NOTICE OF DECISION – Bureau of Mining Regulation and Reclamation

Web Posting: 02/03/2016

Deadline for Appeal: 02/13/2016

WPC Permit No. NEV0050037
Rochester Mining Project
Coeur Rochester, Inc.

The Administrator of the Nevada Division of Environmental Protection (the Division) has decided to renew Water Pollution Control Permit NEV0050037 to Coeur Rochester, Inc. This Permit authorizes the construction, operation, and closure of approved mining facilities in Pershing County, Nevada. The Division has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through 445A.447, to assure that the waters of the State will not be degraded by this operation, and that public safety and health will be protected.

The Permit will become effective 18 February 2016. The final determination of the Administrator may be appealed to the State Environmental Commission pursuant to Nevada Revised Statute (NRS) 445A.605 and NAC 445A.407. All requests for appeals must be filed by 5:00 PM, 13 February 2016, on Form 3, with the State Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. For more information, contact Shawn Gooch at (775) 687-9557 or visit the Bureau of Mining Regulation and Reclamation website at http://ndep.nv.gov/bmrr/index.htm.

Written comments were received during the public comment period from John Hadder, Great Basin Resource Watch (GBRW) of Reno, Nevada. The text of all comments (in quotations) and the Division responses (in *italics)* are included below as part of this Notice of Decision.

John Hadder, Written Comment 1

"In general, GBRW remains concerned about the long-term closure of this site and its ongoing contamination problems. We believe that the Rochester mine could be a treatment in perpetuity site, and steps should be taken to assure that there exists a mechanism to provide funding to management and mitigate the site in the very long-term."

Division Response 1:

Comment noted. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 2:

"Monitoring Wells WI-16 and -17 are just beneath CBE and CBW, 66 and 29 feet deep with 10-ft screens in shallow bedrock and shallow alluvium, respectively. WI-16 was exceeding in CN^-, and now exceeding in NO_3^- and TDS, and is consistently high as is arsenic. WI-17/17R appears to be trending higher in Cl^- and TDS, and maybe NO_3^-; all consistently in exceedance. The pattern in WI-17/17R of arsenic is consistent with the early increase in cyanide and then trending down, so GBRW views the elevated arsenic as part of the Stage I heap leach pad (HLP) leakage problem. The alluvial aquifer is being degraded and contamination is reaching the shallow bedrock aquifer and intercepted by the pumpback well system."

Division Response 2:

The Stage I heap leach pad is in closure and the contaminant plume is being monitored and ongoing remediation is occurring. If warranted based on future monitoring results, additional mitigation may be required. Monitoring wells WI-16 and WI-17/17R are both active remediation pumpback wells screened in alluvium. As active remediation wells, elevated constituents are expected due to pumping and mobilizing the detected analytes. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 3:

"The catch basins and SAC (reporting ~ 2,000 GPD as of 2015, a dry year) still receive significant drainage form the closed Stage I HLP. GBRW remains concerned that drainage from this facility will be a long-term issue. Pumping in perpetuity is not viable and NDEP needs to press Coeur Rochester for a long-term passive strategy."

Division Response 3:

A schedule of compliance (SOC) item is in the Permit as I.B.1 to address this issue. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 4:

"MW-37 is in deep sediment at the base of the heap, and since 2011 shows an increase in mercury above standards. Cyanide spiked up around 2011 and thereafter nitrate increased and is currently at the standard limit. Although TDS and Cl^- have not shown any deviation NDEP needs to require, as a SOC, Coeur Rochester to determine the source of the increases and provide an action plan to alleviate the contamination."

Division Response 4:

MW-37 is screened in the second perched water interval, the same perched water interval and area of other operating remedial wells (WI-16, MW-17R, and MW-53). Thus, this area is already undergoing active remediation and is influenced by remediation pumping. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 5:

"Wells MW-33 and -35 are completed in bedrock at the base of the Stage I HLP and north of the process ponds, respectively. MW-35 shows some exceedances in mercury that began around 2013, and MW-33 shows an increasing trend that started around 2011 in arsenic. At about the same time NO_3^- also showed a smaller jump in concentration, although still below standards. This maybe evidence that the bedrock aquifer is being degraded by mine operations, perhaps the Phase I HLP again. GBRW views this contamination as degrading waters of the state, and a potential violation of Nevada law. As a SOC NDEP should require Coeur Rochester to determine the source of this degradation and if mine related provide an action plan to arrest the problem."

Division Response 5:

Mercury concentrations in monitoring well MW-35 have been trending steadily down beginning with the spike of the fourth quarter of 2014 continuing through the fourth quarter of 2015. The Division will continue to track this trend through the established monitoring program. Monitoring well MW-33 is adjacent and directly upgradient of the pumpback system associated with WI-16 and WI-17/17R discussed in Division Response 2. Elevated constituents are expected due to pumping and mobilizing the detected analytes. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 6:

"GBRW does not support Coeur Rochester's proposal to cover the American Canyon Spring. The operator is arguing that the Stage V HLP will capture about 85% (from NDEP staff) of the source of this spring and thus believes that seepage from the spring in the long-term will be slight and handled by the groundwater underdrain system. In the long-term after the operator is no longer responsible for the site the underdrain system will probably collapse, which is one reason why GBRW does not support covering springs. With a source of water near the base of a HLP we believe that groundwater degradation will occur eventually. However, if enough of the source of the spring is captured by the engineered facilities above ground, then the spring may become dry and avoid long-term degradation. The "Rock and Water Baseline Characterization Summary" dated January 2014 does state that the source of the ACS

is "shallow sediments" consistent with the 85% figure above, and GBRW would like to see the analysis that justifies covering the spring."

Division Response 6:

The Stage V HLP design utilizes industry and regulatory accepted engineering practices to minimize potential impacts to groundwater resources, meets Division standards, and will be constructed upon lined facilities designed with effective leak detection systems. No modification to the proposed Permit is warranted at this time.

John Hadder, Written Comment 7:

"GBRW is aware of the proposed plan for the Rochester Pit, and remains skeptical that it will be successful. In our view, it will be very difficult to achieve the balance that is sought to avoid a pit lake that is likely to be poor water quality and flow-through and prevent groundwater contamination. If the hydrostatic head is a bit too great then there will be flow into the groundwater and will degrade waters of the state and too little the pit lake will form, which could also degrade groundwater. GBRW will be analyzing this issue in greater detail, so for now we caution that the pit has the potential to require treatment in perpetuity."

Division Response 7:

Comment noted. No modification to the proposed Permit is warranted at this time.