CONDITIONS HERETOFORE SET FORTH. MDEQ Reference No.: CNTS-RD-2010-001

IT IS SO STIPULATED:

MICHIGAN DEPARTMENT OF ATTORNEY GENERAL

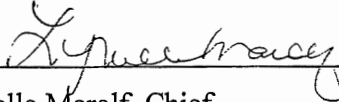
By 

Kathleen L Cavanaugh (38006)
Assistant Attorney General
Environment, Natural Resources and Agriculture Division
Department of Attorney General

5-6-11

Date

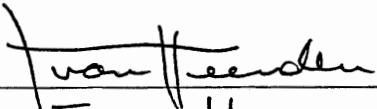
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

By: 
Lynelle Marolf, Chief
Remediation Division
Department of Environmental Quality

5/06/11
Date

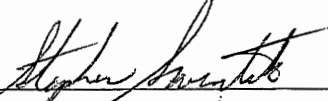
IT IS SO STIPULATED:

KENNECOTT EAGLE MINERALS COMPANY

By: 
Name: EVAN HEERDEN
Title: PROJECT DIRECTOR

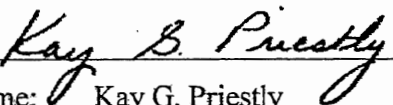
5-4-11
Date

KENNECOTT EAGLE LAND COMPANY

By: 
Name: Stephen Sarentik
Title: CEO

5-4-11
Date

RIO TINTO AMERICA INC.

By: 
Name: Kay G. Priestly
Title: Vice President

May 3, 2011
Date

**WORK PLAN
FOR
ENVIRONMENTAL RESPONSE ACTIVITIES**

at the

**Humboldt Mill Property
4547 County Road 601
Humboldt Township, Marquette County, Michigan**

Prepared for:

**Kennecott Eagle Minerals Company
504 Spruce Street
Ishpeming, Michigan 49849**

Prepared by:

**Horizon Environmental Corporation
4771 50th Street S.E., Suite One
Grand Rapids, Michigan 49512**

KEX-0102

February 2011



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1.0 INTRODUCTION

Kennecott Eagle Minerals Company (“KEMC”) plans to redevelop the Humboldt Mill facility located at 4547 County Road 601 in Humboldt Township, Marquette County, Michigan for beneficiation of nickel and copper ore. The end use of the property will involve processing of ore derived from off-site to produce metallic concentrates as well as placement of resultant tailings in the Humboldt Tailings Disposal Facility (“HTDF”). The concentrate produced by this beneficiation operation will be shipped from the site to another location for smelting and subsequent processing.

A Mining Permit Application (“MPA”) for KEMC’s proposed activities at the Humboldt Mill property was prepared in accordance with Part 632 of Michigan’s Natural Resources and Environmental Protection Act (“NREPA”, 1994 Michigan P.A. 451, as amended) and the administrative rules promulgated pursuant to Part 632 of the NREPA, and submitted to the Michigan Department of Environmental Quality (“MDEQ”). Environmental conditions on the Humboldt Mill property, KEMC’s proposed beneficiation activities as well as environmental protection, contingency and reclamation plans, and financial assurance information are presented in the MPA and associated Environmental Impact Statement prepared for the proposed operation [Foth Infrastructure and Environment, LLC (“Foth”), December 2008]. A Nonferrous Metallic Mineral Mining Permit (permit #MP 01 2010) for KEMC’s planned activities on the Humboldt Mill property was issued by MDEQ on February 9, 2010.

The purpose of this work plan is to provide the State of Michigan with a detailed description of environmental response activities to be undertaken by KEMC as part of their redevelopment of the Humboldt Mill property. The environmental response activities outlined here will be completed by KEMC to facilitate issuance of a Covenant Not to Sue (“CNTS”) regarding contamination which pre-exists KEMC’s ownership and operations at the site. The activities outlined herein are proposed to be completed by KEMC on a voluntary basis. KEMC is not liable under Part 201 of the NREPA or other applicable State or Federal environmental law or regulation, for pre-existing environmental conditions on the Humboldt Mill property.

1.1 SITE DESCRIPTION AND HISTORY

For the purposes of this Work Plan and the associated CNTS, the Humboldt Mill property is defined to consist of approximately 582 acres of land located in Sections 2, 11, 12 and 14 in Township 47 North, Range 29 West, Humboldt Township, Marquette County, Michigan. The site location and boundaries of the property are depicted in Figures 1 and 2, respectively.

The Humboldt Mill property is presently owned by three separate entities. Kennecott Eagle Land, LLC (“KEL”), an affiliated company of KEMC, owns approximately 22 acres of the site, including the buildings associated with the former Humboldt Mill. Callahan Mining Corporation owns the adjacent HTDF and certain surrounding lands (approximately 190 acres), and Humboldt Properties, LLC owns the remainder of the site (approximately 370 acres). Properties owned by Humboldt Properties, LLC, are referred to herein and on Figure 2 as the “O’Dovero” properties. The O’Dovero properties consist of Parcels A and B. Parcel A consists of two non-contiguous properties: (1) a 143 acre property that adjoins the Humboldt Mill property to the

southwest; and (2) a smaller 6 acre parcel that adjoins the HTDF to the east. Parcel B consists of a 221 acre parcel of property that adjoins the Humboldt Mill property to the southeast which KEMC currently intends to acquire as a buffer property to the mill. This work plan is intended to address environmental conditions on the 22 acre KEL-owned property and the adjoining O'Dovero A parcel only.

The Humboldt Mill facility was originally constructed in 1954 to concentrate iron ore from the adjacent Humboldt Mine (now referred to as the HTDF). The Humboldt Mill facility incorporated crushing, grinding, and flotation process unit operations to concentrate iron ore. Tailings derived from processing of iron ore were managed through placement in tailings basins located southeast and southwest of the mill facility. The mill was operated to process iron ore until approximately 1970. At that time the Humboldt Mine was closed and the mill was converted to a hematite concentrate regrind with upgrading circuits using two ball mills and an elutriation process. An associated pellet facility continued to operate until approximately 1979, processing hematite concentrate and excess concentrate from the nearby Republic Mine.

In the early 1980's, Callahan Mining Corporation ("Callahan") developed the Ropes Gold Mine approximately 10 miles east of the Humboldt Mill site. Callahan purchased parts of the Humboldt Mill facility, with the exception of the pelletizing process. The mill was converted to a gold ore processing facility and restarted in July 1985, processing ore at a rate of up to 2,000 tons per day. The mill operated until 1989, when the Ropes Mine was closed. During the processing of the Ropes ore, tailings containing sulfide minerals that were derived from ore processing were placed in the HTDF (the previously mined pit area).

Minerals Processing Corporation ("MPC") purchased the Humboldt Mill from Callahan in the mid 1990's to provide custom milling services under contract from producers. On January 30, 1996, MPC disclosed a Category "C" (now referred to as Category "S") Baseline Environmental Assessment ("BEA") for the Humboldt Mill property to the MDEQ, Remediation and Redevelopment Division ("RRD"). MPC intermittently operated some sections of the mill for custom grind contracts.

KEL purchased the mill buildings and associated property in September 2008. KEL completed certain decontamination and waste removal activities in the fall of 2008 in support of its "due care" obligations under Part 201 of the NREPA. On March 25, 2009, KEL disclosed a Category "N" BEA for the portion of the Humboldt Mill property owned by KEL (see Figure 2) to the MDEQ, RRD. As outlined in the Category "N" BEA, no significant hazardous substance use has occurred on the Humboldt Mill property under KEL's ownership.

KEMC proposes to use the Humboldt Mill property, including properties owned by KEL and the Callahan property, to accomplish beneficiation of base metal ores mined off-site. Beneficiation activities will include crushing of ore, grinding of ore and flotation processes to produce copper concentrate (averaging 28% copper) and nickel concentrate (averaging 10% nickel). Copper and nickel concentrate produced at the property will be transported from the site to another location for further processing (i.e., smelting). Tailings derived from the beneficiation operation are proposed to be managed via subaqueous disposal in the HTDF. KEMC does not plan to perform

ore processing or related activities on the O'Dovero properties. Rather the O'Dovero properties are being acquired as "buffer" properties and no use is planned for these properties at this time.

2.0 CURRENT ENVIRONMENTAL CONDITIONS

Environmental conditions at the property are summarized in the MPA for the Humboldt Mill site (Foth, December 2008). The MPA includes summaries of historical and recent investigation and monitoring data, as well as focused evaluations of specific areas. These data are provided and/or summarized in the *Environmental Impact Assessment* ("EIA"), which constitutes Volume II of the MPA.

In addition to the MPA, relevant site characterization data is available in the BEAs previously submitted for the Humboldt Mill property by KEL and MPC as well as historical reports developed by KEMC and prior owners and operators of the property. These include:

- *Humboldt Mill Baseline Environmental Assessment* (March 2009).
- *Phase I Environmental Site Assessment for Former Humboldt Mill Site and Adjacent Property* (August 2007)
- *Humboldt Mill Phase II Environmental Site Assessment* (August 2007). *Ropes Mill Site Closure Phase II – Preliminary* (Titan Environmental Corporation, 1997).
- *Baseline Environmental Assessment* (SCA Environmental, January 1996);
- *Characterization and Remedial Alternatives for Ground Water Humboldt Mill Facilities* (Callahan Mining Corporation, 1996);
- *Hydrological Assessment Ropes Mine and Humboldt Mill Facilities* (Hydro-Geo Consultants, Inc., 1993);
- *Hydrogeological Study Humboldt Mill Pyrite Stockpile* (Hydro-Geo Consultants, Inc., 1993);
- *Ropes Milling Facility, Preliminary Hydrogeological Investigation* (Sundberg, Carlson and Associates, Inc., 1992);
- *Humboldt Pit Hydrogeological Report* (Traverse Engineering Services, 1984);
- *Bona Fide Prospective Purchaser Phase I Environmental Site Assessment for the Callahan Mining Company Property* (Horizon, November 2010); and
- *Bona Fide Prospective Purchase Phase I Environmental Site Assessment for the Humboldt Properties, LLC Properties* (Horizon, November 2010).

2.1 SOIL QUALITY

Numerous metals and other constituents associated with management and processing of volcanogenic massive sulfide ore and iron ore are present at the property. Several metals are present in concentrations above Statewide Default Background concentrations, as established by the Michigan Department of Natural Resources and Environment (“MDNRE”, successor to MDEQ), RRD pursuant to Part 201 of the NREPA. Iron tailings derived from historical mining and iron ore processing on the site, including related retaining structures and subgrade infrastructure, and iron pellets from former production on the site are present in the southeastern portion of the property, particularly on the O’Dovero “B” parcel. Iron tailings and related retaining structures extend beyond the boundaries of the properties that are the subject to the CNTS.

The Foth investigation and prior investigations on the property completed by others have identified several areas of concern, including: (1) the Buried Pyrite Trench to the west of the office/mill dry facility; (2) an area along the unpaved road south of the Buried Pyrite Trench; and (3) the areas of former stockpiles south of the mill building. Figure 3 depicts mill operations and these features as well as soil borings and test pits completed in these areas to better define the extent of these features.

Results from historical soil sampling and analysis indicate the presence of numerous metals in soil at the site at concentrations exceeding Part 201 Generic Residential Criteria. Several volatile organic constituents (“VOCs”) were also detected in soils at concentrations that exceed Part 201 Generic Residential Criteria. As documented in the Category “N” BEA prepared by KEL for the mill property and other historical site documentation, the following constituents were detected in one or more soil samples at concentrations exceeding Part 201 Generic Residential Soil Criteria:

Antimony	Arsenic	Boron
Iron	Manganese	Nickel
Cyanide	Silver	Chromium
Lead	Magnesium	Aluminum
Cobalt	Lithium	Molybdenum
Selenium	Silver	Thallium
1,2,4-Trimethylbenzene	Anthracene	Naphthalene
	Phenanthrene	

The majority of the exceedances of Part 201 Generic Residential Criteria for metals were observed in samples collected from the vicinity of the Buried Pyrite Trench. Cyanide was detected above Part 201 Generic Residential Soil criteria in samples collected from the former stockpile area located south of the mill building and from a sample collected at the Buried Pyrite Trench.

Historical soil sampling results identified 1, 2, 4-trimethylbenzene, anthracene, and phenanthrene above Part 201 Generic Residential Criteria in a soil sample collected north of the office/maintenance building. This particular sample location was associated with a follow-up investigation of a release of gasoline from a former underground storage tank system (“UST”) in

this area. Naphthalene was also detected above Part 201 Generic Residential Criteria in a soil sample collected along the south wall of the mill building.

2.2 GROUNDWATER QUALITY

As documented in the *Humboldt Mill Hydrogeologic Report* (Foth, 2007), the following constituents were detected in one or more groundwater samples at concentrations exceeding Part 201 Generic Residential Criteria:

Arsenic	Aluminum	Beryllium
Cadmium	Chromium	Copper
Iron	Lithium	Cobalt
Lead	Manganese	Mercury
Nickel	Silver	Sodium
Vanadium	Zinc	Ammonia
Cyanide	Sulfate	Acenaphthene
Benzene	Ethylbenzene	Methylene chloride
1-Methylnaphthalene	2-Methylnaphthalene	Toluene
Xylenes		PCBs

Exceedances of Part 201 Generic Residential Criteria for metals were observed in groundwater samples collected from monitoring wells across the entire Humboldt Mill property. Exceedances of Part 201 Generic Residential Criteria for hydrocarbons were observed in monitoring wells located near the mill building.

3.0 ENVIRONMENTAL RESPONSE ACTIVITIES

KEMC is proposing, as part of its planned redevelopment of the Humboldt Mill property, to undertake certain environmental response activities to address existing contamination. These proposed additional response activities extend well beyond KEMC's due care obligations pursuant to Section 20107a of Part 201 of the NREPA. They will, however, reduce the due care burden on KEMC associated with ownership and occupancy of the property and/or permanently reduce the volume/toxicity of hazardous substances present at the site. These activities generally include the following:

- Removal and off-site disposal of pyrite and associated impacted soils in the "Buried Pyrite Trench" area located near the entrance to the Humboldt Mill property;
- Excavation and off-site disposal of soils in the various former stockpile areas identified south of the mill building and north of the Buried Pyrite Trench area;
- Completion of additional response activities to address impacted environmental media derived from a release from a former UST on the property; and
- Abandonment of monitoring wells that are not necessary to fulfill KEMC's obligations under its Nonferrous Metallic Mineral Mining Permit for the Humboldt Mill property.

Additional detail regarding these activities is presented in the following sections.

3.1 REMOVAL/MANAGEMENT OF MINING RESIDUALS

KEMC will conduct the following activities to manage/remove mining residuals associated with past operations at the Humboldt Mill site.

3.1.1 BURIED PYRITE TRENCH REMOVAL

Gold ore processing previously completed on the site by others involved crushing and grinding of crude ore, followed by flotation and selective removal of pyrite, other sulfide compounds, gold and silver in a flotation concentrate. The flotation concentrate derived from this process was then reground and precious metals were leached from the concentrate using a dilute aqueous cyanide solution. Cyanide leaching of the concentrate selectively removed gold and silver from the concentrate, leaving a material referred to as “leach residue”. Analyses completed by others indicate that the leach residue was comprised of approximately 50% sulfide compounds and approximately 50% gangue materials. The sulfide component of the leach residue was comprised of approximately 90% pyrite and 10% other sulfide compounds. The gangue materials present in the leach residue included quartz, chlorite and sericite, with varying amounts of carbonate (calcite and ferroan dolomite), talc and other silicates.

Some leach residue was buried near the site access road to backfill a trench excavation. The trench excavation was reportedly created to provide cover soils for stockpiles placed elsewhere on the property by others. Investigations completed on the site suggest that approximately 12,000 to 14,000 tons of leach residue pyrite is present in this trench. The approximate extent of this area, indicated as the “Buried Pyrite Trench”, is depicted on Figure 3. A cross-section drawing of the Buried Pyrite Trench, based on soil borings constructed in this area, is presented on Figure 7. As noted on Figure 7, leach residue pyrite, with a depth of up to approximately 12 feet, has been identified in the Buried Pyrite Trench area. Visual indicators of impact, including discoloration of soil/pavement and stressed vegetation, are also present in this area.

Removal of leach residue material from the Buried Pyrite Trench area will be completed by KEMC as an environmental response action. Clearing and grubbing of vegetation and removal/relocation of the existing fencing will be completed as necessary to allow access to the area. Excavation of the leach residue pyrite will be completed using conventional shallow excavation methods. Overburden soils may be segregated from the buried leach residue pyrite, if practical, or co-managed with the excavated leach residue pyrite. In the event groundwater is encountered in the excavation, the excavation may be completed on a “wet” basis and, if so, excavated saturated materials will be dewatered by placement on the lined ground surface adjacent to the excavation with water drained back to the excavation. Alternatively, excavation activities may be concluded at the groundwater table.

Excavated materials will be loaded into covered trucks for transport to an off-site disposal facility. Disposal will be in accordance with the applicable requirements of State and Federal waste management regulations and statutes, including Parts 111 and 115 of the NREPA and associated administrative rules. Preliminary data suggests that excavated materials may be managed through off-site disposal in a non-hazardous waste (i.e., Type II) landfill, although this determination is subject to further waste characterization testing and acceptance by the disposal facility.

The excavation, loading, and transportation of the buried pyrite will be conducted in accordance with a due care plan (see Section 3.1.3 below) that will be developed to address construction-phase site activities. The due care plan will assure that residuals are managed in a manner that minimizes or eliminates the potential for unacceptable exposures and/or exacerbation.

The horizontal and vertical extent of Buried Pyrite Trench excavation will be established based on visual field observations of soil quality during excavation. Soil boring records from prior investigations in this area of the site indicate that pyrite residuals extend over an area of approximately 19,000 square feet and average approximately 8 feet in depth. KEMC also intends to remove discolored surface soils and debris in areas proximate to the Buried Pyrite Trench during excavation of the Buried Pyrite Trench. Based on preliminary estimates of the trench dimensions, the total mass of materials to be excavated from the Buried Pyrite Trench for off-site disposal is anticipated to be 8,000 tons, but will not, in any case, exceed 15,000 tons.

At the conclusion of the excavation, a total of eight (8) soil samples will be collected from the base and sidewalls of the excavation for laboratory analysis. No samples of saturated soil or ground water will be collected for analysis. The soil samples will be collected using sampling techniques biased toward identifying any remaining contamination, based on visual observation of discoloration or other indications of environmental impact. In the absence of indications of environmental impact, the samples will be collected from random locations established in the field. Soil samples will be collected and analyzed for total concentrations of the "Michigan 10" metals [i.e., arsenic, barium, cadmium, chromium (total), copper, mercury, lead (total), selenium, silver and zinc], total cyanide, sulfide and pH, in accordance with sampling and analytical protocols outlined in MDNRE, RRD Operational Memorandum #2 and related attachments. Quality assurance/quality control samples will also be collected and analyzed in accordance with this MDNRE, RRD guidance.

The soil samples to be collected following the excavation are not verification samples and are not intended to demonstrate that particular Part 201 criteria have been achieved. Rather, the analytical results from these soil samples will be used to document the environmental condition of soils adjacent to and beneath the excavation and to assist in the completion of a Section 20107a compliance analysis for the end use (mill operations) of the site.

Subsequent to collection of soil samples from the base of the excavation, the excavation will be backfilled. Backfill of the excavation will be accomplished using soils derived from regrading activities at other locations on the property and/or imported backfill (e.g., sand and aggregate subbase). Aggregate subbase (i.e., road gravel) will be placed in the uppermost portion of the excavation in anticipation of subsequent installation of bituminous pavement in this area of the site as part of the mill redevelopment project.

Documentation of completion of this response activity will be prepared in accordance with the reporting requirements of Section 4.0 of this Work Plan.

3.1.2 FORMER STOCKPILE AREA SOIL REMOVAL

In addition to the Buried Pyrite Trench, several stockpiles of mining and ore processing residuals were historically present in outdoor areas on the Humboldt Mill property. These stockpile areas are identified as:

- The “Former Leach Residual” stockpile area, located south and east of the main mill building;
- The “Former Pyrite” stockpile area, located south of the office/maintenance building;
- The “Former Concentrate” stockpile area, located southwest of the office/maintenance building and south of the crusher plant (on O’Dovero parcel “A”); and
- The “Former Crude Ore” stockpile area, located north of the Buried Pyrite Trench and west of the crusher plant.

Limited assessments of soil quality in these areas were completed in support of development of KEMC’s MPA, the Category “N” BEA prepared by KEL in 2008, and the 1996 BEA for the Humboldt Mill property prepared by MPC. Certain mining and ore processing residuals from these former stockpile areas, as identified in prior investigations, will be excavated and managed by KEMC.

In the three stockpile areas located south of the mill and office/maintenance buildings, investigation and test pit data are available to define the extent of excavation. Based on this data, the proposed extent of excavation in this area, intended to address residual pyrite in the Former Leach Residual Stockpile area, the Former Pyrite Stockpile area and the Former Concentrate Stockpile area, is depicted on Figure 3. Geologic cross-section drawings depicting shallow geology in this area and the proposed extent of excavation are presented in Figures 4, 5 and 6.

Clearing and grubbing of vegetation will be completed as necessary to allow access to the areas. Excavation of pyrite and related materials will be completed using conventional shallow excavation methods. Overburden soils may be segregated from the pyrite if practical, for subsequent use as backfill. Alternatively, overburden soils may be co-managed with the excavated pyrite.

Excavated materials will be loaded into covered trucks for transport to an off-site disposal facility. Disposal will be in accordance with the applicable requirements of State and Federal waste management regulations and statutes, including Parts 111 and 115 of the NREPA and associated administrative rules. Preliminary data suggests that excavated materials may be managed through off-site disposal in a non-hazardous waste (i.e., Type II) landfill, although this determination is subject to further waste characterization testing and acceptance by the disposal facility.

The excavation, loading, and transportation of these materials will be conducted in accordance with a due care plan (see Section 3.1.3 below) that will be developed to address construction-phase site activities. The due care plan will assure that residuals are managed in a manner that

minimizes or eliminates the potential for unacceptable exposures and/or exacerbation of existing contamination.

To the extent that significant quantities of ore are encountered that are amenable to beneficiation, such ore may be stockpiled on the property and subsequently processed by KEMC using the upgraded mill facilities. In the event that KEMC elects to reuse ore encountered during the course of response activities, the materials will be stockpiled and managed in a manner consistent with the requirements of the 632 permit, NPDES storm water permit, and other applicable regulatory requirements.

As noted on Figures 3 through 6, excavation in the Former Leach Residual Stockpile, Former Pyrite Stockpile, and Former Concentrate Stockpile areas will consist primarily of scraping of surface soils to a depth of three inches or less, based on the observed presence of pyrite or soil discoloration. Where test pit and soil boring data in the Former Pyrite Stockpile and Former Leach Residue Stockpile areas indicate the presence of pyrite at greater depths, excavations will be completed to a depth sufficient to remove pyrite, but not to a depth greater than four feet below ground surface. Similarly, in the Former Crude Ore Stockpile area, excavation activities will consist of surface soil removal, to a depth of six inches or less, to remove visually discolored soils and ore that remain in this area.

At the conclusion of the excavation in the area south of the mill and office/maintenance buildings (i.e., the Former Leach Residual Stockpile, Former Pyrite Stockpile, and Former Concentrate Stockpile areas), a total of twelve (12) soil samples will be collected from the base and sidewalls (as applicable) of the excavations for laboratory analysis. The soil samples will be collected using sampling techniques biased toward identifying any remaining contamination, based on visual observation of discoloration or other indicators of environmental impact. In the absence of indications of environmental impact, the samples will be collected from random locations established in the field. Soil samples will be collected and analyzed for total concentrations of the "Michigan 10" metals, total cyanide, sulfide and pH, in accordance with sampling and analytical protocols outlined in MDNRE, RRD Operational Memorandum #2 and related attachments. Quality assurance/quality control samples will also be collected and analyzed in accordance with this MDNRE, RRD guidance. No samples will be collected in the Former Crude Ore Stockpile area due to the shallowness of the excavation and the fact that the material is visually distinct.

The soil samples to be collected following the excavation are not verification samples and are not intended to demonstrate that particular Part 201 criteria have been achieved. Rather, the analytical results from these soil samples will be used to document the environmental condition of soils adjacent to and beneath the excavation and to assist in the completion of a Section 20107a compliance analysis for end use (i.e. mill operation) of the site. Subsequent to collection of soil samples from the base of the excavation, the excavation will be backfilled. Backfill of the excavation will be accomplished using soils derived from regrading activities at other locations on the property and/or imported backfill (e.g., sand and aggregate subbase). Aggregate subbase (i.e., road gravel) will be placed in the uppermost portion of certain excavations in anticipation of subsequent installation of bituminous pavement in certain areas of the site as part of the mill redevelopment project.

3.1.3 DUE CARE MEASURES DURING EXCAVATION

Excavation activities will be completed in accordance with KEMC's "due care" obligations pursuant to Section 20107a of Part 201 of NREPA. Compliance with KEMC's due care obligations will be assured via certain permitting activities, obtaining MDNRE, RD approval of this Work Plan, as well as implementation of engineering and best management practices during the excavation. These activities and controls will include, but not necessarily be limited to, the following:

- Completion of the work in accordance with applicable State and Federal worker health and safety requirements as well as Rio Tinto's Safety Policy and associated occupational health and safety standards. Among other requirements, this will involve development and implementation of a site and task-specific worker health and safety plan(s) to assure that workers are appropriately trained for completion of the work and that exposures to hazardous substances are minimized;
- Obtaining a soil erosion and sedimentation control ("SESC") permit from the local SESC permitting agency and installing and maintaining necessary controls (e.g., silt fencing) to mitigate soil erosion and sedimentation during earthwork and until such time as the construction area is stabilized;
- Mitigation of fugitive dust emissions from the earthwork activities via combination of operational controls (e.g., reducing free-fall drop distance of soils, limiting speed of vehicles) and, if necessary, use of water or dust palliatives; and
- Prevention of vehicular material track-out from the site onto adjacent public roadways through gravelled egress areas and/or wheel washing stations.
- Transport of the materials in properly licensed, placarded, and covered trucks.

The work activities will be completed in accordance with a comprehensive Section 20107a Compliance Analysis that will be completed for construction-phase activities, the conditions of which will be presented in detailed construction specifications for the work. This Work Plan is not intended to fully convey the requirements of the Section 20107a Compliance Analysis and, as suggested above, additional due care requirements beyond those stipulated above may be applicable to the work.

All response activities will be conducted under the supervision of KEMC's construction manager to assure contractor compliance with this work plan, the site and task-specific worker health and safety plan(s), and the residual management plans to be incorporated into the construction-phase due care plan. The MDNRE District Office will be notified a minimum of ten days in advance of the initiation of on-site activities so that they may also observe the work activities.

3.2 UNDERGROUND STORAGE TANK (UST) MANAGEMENT

3.2.1 BACKGROUND INFORMATION

Three USTs were located northeast of the office/maintenance building. The USTs were a 12,000 gallon UST used for storage of diesel fuel, a 12,000 gallon UST used for storage of No. 2 heating oil, and a 4,000 gallon UST used for storage of gasoline. The diesel fuel and gasoline USTs were removed in 1990 and the heating oil tank was closed in place. A release was confirmed from the gasoline UST at the time of its removal in 1990.

Excavation and off-site treatment and disposal of impacted soils was completed during removal of the USTs. Approximately 340 cubic yards ("CY") (512.94 tons) of soil was excavated, treated using a mobile thermal soil treatment unit, and disposed of in the Marquette County Landfill. The extent of soil excavation was established via field screening with a photoionization detector. Verification samples and follow-up soil samples were collected from the excavations and submitted for laboratory analysis for benzene, toluene, ethylbenzene and xylenes ("BTEX") and polynuclear aromatic hydrocarbons ("PNAs"). Neither BTEX nor PNAs were detected in these soil samples.

Additional investigation in response to this release included construction of nine groundwater monitoring wells and five additional soil borings. Groundwater monitoring was completed for a period from January of 1994 to September of 1995 (7 quarterly sampling events). Groundwater monitoring wells were sampled for BTEX and PNAs. This monitoring indicated the presence of petroleum derivatives, primarily in a single shallow monitoring well, designated MW-5, located south of the maintenance/office building and west of the former UST locations. Prior investigation reports for the site suggest that releases of waste oil from the maintenance/office building may have contributed to environmental impacts in this area of the property. A partial site plan depicting the area of the former USTs is presented in Figure 8. A conceptual geologic cross-section depicting the area of the former USTs and the area immediately downgradient is presented as Figure 9.

A closure report documenting soil remediation activities and groundwater conditions was submitted to the MDEQ by Callahan in September 1996. The closure report called for natural attenuation of groundwater impacts and no further action to address impacted soil. An MDEQ audit of the closure report did not concur with the closure report conclusion that corrective actions had been completed. MDEQ's audit findings with regard to the closure report were as follows:

- (a) The location of the piping runs and/or dispensers were not identified in previously submitted reports. An evaluation of these locations was considered necessary;
- (b) The type of gasoline was not identified. If leaded fuel was stored at any time, analysis for lead was required;
- (c) Verification soil samples were not collected from the gasoline tank excavation and a limited number were collected from the diesel tank area. Regardless of when the release was confirmed and the tanks removed, the MDEQ considered it necessary to further evaluate soil conditions in the area of the USTs;

- (d) Definition of the contaminant plume was considered necessary prior to developing assumptions on plume migration and completing groundwater contaminant modeling; and
- (e) Benzene concentrations were compared to the groundwater/surface water interface ("GSI") risk-based screening level while the remainder of the parameters detected were compared to drinking water criteria. If the potential receptors at this location are drinking water and surface water, the most restrictive criteria would be considered by MDEQ to be applicable.

Horizon's review of MDNRE file information suggests that items (a), (b) and (c) were generally addressed through subsequent investigations on the property.

However, in addition to the preceding, light non-aqueous phase liquid ("LNAPL") was identified in monitoring well MW-104, located adjacent to the northwest corner of the office/maintenance building, during groundwater monitoring activities in November of 1997. LNAPL recovery, including installation of LNAPL recovery trenches, was conducted from December of 1997 through April of 1999. LNAPL was intermittently present during this period and a total of 3.2 gallons of LNAPL was recovered. MDNRE files do not contain records of LNAPL recovery subsequent to May of 1999.

In response to apparent co-mingling of UST related contaminants with non-UST contaminants, Coeur d'Alene Mines Corporation (Callahan is a wholly owned subsidiary of Coeur d'Alene Mines Corporation) requested, and MDEQ concurred, that response activities for the facility, including response activities for impacted environmental media associated with the UST release, will be completed under Part 201 of the NREPA, rather than under Part 213. This determination was formalized in correspondence from MDEQ dated December 20, 1999.

3.2.2 PROPOSED UST MANAGEMENT ACTIVITIES

As noted above, residual impacts to site groundwater derived from the USTs will be managed under Part 201, rather than under Part 213. As such, the focus of KEMC's actions related to the UST release will be to better define the nature and extent of residual groundwater impact in this area of the site, if any, and take necessary actions to comply with KEMC's "due care" obligations under Part 201 in relation to impacted environmental media derived from this release. This assessment will include review of conditions in the area where LNAPL was previously observed and recovered, to determine whether LNAPL is currently present.

To further assess groundwater quality in this area of the site and thereby better define KEMC's due care obligations, KEMC will conduct a single, comprehensive sampling of available groundwater monitoring wells in the vicinity of the former USTs. The condition of groundwater monitoring wells MW-1, MW-2, MW-3, MW-4, MW-5, MW-6, MW-7, MW-9, MW-10, MW-104 and MW-106 will be assessed. Those wells which can be located and are determined to be suitable for use will be evaluated for LNAPL. If LNAPL is present in the wells, the thickness of LNAPL will be measured and recoverable LNAPL will be recovered. For wells where LNAPL is not observed, groundwater samples will be collected using low-flow, minimal drawdown sampling methods, in accordance with current MDNRE, RRD guidance. Groundwater samples

from these wells will be analyzed for VOCs, PNAs and lead. Groundwater elevations in all wells will be measured to allow current groundwater flow patterns in this area to be established. Field measurements of groundwater pH, dissolved oxygen levels and oxidation/reduction potential will also be obtained to evaluate the potential for aerobic degradation of petroleum related contaminants in groundwater to be occurring.

The results of this sampling will be used to assist in the completion of a Section 20107a analysis for the end use (i.e., mill operation) of the site. Available data regarding soil and groundwater quality in this area of the site suggests that no further active remediation may be necessary to address impacted environmental media associated with this release other than potentially placing certain use restrictions on portions of the property.

3.3 MONITORING WELL ABANDONMENT

KEMC will abandon and plug groundwater monitoring wells on the property that will not be used for long-term monitoring at the site. Groundwater monitoring wells to be abandoned are summarized in Table 1. Monitoring well abandonment will be completed in accordance with the American Society for Testing and Materials (“ASTM”) Standard Guide for Decommissioning of Ground Water Wells, Vadose Zone Monitoring Devices, Boreholes and Other Devices for Environmental Activities (ASTM D529-92).

4.0 REPORTING

Upon completion of the work described above, KEMC will prepare and submit to the MDNRE a Certification of Completion and a Completion Report to document the environmental response activities conducted at the property. The Completion Report will include the following information for removal activities conducted in the Buried Pyrite Trench and Former Stockpile Areas:

- A general description of the removal activities, including implementing contractors, disposal facilities, the nature of site restoration, and dates of completion;
- Summary tables and detailed records (e.g., bills of lading, load tickets) of removal and off-site disposal of excavated materials;
- Site plans, including final surveys depicting the horizontal and vertical extent of the excavations and the location of samples collected at the conclusion of excavation;
- The laboratory analytical results from soil samples collected at the base of the excavations, including relevant chain-of-custody documentation;
- A summary of analytical results from samples collected at the base and/or sidewalls of the excavations, including comparison of analytical results to Part 201 criteria appropriate to the end use of the site (i.e. mill operations);
- Documentation of sources of materials used for backfill of the excavations; and
- Photographic documentation of the excavation and restoration activities.

The Completion Report will include the following information to document the supplemental investigations conducted in the UST areas:

- A general description of groundwater monitoring well assessment and sampling activities, including dates of completion of these activities;
- Documentation regarding groundwater sampling activities, including field records of low-flow, minimal drawdown sampling and associated field measurements of groundwater quality parameters;
- Laboratory analytical reports from groundwater sampling, including relevant chain-of-custody documentation;
- A summary of groundwater quality data, including comparison of groundwater quality data to potentially applicable criteria established pursuant to Part 201;
- A summary due care analysis outlining due care requirements, if any, associated with groundwater quality in this area of the site; and
- Recommendations, if any, for additional action in response to impacted environmental media derived from the UST release.

The Completion Report will also include a brief written summary of well abandonment activities and well-specific documentation of the abandonment procedures prepared in accordance with the above referenced ASTM standard.

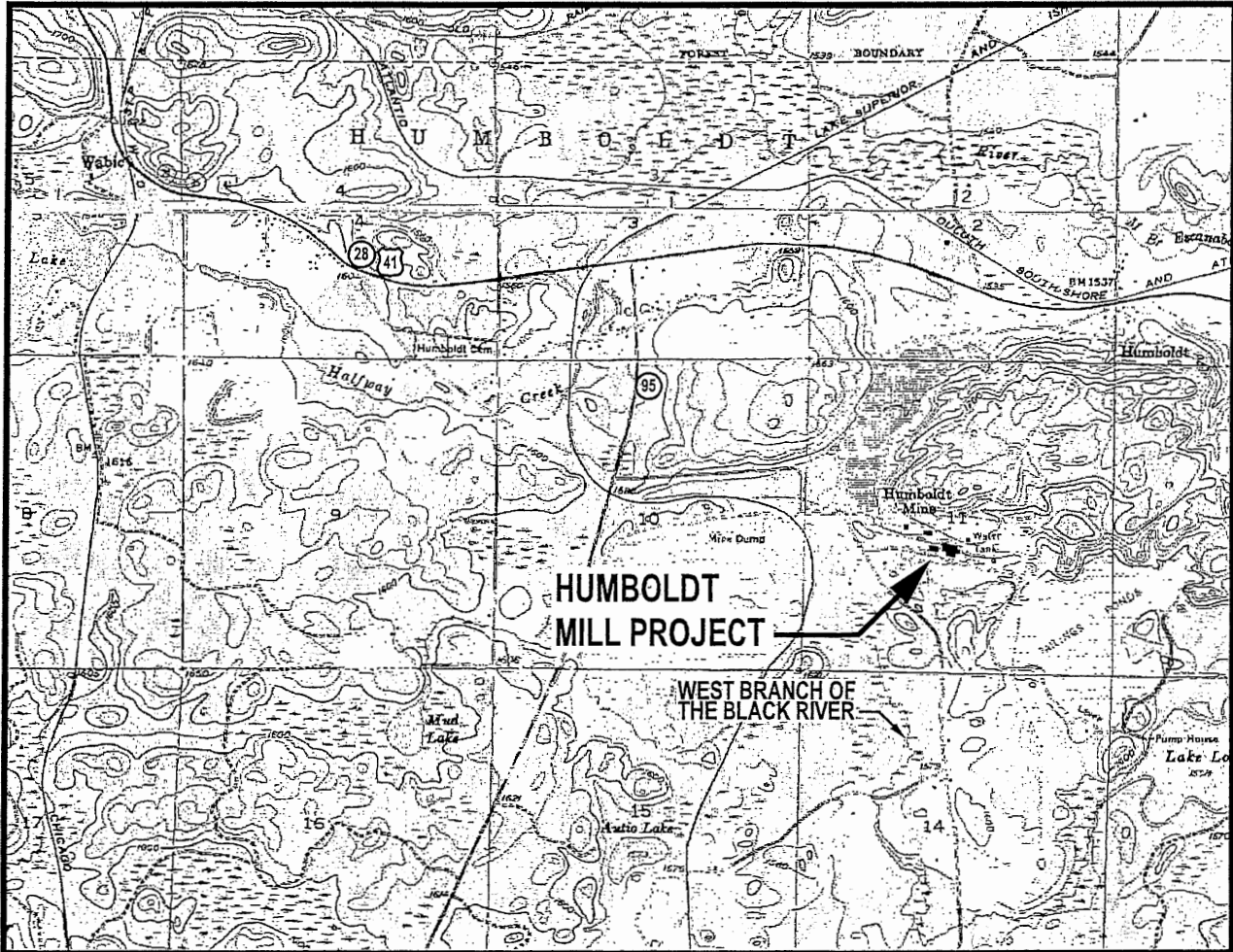
Lastly, the Completion Report will include a recommendation for the recording of property use restrictions should it be determined to be a necessary element in preventing potential exposures following implementation of the response activities specified herein. If such restrictions are recommended, a draft copy of the restriction(s) will be provided for DNRE review prior to KEMC recording them with the Marquette County Register of Deeds.

A Draft Completion Report will be prepared by KEMC and issued to the MDNRE, RD for review and consideration within 90 days of completion of the environmental response activities. Finalization of the report will be completed in accordance with the requirements of the CNTS. Upon finalization of the report, the MDNRE will issue a Certificate of Termination to KEMC in accordance with the terms of the CNTS.

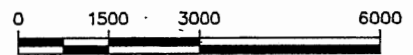
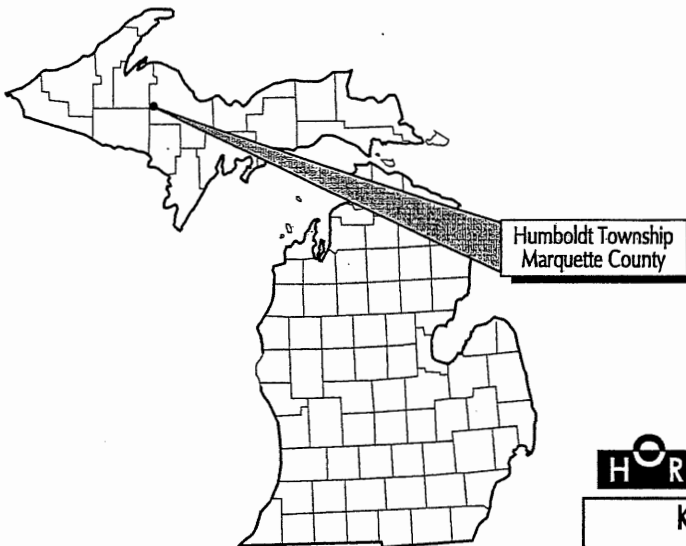
5.0 IMPLEMENTATION SCHEDULE

Implementation of the response activities outlined herein will be completed in accordance with the schedule presented in Figure 10.

FIGURES



TAKEN FROM 7.5 MINUTE SERIES TOPOGRAPHIC MAP
REPUBLIC AND CHAMPION QUADRANGLES
SCALE: 1" = 3000'



SCALE IN FEET

HORIZON ENVIRONMENTAL

PROJECT NUMBER:
KEX-0102

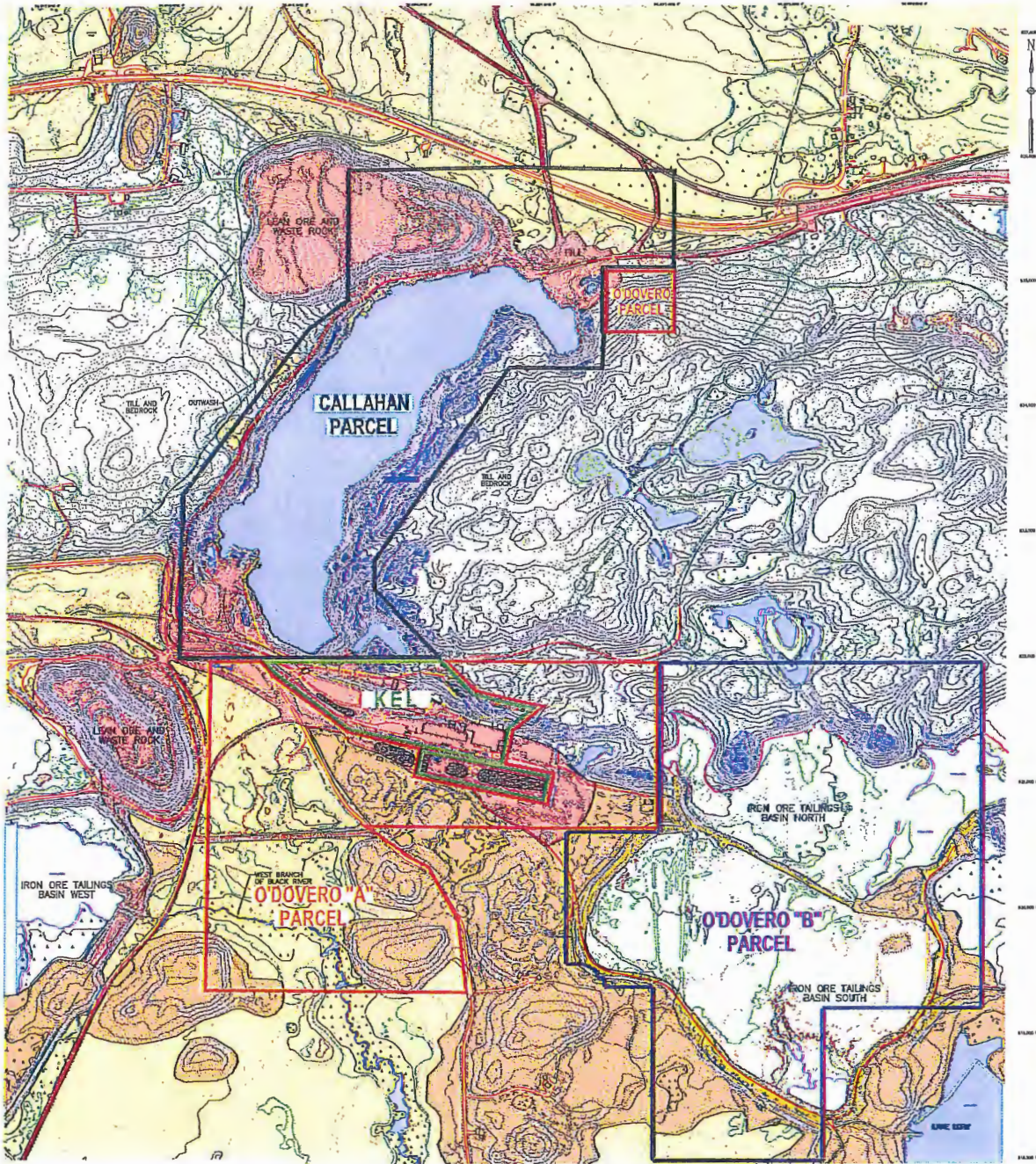
Kennecott Eagle Minerals Company
Marquette County, Michigan

FIGURE:

1

SITE LOCATION MAP

NOVEMBER 2010



NOTES:

1. TOPOGRAPHIC AND PLANNING DATA SUPPLIED BY AERO-METRIC ENGINEERING, SHEBOYGAN, WISCONSIN. DATE OF PHOTOGRAPHY: APRIL 27, 2006.
2. CONTOUR INTERVAL BASED ON NORTH AMERICAN VERTICAL DATUM OF 1988. HORIZONTAL DATUM BASED ON NAD 83/98. HORIZONTAL COORDINATES BASED ON MICHIGAN STATE PLANE.
3. SITE LOCATION: PROJECT SITE WITHIN SECTIONS 2 AND 11, 147N, R29W, HUMBOLDT TOWNSHIP, MARQUETTE COUNTY, MICHIGAN.
4. CONTOUR INTERVAL SHOWN IS 10 FOOT.



0 200 400

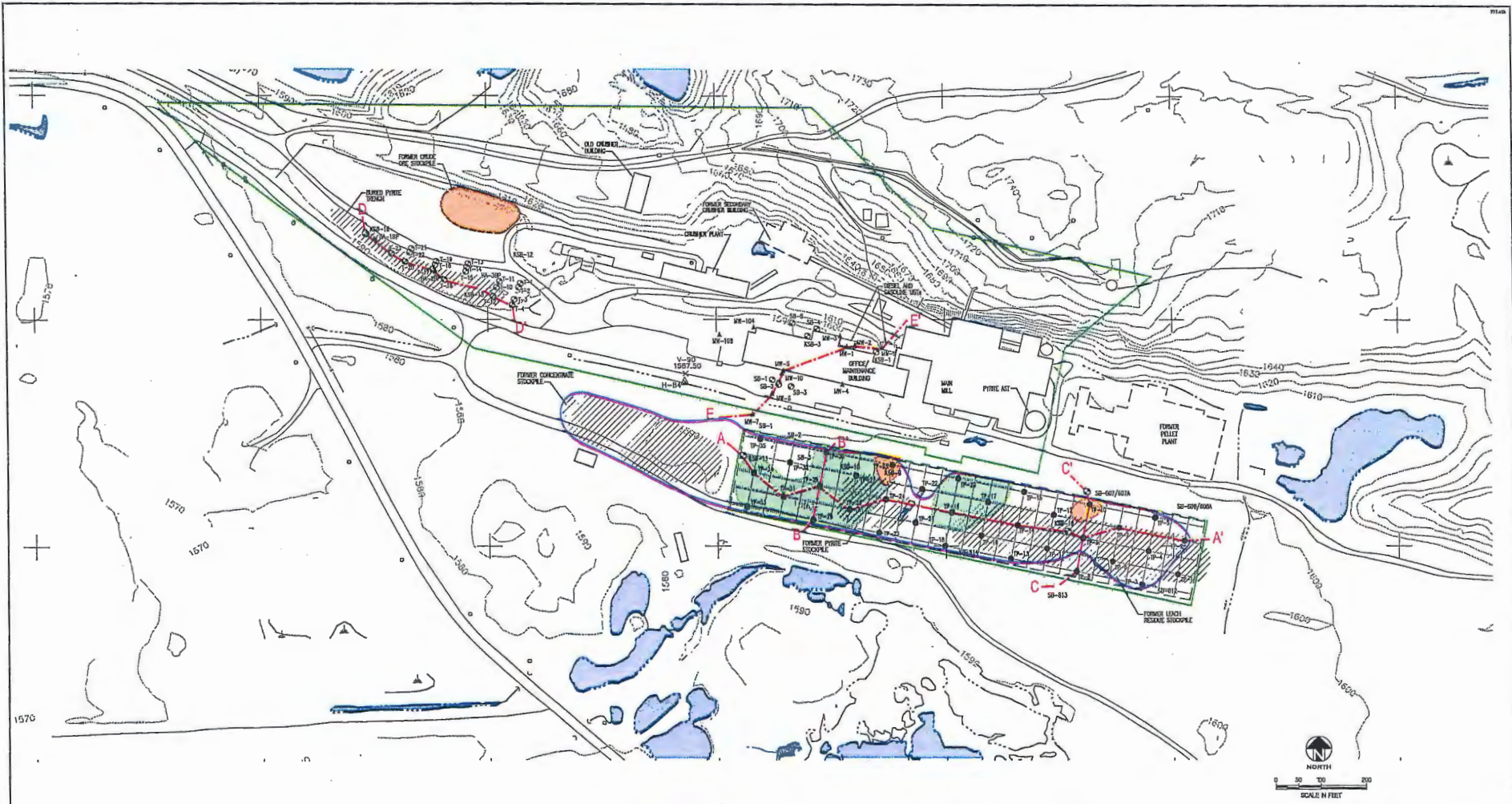
LEGEND

- EXISTING ELEV. CONTOUR IN FEET
- PAVED ROAD
- UNPAVED ROAD
- TRAIL
- TREE
- TREE LINE
- FENCE
- SURFACE WATER
- SWAMP/WETLAND
- STREAM/LAKE
- BUILDING
- "B" PARCEL PROPERTY BOUNDARY
- CALLAHAN PARCEL PROPERTY BOUNDARY
- APPROXIMATE LIMITS OF PRE-EXISTING IRON ORE TAILINGS DISPOSAL FACILITY
- PROJECT LOCATION
- APPROXIMATE LIMITS OF NATIVE SOIL IN AREA OF INTEREST
- APPROXIMATE LIMITS OF EXISTING STRUCTURAL FILL
- APPROXIMATE LIMITS OF EXISTING IRON ORE TAILINGS
- APPROXIMATE LIMITS OF EXISTING BERM
- APPROXIMATE LIMITS OF EXPOSED BEDROCK

SHEET NUMBER:	PROJECT:	CAD FILE:	REV.	REVISIONS	DATE
2	KEX-0102	K2302078			
		LAST EDIT: 09/03/10			
NOVEMBER 2010	DRAWN BY: CNI	PLOT SCALE: 1:1			

PROPOSED CNTS PROPERTY BOUNDARIES

HORIZON ENVIRONMENTAL
 4771 50th STREET SE, SUITE ONE - GRAND RAPIDS, MI 49512
 616 554-3210 - FAX 616 554-3211 - www.HORIZONENV.com

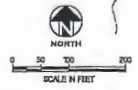


PROPOSED EXCAVATION KEY:

- APPROXIMATE EXTENT OF REMOVAL OF APPROXIMATELY 3 INCHES OF SURFICIAL MATERIAL
- APPROXIMATE EXTENT OF REMOVAL OF APPROXIMATELY 6 INCHES OF SURFICIAL MATERIAL
- APPROXIMATE EXTENT OF REMOVAL OF 2 - 4 FEET OF MATERIAL

LEGEND:

- EXISTING ELEV. CONTOUR IN FEET
- PAVED ROAD
- UNPAVED ROAD
- TRAIL
- SURFACE WATER
- SWAMP/WETLAND
- STREAM/LAKE
- BUILDING
- GEOLOGIC CROSS SECTION TRACE
- SOIL BORING NUMBER AND LOCATION
- BURIED PYRITE STOCKPILE HAND AUGER BORING NUMBER AND LOCATION
- TEST PIT NUMBER AND LOCATION (SIC)
- MONITORING WELL
- HUMBOLDT MILL PARCEL BOUNDARY

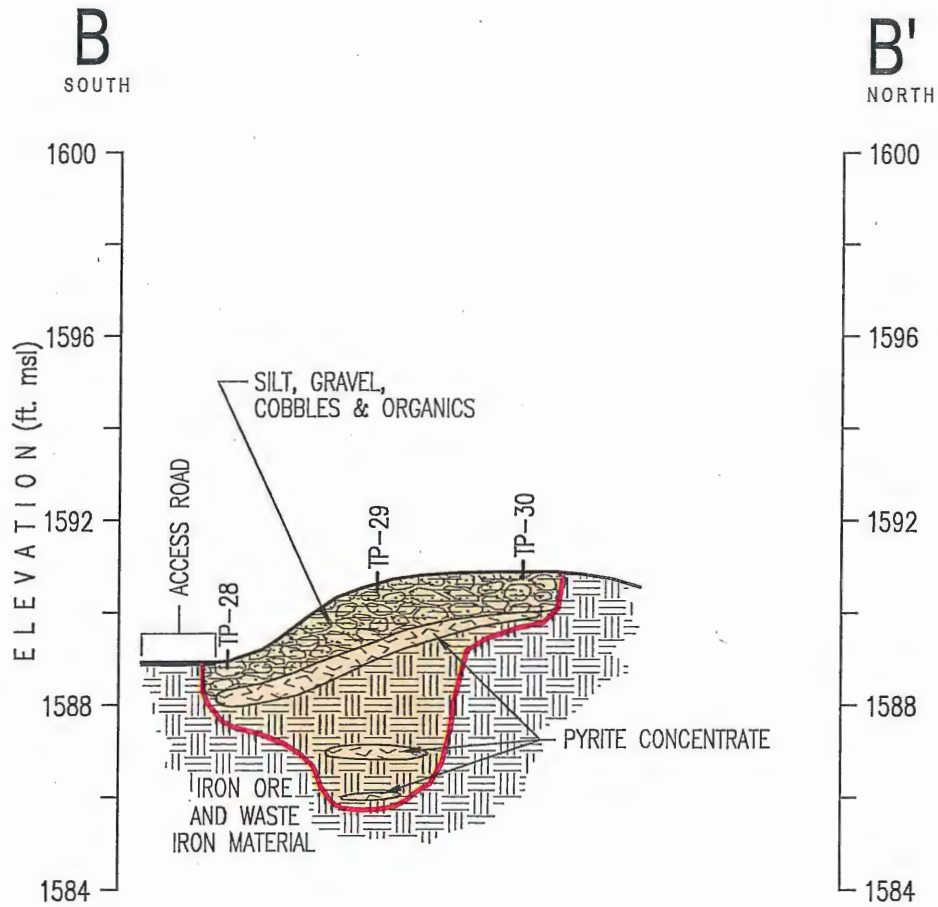


HORIZON ENVIRONMENTAL







4771 50th STREET SE, SUITE ONE - GRAND RAPIDS, MI 49512
616 554.3210 - FAX 616 554.3211 - www.HORIZONENV.com

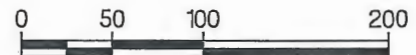
KENNECOTT EAGLE MINERALS COMPANY
HUMBOLDT TOWNSHIP, MARQUETTE CO., MICHIGAN
SITE PLAN WITH ENVIRONMENTAL RESPONSE ACTIVITIES AND
GEOLOGICAL CROSS-SECTION TRACES

NO.	REVISIONS	DATE	DESIGNED BY:	DATE:	CAD FILE:	PROJECT NUMBER	SHEET NUMBER
			DRAWN BY: CWN	NOV, 2010	LAST EXT: CWN102210	KEX-0102	3
			CHECKED BY:	DATE:	PLOT SCALE: 1:1	SCALE 1" = 100'	



LEGEND

-  - GRAVEL
-  - PYRITE CONCENTRATE
-  - IRON ORE MATERIAL
-  - SILT, GRAVEL, COBBLES & ORGANICS
-  - MATERIAL TO BE EXCAVATED
- TP-7 - TEST PIT LOCATION
-  - APPROXIMATE EXTENT OF PROPOSED EXCAVATION



HORIZONTAL SCALE IN FEET
25x VERTICAL EXAGGERATION

HORIZON ENVIRONMENTAL

Kennecott Eagle Minerals Company
Humboldt Township, Marquette County, Michigan

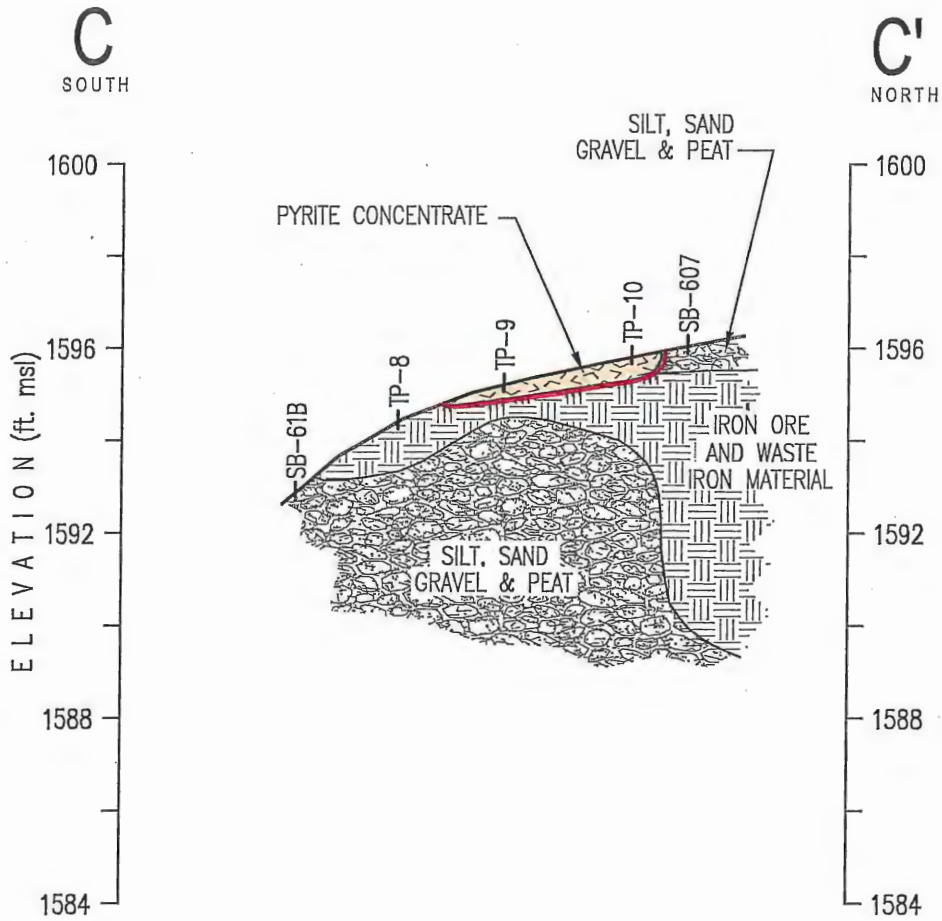
PROJECT NUMBER:
KEX-0102

CROSS-SECTION
B - B'









FIGURE:

5

NOVEMBER 2010



LEGEND

-  - SAND
-  - GRAVEL
-  - PEAT
-  - PYRITE CONCENTRATE
-  - IRON ORE MATERIAL
-  - SILT, SAND, GRAVEL & PEAT
-  - MATERIAL TO BE EXCAVATED
- TP-7 - TEST PIT LOCATION
-  - APPROXIMATE EXTENT OF PROPOSED EXCAVATION



HORIZONTAL SCALE IN FEET
25x VERTICAL EXAGGERATION

HORIZON ENVIRONMENTAL

Kennecott Eagle Minerals Company
Humboldt Township, Marquette County, Michigan

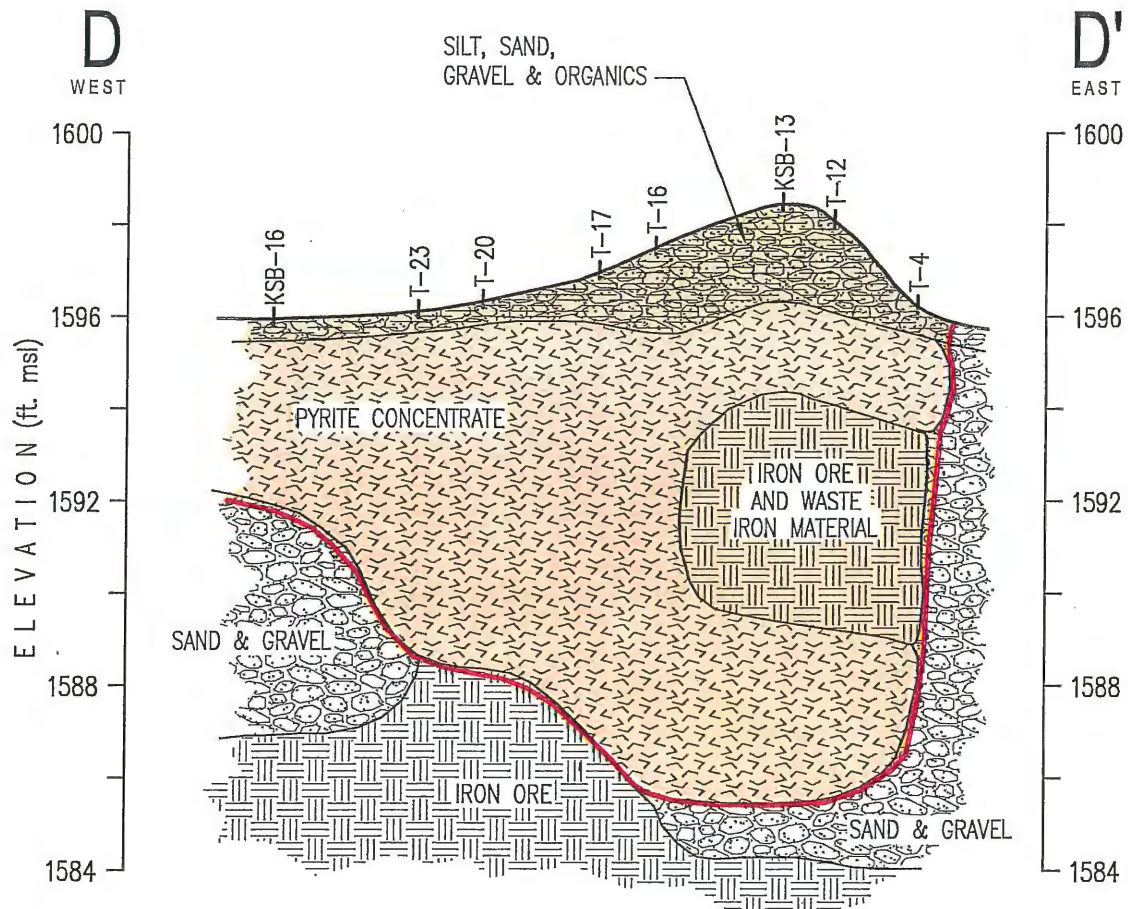
PROJECT NUMBER:
KEX-0102

FIGURE:








6

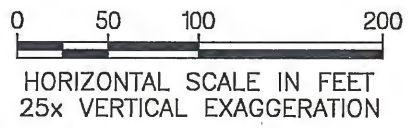
NOVEMBER 2010

CROSS-SECTION
C - C'

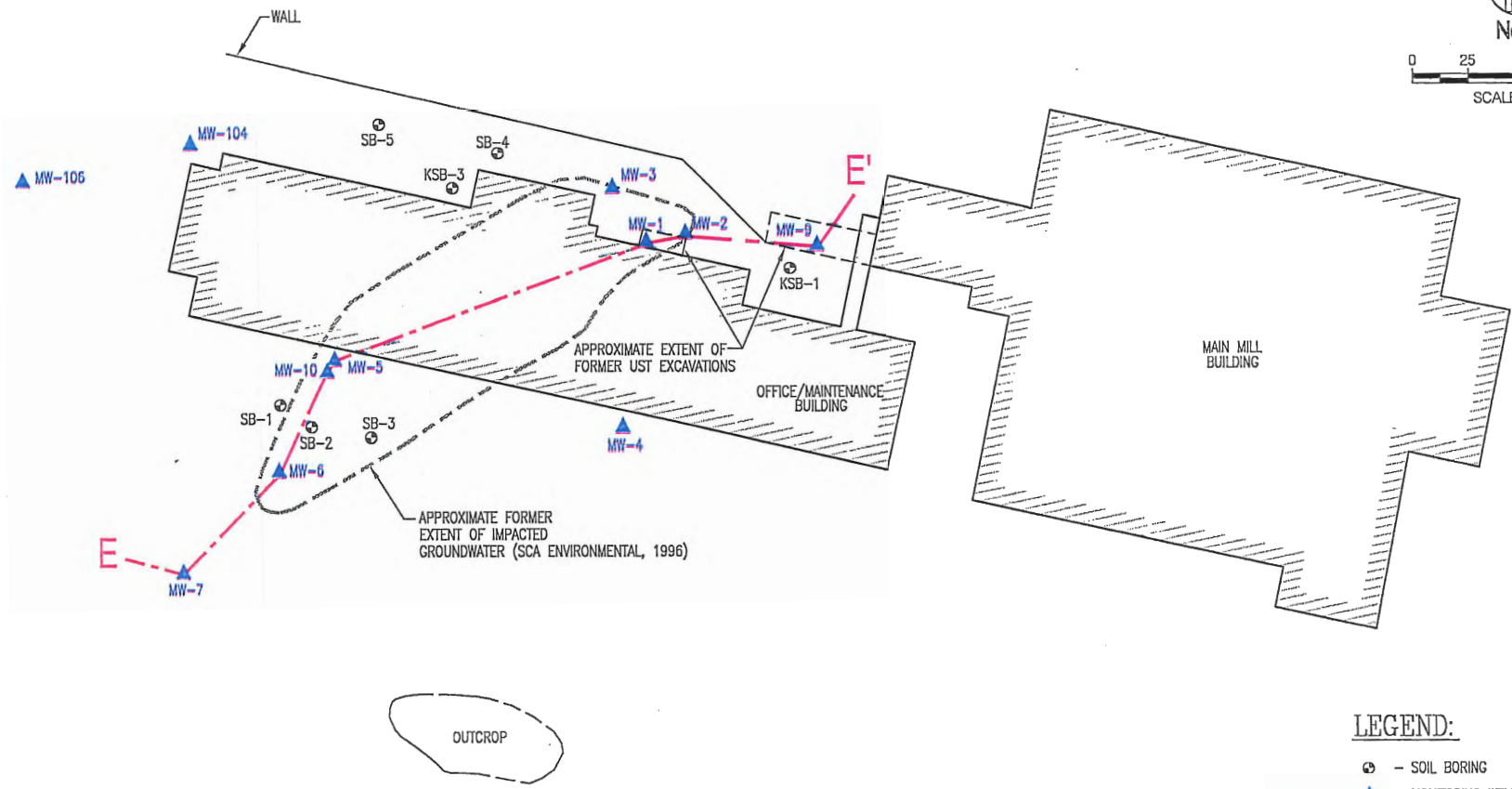
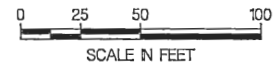


LEGEND

-  - SAND
-  - GRAVEL
-  - PYRITE CONCENTRATE
-  - IRON ORE MATERIAL
-  - SILT, SAND, GRAVEL & ORGANICS
-  - MATERIAL TO BE EXCAVATED
- TP-7 - TEST PIT LOCATION
-  - APPROXIMATE EXTENT OF PROPOSED EXCAVATION



HORIZON ENVIRONMENTAL		PROJECT NUMBER: KEX-0102
Kennecott Eagle Minerals Company Humboldt Township, Marquette County, Michigan		FIGURE: 7
CROSS-SECTION D - D'		NOVEMBER 2010



LEGEND:

- ⊗ - SOIL BORING
- ▲ - MONITORING WELL PROPOSED FOR SAMPLING
- A-A' - CROSS SECTION TRACE

HORIZON ENVIRONMENTAL

Kennecott Eagle Minerals Company
Humboldt Township, Marquette County, Michigan

PARTIAL SITE MAP - UST AREA
WITH CROSS SECTION TRACE

PROJECT NUMBER:
KEX-0102

FIGURE:

8

JUNE 2010

DATE PLOTTED: 06/01/10 11:12 AM 12/19/10 10:24:01 AM

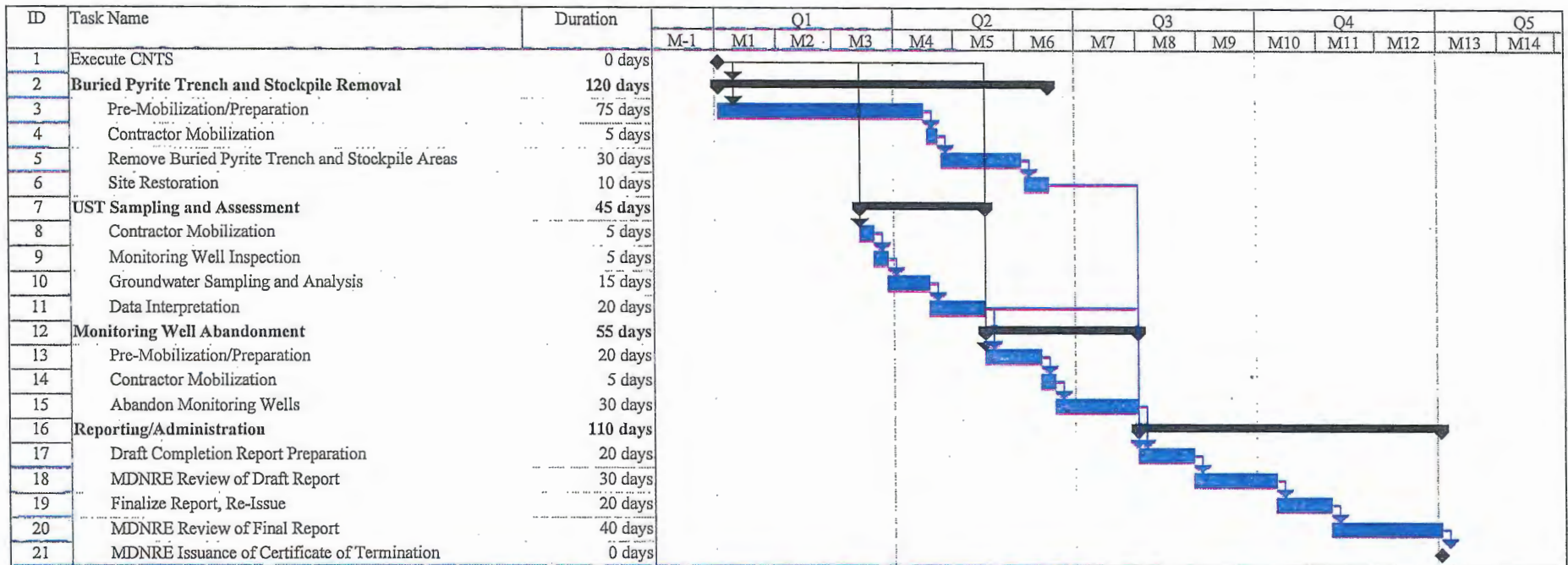


Figure 10
 Kennecott Eagle Minerals Company, Humboldt Mill Property
 Environmental Response Activities Schedule



TABLES

TABLE 1
KENNECOTT EAGLE MINERALS COMPANY
HUMBOLDT MILL PROPERTY
HUMBOLDT TOWNSHIP, MARQUETTE COUNTY, MICHIGAN
GROUNDWATER MONITORING WELLS TO BE ABANDONED
PURSUANT TO CNTS REQUIREMENTS

MW-101

MW-102

MW-103

MW-104¹

MW-105

MW-106

MW-107

MW-10¹

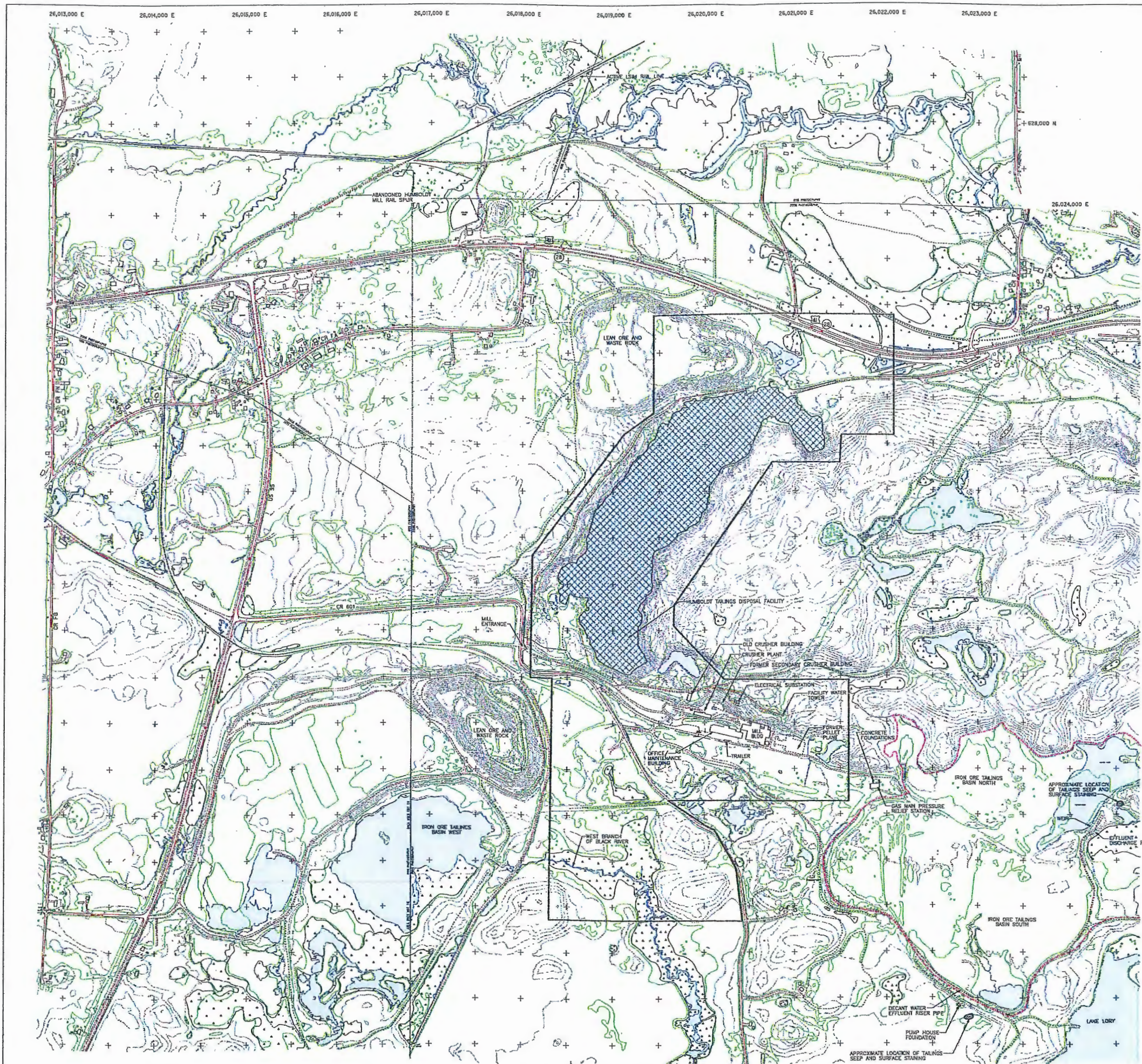
MW-603

MW-606

PW-1

KMW-7

¹ Monitoring well abandonment to be completed pending conclusion of use of this well in relation to UST assessment and related response activities, if applicable.



LEGEND

- EXISTING ELEV. CONTOUR IN FEET
- ==== PAVED ROAD
- UNPAVED ROAD
- TRAIL
- o TREE
- TREE LINE
- FENCE
- SURFACE WATER
- SWAMP/WETLAND
- STREAM/LAKE
- BUILDING
- HUMBOLDT TAILINGS DISPOSAL FACILITY (HTDF)
- APPROXIMATE LIMITS OF PRE-EXISTING IRON ORE TAILINGS DISPOSAL FACILITY
- KEMO PROJECT LOCATION
- ACTIVE LSAI RAIL LINE

NOTES:

1. TOPOGRAPHIC AND PLANIMETRIC DATA SUPPLIED BY AERO-METRIC ENGINEERING, SHEBOYGAN, WISCONSIN. DATE OF PHOTOGRAPHY: APRIL 27, 2006, UNLESS OTHERWISE NOTED.
2. CONTOUR INTERVAL BASED ON NORTH AMERICAN VERTICAL DATUM OF 1988. HORIZONTAL DATUM BASED ON NAD 83/86. HORIZONTAL COORDINATES BASED ON MICHIGAN STATE PLANE.
3. SITE LOCATION: PROJECT SITE WITHIN SECTIONS 2 AND 11, T47N, R09W, HUMBOLDT TOWNSHIP, MARQUETTE COUNTY, MICHIGAN.
4. CONTOUR INTERVAL SHOWN IS 10 FOOT.

Foth Infrastructure & Environment, LLC				
REVISED	DATE	BY	DESCRIPTION	
				FIGURE 1-2 HUMBOLDT MILL PROJECT REGIONAL SETTING
CHECKED BY:	JWH	DATE:	DEC 10, 2007	Scale: _____ Date: DECEMBER, 2007 Project No. 069003
APPROVED BY:	SVH	DATE:	DEC 10, 2007	