



**DEPARTMENT of AGRICULTURE
and NATURAL RESOURCES**

221 MALL DRIVE, SUITE #201
RAPID CITY SD 57701
danr.sd.gov

February 2, 2026

Ken Nelson
Wharf Resources (USA) Inc.
10928 Wharf Road
Lead, SD 57754

Re: **EXNI 468 for Wharf Resources Exploration Drilling in Portions of Sections 27, 33, 34, 35, Township 5 North Range 2 East and Portions of Sections 2 and 3, Township 4 North Range 2 East, Lawrence County**

Dear Mr. Nelson:

The department is in receipt of the Exploration Notice of Intent (EXNI) that you filed with our office on December 26, 2025. The department has determined the Notice of Intent to be procedurally complete. Based on our review of your Notice, we determined the following restrictions are required:

1. This project shall be conducted and reclaimed in such a manner as to prevent any violation of the beneficial uses of specified water quality criteria of any water resources in the area. In accordance with ARSD Chapter 74:51:02 and 74:51:03, all surface waters of the state have been assigned the following beneficial uses:
 - 9) Fish and wildlife propagation, recreation, and stock watering assigned to lakes;
 - 10) Irrigation waters and fish and wildlife propagation, recreation, and stock watering for streams
2. Any discharge from the site shall be directed to a settling pond or flat vegetated area to allow suspended solids to settle out. For any discharge into a dry draw, gulch or surface water resource, a South Dakota Surface Water Discharge permit may be required prior to discharge.
3. For any creek or dry drainage crossings, Wharf Resources shall construct the crossing to protect the creek or drainage from erosion, sedimentation, and other damage caused as a result of providing necessary access to exploration activities by vehicles in the area of potential effect (APE). Plans and specifications for each creek crossing area shall be provided to the department prior to construction. If necessary, Wharf Resources shall obtain Surface Water Discharge Permit or 404 permit as necessary before beginning construction in the creek.
4. Wharf shall develop plans and specifications for any drill trail or drill pad that will be constructed on talus slopes. The plans shall include sediment and erosion control, drill pad construction and sump construction in talus slope areas.
5. To ensure optimal soil erosion protection, all affected lands shall have adequate sedimentation and erosion control measures applied pursuant to SDCL 45-6C-32 and according to Best Mineral

Management Practices. These measures shall be in the form of waterbar construction on access roads where appropriate; revegetation of roads; road embankment slopes; and the installation of straw bale or silt fence type sediment filters wherever necessary. Wharf Resources (USA) Inc shall inspect, clean out, repair, or upgrade the sediment controls as necessary to prevent degradation of surface waters of the state.

6. All topsoil shall be salvaged and stockpiled whenever possible for use in reclamation.
7. When drilling fluids are used and/or when ground water is encountered during drilling, the fluids shall be sufficiently contained to prevent overland flow or discharge to any waters of the state. If water tanks are used in lieu of mud pits, they shall also be sufficiently contained.
8. When mud pits are being utilized in drilling a hole, where possible, these pits shall be constructed on the uphill side of the drill pad or away from highwalls.
9. Drill pads construction may come no closer than 50 feet to any stream or dry stream channels during the course of exploration.
10. Wharf Resources (USA) Inc shall spray weeds up to 50 feet from all disturbed and surrounding areas, including along access roads within the exploration permit boundary. Weed control on all disturbed or reclaimed areas is required until this EXNI is released of reclamation liability by the Board of Minerals and Environment.
11. During periods of active exploration drilling, Wharf Resources (USA) Inc shall provide, via email, a weekly schedule outlining when and where holes will be drilled so the department can plan inspections and witness plugging activities.
12. In the instance sulfate minerals are encountered during drilling activities, Wharf Resources (USA) Inc shall perform paste pH analyses on mud pits and report the findings to DANR prior to reclamation if pH adjustments are necessary for the material in the mud pits. If deemed necessary by DANR, Wharf Resources (USA) Inc shall amend the pit with lime or other buffer material and provide a report outlining reclamation performed at the drill site.
13. All test holes shall be capped, sealed and plugged according to ARSD 74:11:08 (Plugging Standards) immediately following drilling and probing.
14. If surface casing is used in exploration holes, the following requirement shall be met:
 - a) Prior to removal of surface casing, the hole shall be plugged in accordance with ARSD 74:11:08 to a level just below the bottom of the surface casing.
 - b) Following step a), the casing will be removed (when possible) or cut off at least one foot below the ground surface.
 - c) The remainder of the hole will be plugged in accordance with ARSD 74:11:08.
15. Wharf Resources (USA) Inc shall notify the department, in writing, when exploration drilling penetrates an aquifer. Notification shall be provided as soon as possible, but not more than 90 days after penetration of the aquifer. Notification shall include the location of the test hole penetrating the aquifer.
16. Where affected roads and drill pad areas are no longer necessary for further exploration purposes, reclamation must be completed on these disturbed areas within 12 months. If Wharf Resources

(USA) Inc plans to continue exploration in disturbed areas but must temporarily cease exploration activities, reclamation must be completed within 24 months. Wharf Resources (USA) Inc may submit a request to extend these deadlines as necessary to the department.

17. Reclamation must be completed on all affected acreages within 12 months following completion of all exploration activities allowed under this Notice.

18. The following seed mix shall be used for reclamation of the affected areas:

Alsike clover	0.32 PLS/acre
Slender wheatgrass	1.41 PLS/acre
Western wheatgrass	3.89 PLS/acre
Thickspike wheatgrass	0.84 PLS/acre
Hard fescue	0.77 PLS/acre
Pubescent wheatgrass	1.96 PLS/acre
Big bluestem	2.97 PLS/acre
Canada wildrye	1.52 PLS/acre
Western yarrow	0.04 PLS/acre
Purple prairie clover	0.38 PLS/acre

19. Wharf Resources (USA) Inc. shall have a qualified biologist conduct bird nest surveys within the project area no more than one month prior to exploration activities. Surveys shall document species, nest status, and distance to proposed exploration, with an emphasis on raptor nests. Active nest data shall be submitted to SDGFP to determine appropriate buffer distances. Surveys are required to ensure nests are identified prior to any tree removal, as some species in the Black Hills may begin nesting as early as January.
20. If tree removal or any type of surface disturbance is planned to occur on or before May 15, Wharf Resources (USA) Inc. shall have a qualified biologist identify all geological features (e.g., rock crevices, caves, mine openings) within the project area, with an emphasis on features located within 300 feet of proposed drill pads or disturbance zones, to identify potential bat hibernacula. All identified features shall be reported to SDGFP to determine appropriate buffer distances and any applicable hibernacula mitigation measures.
21. If tree cutting or disturbance will occur on or after May 15, Wharf Resources (USA) Inc. shall have a qualified biologist survey all live and dead trees (DBH \geq 3 inches) and relevant geological features within the project area, with emphasis on areas within 300 feet of proposed drill pads or disturbance zones, for potential bat roosts. Roost surveys are not required if tree cutting occurs prior to May 1. Potential bat roosts shall not be removed during the active bat season (May 1–September 30). Emergence surveys may be required to confirm roost use. If bats or active roosts are documented, a 300-foot buffer shall be maintained. All roost locations, observations, and survey results shall be submitted to SDGFP.
22. Wharf Resources (USA) Inc. shall place wildlife escape materials that provide a climb-out surface (e.g., an escape ramp, sturdy branch/log, large, stabilized rock/boulder) in all sump pits to ensure that any wildlife that fall in can exit safely. When feasible, perimeter fencing should also be installed to prevent wildlife from entering sump pits.
23. Wharf Resources (USA) Inc. shall have a qualified botanist conduct rare plant surveys within the project area prior to any surface disturbance. Surveys shall be conducted during the appropriate

growing season and phenological window for target species. If rare plants are identified, all locations, photographs, and habitat notes shall be submitted to SDGFP to determine appropriate buffer distances and avoidance measures.

24. Wharf Resources (USA) Inc shall conduct the necessary archaeological studies as outlined in the January 30, 2026, letter from the Archaeological Research Center prior to disturbance of any areas identified as requiring additional study.
25. During the conduct of its exploration activities, Wharf Resources (USA) Inc shall avoid bones, artifacts, foundation remains, or other evidence of previously unrecorded past human use. For specific direction regarding avoidance of these sites, please contact the SD Archaeological Research Center.
26. If any artifacts or other archaeological or cultural resources are discovered during exploration activities, the activities shall be halted and the State Archaeologist notified at once.

Please note that we have assigned your Notice of Intent the following number: **EXNI-468**. This Notice allows you to conduct only the type and amount of work which is hereby being approved. Any additional work must be covered by the submission of a new Notice to our office. Wharf Resources (USA) Inc may commence with the operation contingent upon compliance with the above restrictions and submittal and approval of the reclamation bond for this project.

Thank you for your interest in and consideration for the natural resources of South Dakota.

Sincerely,

\S/

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cc: Mandy Pearson, Department of Game, Fish and Parks
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