STATE OF NEVADA
Department of Conservation & Natural Resources
DIVISION OF ENVIRONMENTAL PROTECTION
Jim Gibbons, Governor
Allen Biaggi, Director
Leo M. Drozdoff, P.E., Administrator

NOTICE OF DECISION

June 26, 2007

WATER POLLUTION CONTROL PERMIT
NUMBER NEV0087052

Round Mountain Gold Corporation

Smoky Valley Common Operation

The Nevada Division of Environmental Protection has decided to renew Water Pollution Control Permit NEV0087052 to Round Mountain Gold Corporation. This permit authorizes the construction, operation, and closure of approved mining facilities in Nye County. The Division has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through NAC 445A.447, to assure the Division that the groundwater quality will not be degraded by this operation, and that public safety and health will be protected.

The permit will become effective July 11, 2007. 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, July 6, 2007, on Form 3, with the State Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. For more information, contact Rob Kuczynski, P.E. at (775) 687-9441 or visit the Division's Bureau of Mining Regulation website at www.ndep.nv.gov/bmrr/bmrr01.htm.

Two comment letters were received during the public comment period. The first letter, dated April 25, 2007 was received from William B. Goodhard, Vice President and General Manager, Round Mountain Gold Corporation, Smoky Valley Common Operation. The second letter, dated April 27, 2007 was received from Tom Myers, Ph.D., Hydrologic Consultant to Great Basin Mine Watch. Division responses to the received comments are attached to this Notice of Decision.

NDEP Response to Round Mountain Gold Corporation, Smoky Valley Common Operation (RMGC) Comments Letter dated April 25, 2007 and hand delivered on April 27, 2007.

RMGC Comment #1: "RMGC has reviewed production records, potential mining scenarios and production equipment fleet and requests a production authorization change from 75,000,000 tons a year to 110,000,000 tons a year."

NDEP Response: Water Pollution Control (WPC) Permits issued for mine facilities typically capture the annual tonnage capacity of the approved process facilities with a respective reference on the first page of the permit. NDEP utilized available information with RMGC to incorporate the 75 million ton reference in the initial draft permit. However, RMGC subsequently provided further information indicating that the requested permit language of 110 million tons per year would more accurately reflect what the facility is currently capable of processing. As such, NDEP has modified the tonnage reference in the issued permit to the higher amount. It should be noted that this adjustment in the permit language does not represent an actual increase the facility's throughput, but merely is a more accurate representation of what the combined approved facilities are capable of processing. The maximum process solution rate is still limited by permit condition G.13.

RMGC Comment #2: "RMGC requests the deletion of the sampling requirements for SDLP (Lean Solution). Lean Solution is terminology employeed by RMGC to identify this solution as an intermediate step in the Leaching Process. Sampling of the SDLP would provide no relevant data in relation to potential releases to the environment. Relevant data will be obtained from sampling and analysis of the Pregnant Solution (SDPS) which contains the highest metals loading and Barren Solution (SDBS) which contains the highest cyanide concentration."

NDEP Response: The monitoring requirement for SDLP was initially drafted in the renewal permit respective to the process component at the intermediate pond. However, as RMGC correctly notes, other pond solutions, namely the South Dedicated Pregnant Solution (SDPS) and South Dedicated Barren Solution (SDBS) can be utilized as conservative representation of the intermediate pond solution. As such, the NDEP has accepted RMGC's proposal to use these two points for monitoring and compliance demonstration in lieu of requiring additional analysis of process solution from the intermediate pond. The monitoring requirements in Section I.D of the issued permit have been modified to reflect this change.

RMGC Comment #3: "RMGC requests that the compliance schedule timeline of 90 days for update of the WRMP [Waste Rock Management Plan] be increased to 180 days. The timeline increase would allow for necessary completion of monitoring, analysis, and compilation of the WRMP."

NDEP Response: RMGC has already initiated long-term kinetic tests for further characterization of the anticipated waste rock material. The NDEP understands that the kinetic evaluation has already been carried beyond the 20-week test duration typically performed and during a May 3, 2007 conference call RMGC indicated that the tests were approaching completion. In consideration of RMGC's requested extension and noting the significant progress already made, the NDEP has determined to extend the compliance date from 90 to 120 days in the issued permit.

RMGC Comment #4: "RMGC respectfully requests the deletion of Permit Condition #14 [Section I.G.-Management of Stockpiled PAG Ore] and as an alternative proposes adding language under Section I.B Schedule of Compliance. RMGC recognizes the Division's position on determining the potential to degrade waters of the State and in order to define how this determination will be made, RMGC would like to take the initiative and propose the following to adequately address the issue: …
Within sixty (60) days of the effective date of this permit, the permittee shall submit a work plan for the characterization of ore with respect to the potential to degrade waters of the State. The work plan will present a schedule for completion of activities and findings, to include a discussion of methodologies, review and analysis of existing data and studies, and data gap analysis."

NDEP Response: NDEP is appreciative of RMGC's commitment towards addressing the management of stockpiled PAG ore. Permit Limit I.G.14 (Management of Stockpiled PAG Ore) in the initial draft permit has now been replaced by the specific Schedule of Compliance item (SOC I.B.5) in the issued permit as pro-offered by RMGC. The new SOC item requires the submittal of a work plan within 60-days after the effective date of the Permit renewal to specifically evaluate and address any potential concerns for the stockpiling PAG ore material at RMGC. In addition to a scope of work and respective schedule, the work plan will include a permeability evaluation for the adequacy and suitability of the existing stockpile pad containment area and a commitment to provide detailed findings and a resulting action plan with specific implementation dates.

NDEP Response to Tom Myers, Ph.D. on behalf of Great Basin Mine Watch (GBMW) Comments Letter dated April 27, 2007 received electronically and by FAX on April 27, 2007.

General Note: The GBMW letter was referenced as comments pertaining to WPC Permit NEV0090056: Mill 5/6-Gold Quarry – James Creek Project. However, that reference appears to have been an oversight by GBMW as the comments provided were specific to the RMGC Permit NEV0087052 Renewal.

GBMW Comment #1: "Dewatering has drawn water and very high fluoride concentrations toward the pit. NDEP should require Round Mountain to address the following issues regarding fluoride. Will the fluoride affect domestic wells in Round Mountain?"

NDEP Response: As the GBMW letter noted, the source of the observed fluoride concentrations is most likely from geothermal waters which underlie portions of the mine site. Pursuant to WPC Permit NEV0087052, monitoring wells are sampled and analyzed for Profile I constituents, including fluoride, and the results reported to NDEP quarterly. It should be noted that GMW-1 and GMW-2 referenced in the GBMW letter as having a variable trend in fluoride concentration are both geothermal wells which are screened at a significantly deeper depth. Data from the quarterly monitoring reports over the last five years, including groundwater monitoring wells DMW-1, DMW-2, MW-101, MW-105, and MW-108, have all shown no relative change in fluoride trend when compared to previous years. Lastly, it is important to note that the domestic water supply wells in question are all located upgradient of the RMGC mine site.

GBMW Comment #2: "What wil[l] be the fate of the fluoride in the groundwater in the long term – after mining has ceased?

NDEP Response: Fluoride as present in either the alluvial and bedrock aquifers will be within the hydraulic sink of the pit and will therefore flow toward the pit both during operations and post closure. Refer also to NDEP's response to GBMW Comment #3 below.

GBMW Comment #3 "Will the pit lake have water high in fluoride? NDEP should require an updated pit lake study to assess the future quality with respect to fluoride."

NDEP Response: A pit lake study has been just recently performed by Water Management Consultants (WMC) on behalf of RMGC as part of the "RMX" (Round Mountain Expansion) SEIS. WMC has concluded that the RMGC Smoky Valley Common Operation (SVCO) pit will behave as a hydraulic sink, based on the predictive modeling results. No groundwater flow is expected to occur from the pit lake onto adjacent areas. Current (2007) predictive modeling performed by WMC for the SVCO pit lake suggests a fluoride concentration up to approximately 13 mg/l. RMGC and WMC are continuing to refine the model by looking at absorption and co-precipitation for removal of fluoride by calcite. Updated model results and predictions will be included in the upcoming Major Modification of WPCP NEV0087502 for the proposed RMX Project. It is anticipated that this WPC application will be submitted to NDEP during 2007.

GBMW Comment #4: "Will the fluoride in the process water create a future fluoride source in either leach pads or tailings impoundments? This could occur by fluoride attaching itself to the particle in either facility."

NDEP Response: Process water is required to be contained within the approved process components. To date, compliance monitoring results have not indicated any impact from process waters. Fluoride concentrations in either the leach pads or tailings facilities may or may not have an impact on the ultimate closure options. Post closure monitoring and management of the heap and draindown solutions will continue to ensure that RMGC remains in compliance with the approved final closure plan.

GBMW Comment #5: "With the fluoride being drawn across the fault toward the pit, is it possible, either now or after dewatering ceases, that fluoride will reach and contaminate a spring?"

NDEP Response: The conceptual model utilized in the earlier (1993) pit lake study assumed the presence of a fault running toward the pit. However, as a result of WMC's recent pit lake study, knowledge and understanding of site hydrogeology has improved considerably. The current understanding of the hydrogeology is that there is no fault or barrier as described in the earlier study. In addition, there are no springs or seeps in the area that have the potential of being impacted. Please refer also to NDEP's response to GBMW Comment #3.

GBMW Comment #6: "Simon Hydro-Search (1993) writes that percolation of seepage through 'leach residual material may reach groundwater' in 450 years but only under ideal homogeneous conditions. 'However, since actual site conditions are inhomogeneous and contain caliche, clay, and other low permeability layers, percolation from alluvium to ground water may never occur' (Simon HydroSearch 1993, page vii). We hope NDEP does not rely on this analysis because it involves several potentially inaccurate assumptions."..."Preferential flow conditions may cause the transport of contaminants to groundwater to occur much faster than predicted with

methods such as HELP." … "Inhomogeneous conditions also do not guarantee that flow will be slower than with assumed homogeneous conditions."

NDEP Response: Comment noted.

GBMW Comment #7: "Dat[a] in the 2006 annual report indicate that 11 percent of the rock being mined is PAG [Potentially Acid Generating] but the fact sheet suggests that just three rock types of 45 are potentially PAG. Does the percent of PAG waste rock being mined match that which was expected when the 1996 waste rock plan was written? We are dubious of plans for blending the rock because acid production depends on kinetic rates and the accessibility of the acid producing and neutralizing material. For these reasons, we recommend that NDEP increase the required testing of waste rock. At present quarterly MWMP tests are required only on PAG rock. It would be better to test all rock because constituents in the rock vary and leaching not related to acid generation could be problematic."

NDEP Response: Given the past reporting practice, the commenter's question regarding PAG waste rock percentage is quite understandable. In direct response to the question; yes, the percent of PAG material actually mined is consistent with that expected by the 1996 Waste Rock Plan. However, as noted below, in addition to performing analytical characterization of the referenced waste material, RMGC has also been reporting PAG waste rock (WR) based on visual observation of oxide and sulfide WR lithotypes generated. While this visual observation method is primarily intended for mine planning, the procedure has been used to date by RMGC to provide a conservative estimation of how much PAG and non-PAG waste material has been generated as a result of mining. It is these visual observations that have been quantified and reported to NDEP that have ranged from a low in 2002 of 7%PAG (of the total WR) to a high of almost 30% PAG in 2005. Since 2005, the amount of PAG WR reported based upon RMGC's visual estimates has dropped to over 11%.

It is important to note that confirmatory Acid Base Accounting (ABA) analyses are performed on WR samples quarterly for final PAG determination and actual disposition. These results have previously been submitted to NDEP annually, but with issuance of the renewed permit are now required for submittal on a quarterly basis. Based upon the tonnage and ABA results for each WR lithotype generated, the 1996 Waste Rock Plan estimated that between 0.4 and 2.0 percent of the total tonnage of WR generated annually would be PAG. Blast hole data from 2006 indicated approximately 1% of the WR generated from the mine was PAG, well within the anticipated range..

To address the waste rock concerns, the issued permit renewal includes Schedule of Compliance (SOC) item I.B.5 which requires an updated waste rock management plan be submitted within 120 days of the effective date of the Permit. The updated plan shall include identification, revised estimates and protocols for all waste rock lithotypes the Permittee expects to encounter until the end of mine life.

GBMW Comment #8: "Please send the final permit and responses to the comments both to me [Tom Myers] and to Great Basin Mine Watch."

NDEP Response: Comment noted. Copies of the final Permit and NDEP response to the comments are routinely sent to those parties which submitted comments.