



July 28, 2025

IPOP, LLC Beau Epstein
9811 W. Charleston Blvd. # 2-444
Las Vegas, NV 89117

**APPLICATION FOR PERMITS TO MINE IN ALASKA (APMA)
LAND USE PERMIT & RECLAMATION PLAN DECISION ON REMAND**
APMA F20242875 Bonanza Channel Dredging Project

INTRODUCTION

This decision is issued by the Division of Mining, Land, and Water (the “Division”) pursuant to a remand order from the Department of Natural Resources (DNR) Commissioner regarding IPOP, LLC’s Application for Permits to Mine in Alaska (APMA) F20242875 for the Bonanza Channel Placer Project. On remand, the Division was directed to review the application for a Land Use Permit and Reclamation Plan Approval for the specific claims DKS 30, 31, and 32 (years 1 and 2 of IPOP’s plan), with particular attention to the exploratory data. Consequently, the Division obtained an independent review of the exploratory data by a subject matter expert (SME). The Division has now completed this directed review, including analysis of the original decision, the remand decision, the administrative record, and the SME evaluation. For the reasons set forth below the Division denies the Land Use Permit and Reclamation plan but again invites IPOP to conduct additional exploratory testing to establish a gold resource.

PROCEDURAL HISTORY AND INVESTIGATION AFTER REMAND

Initial Decision and Appeal

- The Division initially denied IPOP’s application on March 11, 2025, finding, among other issues, insufficient exploration evidence to support the proposed mining operation.
- IPOP appealed, resulting in a May 7, 2025 Commissioner’s decision remanding the matter for reconsideration, specifically regarding the sufficiency of exploration data supporting the claims DKS 30, 31, and 32.
- The Division undertook a renewed review of IPOP’s exploration data and sought an independent evaluation from the Division of Geological & Geophysical Surveys (DGGS), who issued an SME memorandum on June 2, 2025.

- After analyzing the complete record, including all new input, the Division issues this updated decision.

Instructions on Remand

The Commissioner's remand decision directed the Division to conduct additional review and adjudication on the merits of IPOP's APMA F20242875 for claims DKS 30, 31, and 32 as proposed to be mined in years 1 and 2. The Division was instructed to evaluate the sufficiency of the exploration data and evidence as it pertains specifically to these claims and the respective mining cuts. The Division was also directed to reconsider findings regarding whether the proposed mining operation would, at times, obstruct navigation within the Bonanza Channel and whether imposing limitations or permit conditions could address navigation and public access concerns. Other arguments raised on appeal are not addressed, as the remand decision renders those moot for this action. The remand decision does not direct or authorize permit issuance but requires reconsideration of the APMA under applicable law and in accordance with the Commissioner's remand decision.

Administrative Record

This decision is based on a comprehensive review of the principal components of the administrative record, which provide the evidentiary foundation for all findings and conclusions. Key record components include:

- The original Application for Permits to Mine in Alaska (APMA F20242875 and all supplemental materials submitted by IPOP, LLC;
- The Division's prior decision letter dated March 11, 2025, and the associated administrative record;
- The Commissioner's remand decision of May 7, 2025, detailing the instructions for additional review and reconsideration;
- The independent technical memorandum¹ prepared by the Alaska Division of Geological & Geophysical Survey (DGGS), dated June 2, 2025;
- All other relevant correspondence, technical memos, and documentation considered by the Division during the remand review.

The Division's decision on this matter draws explicitly upon these documents, which together form the complete record for the adjudication of IPOP's application.

DGGS Independent Review (Exploratory Data and Methodologies)

Pursuant to the Commissioner's remand decision, the Division engaged the DGGS as subject matter experts to provide an independent review of IPOP LLC's 2019 exploratory drilling program and related materials for the Bonanza Channel Placer Project. The DGGS memorandum dated June 2, 2025, provides the technical basis for the following findings and is adopted as a substantive evidentiary component in the Division's determination.

DGGS review found that:

- The applicant's 2019 drilling and sampling program does not meet accepted standards for placer gold exploration.

¹ See Appendix A for the memorandum.

- Methodological deficiencies- including inadequate sampling density and flawed compositing of samples resulted in data that are scientifically insufficient for delineating, characterizing, or inferring a mineral resource in the project area.
- As a result, the evidence submitted fails to substantiate the presence, continuity, or commercial viability of placer gold within the area proposed for mining.

The detailed technical review by DGGs identified the following regarding IPOP's exploration approach and data:

1. Sampling Distribution

- Only thirteen drill holes were completed across a long, wide project area. This low density leaves significant uncertainty regarding gold continuity and distribution.

2. Drill Hole Diameter and Sample Volume

- The use of a GeoProbe 540MT, with an inner sample diameter of 1.125 inches is not standard for placer gold sampling. Miners usually utilize casing diameters of 4–8 inches or larger. The resulting limited sample volumes undermine statistical reliability and likely underrepresent coarser gold fractions.

3. Compositing of Data

- Vertical information could have been obtained by analyzing samples from individual intervals within drill holes. Instead, all intervals from each drill were composited, negating the ability to determine vertical gold distribution.
- Furthermore, all material was composited into one batch for gold processing, eliminating assessment of lateral variability or deposit geometry. This approach invalidates any meaningful spatial interpretation across or within the claims.

4. Quality Assurance and Documentation

- There was no evidence of quality assurance/quality control (QA/QC) procedures, such as the use of duplicate samples, blanks, or standards necessary to validate analytical results and ensure defensibility.
- Key information was omitted regarding cleaning of the centrifuge equipment and the prevention of sample contamination during gold recovery tests.

5. Gold Particle Size (Mesh) Analysis

- The applicant did not screen or otherwise characterize recovered gold for particle size (mesh), crucial in evaluating nugget effect and determining whether large, isolated gold particles were influencing results.

6. Nugget Effect and Statistical Variation

- Both compositing and limited sample sizes prevented the evaluation of the “nugget effect,” a critical consideration in placer gold evaluation due to erratic distribution and grade variability.

7. Justification for Production-Scale Operations

- Given these methodological shortcomings, the DGGs found no evidentiary justification for initiating large-scale mining or major surface disturbance. The available data does not support—or even allow a reasonable inference of—the existence, location, or continuity of a mineral deposit.

8. Assumptions and Extrapolations

- The applicant’s attempt to infer gold deposit characteristics from beach sand correlations seen at Nome was found unsubstantiated, as the Bonanza Channel material had not been demonstrated to be of the same depositional environment or mineralogical character.

DGGs Memo Conclusion

The DGGs concluded that the 2019 exploratory program “has done little to add to the knowledge base” and that “an inferred gold resource cannot be determined based on the results of the 2019 drilling and analytical programs.” Despite a composite sample showing gold presence, the sampling methods were fundamentally inadequate to determine gold concentration or distribution within the project area and thus do not support the viability of placer gold mining by the proposed plan of operations.

DISCUSSION

After a comprehensive review of the application materials and the independent technical assessment conducted by the DGGs, the Division finds as follows:

Necessary Surface Use:

Article VIII, Section 11 of the Alaska Constitution governs mineral rights and limits surface uses related to mining to those that are “necessary for the extraction or basic processing of the mineral deposits...” This constitutional constraint is reflected in AS 38.05.255, which limits surface uses of land or water within a mining property to “those necessary for the prospecting for, extraction of, or basic processing of minerals, ... subject to reasonable concurrent use.”

(continued)

DNR regulation 11 AAC 86.145(a) implements these constitutional and statutory provisions when applied to lands “for which the state owns the surface.” Under 11 AAC 86.145(a)(1), a mineral locator “May use the surface of the location only to the extent necessary for the prospecting for, extraction of, or basic processing of mineral deposits. A locator may not restrict public access to or other uses of the surface unless approved in writing by the director.” Under 11 AAC 86.145(a)(2), “Factors to be used by the director in approving surface ... uses include: access to the property, remoteness of the location, security of the operations, planned level of the operations, existing authorized surface uses, and the current level of activity.” Under 11 AAC 86.145(a)(4), the director may require documentary evidence of mining activity to support a request for surface use. An applicant’s failure to provide required documentary evidence is grounds for denial.

The Division’s director has discretion in determining whether a proposed surface use is necessary under AS 38.05.255 and supporting regulations. AS 38.05.035(a)(2) makes the director responsible to “manage, inspect, and control state land” under the Division’s jurisdiction. AS 38.05.035(a)(3) requires the director to “execute laws and regulations adopted by the commissioner.” AS 38.05.035(a)(4) instructs the director, to “prescribe application procedures and practices for the disposition of available state lands and resources...” The Alaska Supreme Court has recognized that where the interpretation of a mining statute implicates agency expertise or the determination of fundamental policies within the scope of the agency’s statutory functions, the court will defer to the agency’s interpretation so long as it is reasonable.²

In determining whether a proposed state land surface use in support of a mining project is necessary, the Division looks for guidance beyond the language of Article VIII Section 11, AS 38.05.255 and supporting regulations. Under Article VIII, Section 1 of the Alaska Constitution natural resources are to be made available for maximum use consistent with the public interest. Under Article VIII Section 2, the legislature provides for the use and development of natural resources for the maximum benefit of Alaska people. Under 11 AAC 96.005, which addresses state land use authorizations (including those requiring a permit, such as IPOP’s proposed LUP), DNR is tasked to “manage uses and activities on state public domain land...in order to minimize adverse effects on the land and its resources.” Under AS 27.19.020 (further discussed below), “a mining operation shall be conducted in a manner that prevents unnecessary and undue degradation of land and water resources...” These provisions instruct the Division to be mindful of the public interest, the potential benefit the state’s people, adverse effects on public land, and the potential for undue degradation when considering the necessity of a proposed mining project surface use.

Based on these considerations the Division finds that IPOP’s proposed surface use of state tidal and submerged lands and associated uplands in support of its proposed placer mining dredge project does not meet the “necessary” standard, particularly when weighed against IPOP’s planned level of operations. The term “necessary for the extraction of mineral deposits” in 11 AAC 86.145(a)(1), read in context with the factors in 11 AAC 86.145(a)(2), indicates that there has to be a quantifiable mineral deposit that justifies the planned surface use. Further, to be necessary, the surface use that enables extraction of the mineral deposit must be not be contrary to the public interest, and it must confer some benefit to the state, not just the miner. Also, it must have minimal adverse impact. What constitutes minimal adverse impact depends on the size and scope of the proposed surface use. This explains why the factors that the director considers include the “planned level of operations” under

² *Tech American, Inc., v. Valhalla Mining, LLC*, 528 P.3d 30 (Alaska 2023).

11 AAC 86.145(a)(2). IPOP's proposed surface use does not satisfy these criteria; therefore it is not necessary.

“Mineral Deposit” and “Planned Level of Operations”:

IPOP has not provided sufficient, credible exploration data to establish the presence, extent, or continuity of a sufficient mineral deposit on claims DKS N 30, 31, and 32 (which are the subject of the proposed mining operation for Years 1 and 2) to justify IPOP's proposed surface use. The information presented to date does not provide a basis for granting IPOP's mining-related land use authorization request.

Further, IPOP's exploration program failed to generate reliable information about the distribution and quality of placer gold within the proposed mining areas. The data presented are too limited—both in geographic coverage and in technical rigor to justify the scale of surface use needed to undertake the mining cuts planned for Years 1 and 2. Without this baseline, IPOP has not shown the need for the proposed land disturbances on these claims.

Additionally, IPOP's practice of compositing core samples into a single batch for gold analysis—and then extrapolating those results across wide spatial areas—renders the data unreliable for purpose of determining whether the proposed surface use is necessary. This approach masks possible variability and fails to demonstrate resource continuity constituting a mineral deposit either within or among the claims.

IPOP's request to utilize large-scale production mining equipment on the subject property without sufficient exploration data also does not satisfy the necessity threshold established under AS 38.05.255 and 11 AAC 86.145. Proceeding with the mining cuts proposed for years 1 through 2 would necessitate dredging the access channel to the same degree required for the entire project. Access channel dredging alone would involve moving approximately 70,000 cubic yards of sediments.³ This action would constitute a substantial, production-scale disturbance not tied to the extraction of an identifiable mineral deposit. If IPOP were to propose a less intrusive surface use as part of its planned level of operations for years 1 and 2, and if IPOP could through reliable exploration data demonstrate a quantifiable mining deposit, the outcome might be different. The Division continues to encourage IPOP to evaluate these potentialities.

In making its findings the Division does not take a position on the presumption that IPOP has discovered placer gold within the boundaries of its claims. Under AS 38.05.195, a miner establishes a claim and acquires mineral rights by discovery, location, and recording. “‘Discovery’ means a finding of valuable minerals as would justify an ordinary prudent person in expending further time, labor, and money upon the mining property with a reasonable expectation of developing a paying mine.” 11 AAC 86.105.

Discovery is a prerequisite to establishing a mining claim. 11 AAC 86.200. After discovery and location (the placement of monuments, and the attachment of notice to the monuments, in the field), the miner must record a certificate of location that includes the date(s) of discovery. 11 AAC 86.200 - .215. However, DNR is not required to determine whether the miner's certificate is accurate or if a mining claimant has complied with AS 38.05.190 and its associated regulations regarding discovery. AS 38.05.880. The onus is on the miner. The Division does conclude, however that for purposes of

³ Equivalent to approximately 4,375 standard dump truck loads.

the required surface use permit IPOP has not demonstrated a surface use “necessary for the extraction or basic processing of the mineral deposits...”.

Alternatives:

To demonstrate that proposed surface use is necessary for the extraction of mineral deposits relative to its mining claims, IPOP may wish to consider alternatives such as phased exploration and modular or small-scale testing. This would be consistent with industry standards for establishing mineral presence and viability. The mining industry’s standards and authoritative resources⁴ —including G.S. Roonwal’s *Mineral Exploration: Practical Application*⁵, the *SME Guide for Reporting Exploration Information, Mineral Resources, and Mineral Reserves (2017)*⁶, the *CIM Mineral Exploration Best Practice Guidelines*⁷, and Alaska-specific texts like the *Handbook for the Alaskan Prospector*⁸ - all reinforce that systematic exploration is appropriate prior to large-scale mining or production. These works explain that prospecting and sampling are indispensable, objective steps in determining the existence, location, and value of mineral deposits. Skipping directly to production activities (such as deploying large-scale machinery) without completing foundational exploration is universally recognized as inconsistent with industry best-practices.

The Division expressly encourages IPOP to undertake an appropriate exploration program capable of supporting any future application for surface uses. Such a program should include a comprehensive drilling effort designed to characterize both the lateral and vertical extent of any placer gold deposit, as well as to furnish reliable data on grade distribution throughout the target area. The Division advises IPOP that should it further pursue its surface use application; the Division may require documentary evidence demonstrating an appropriate exploration program as suggested in this decision.11 AAC 86.145(a)(4).

AS 27.19.020 Reclamation Standard:

Developing and operating a mining project that would involve the surface use of state submerged, tidal, and associated lands as envisioned by IPOP (even for the Years 1 through 2 Mining Cuts) without first establishing the mineral deposit is inconsistent with AS 27.19.020. The statute states: “A mining operation shall be conducted in a manner that prevents unnecessary and undue degradation of land and water resources, and the mining operation shall be reclaimed as contemporaneously as practicable with the mining operation to leave the site in a stable condition.”

AS 27.19.100 defines "unnecessary and undue degradation" as a “surface disturbance exceeding what would normally result from operations conducted by a prudent operator using usual, customary, and proficient methods, considering site-specific conditions.” This indicates that consideration of industry standards is important to compliance with AS 27.19.020. The Division

⁴ Industry standards, handbooks, and literature cited here are provided solely to illustrate widely recognized best practices for exploration and establishing necessity in mine development. The Division has not utilized them in forming the basis for its decision, and does not present them as regulatory requirements. The Division discusses them only to educate IPOP on sources it might refer to in further developing its exploration and development plans.

⁵ G.S. Roonwal, *Mineral Exploration: Practical Application* (Springer Geology, Springer Nature Singapore Pte Ltd., 2018), 301 pages

⁶ Society for Mining, Metallurgy & Exploration, Inc. (2017). *SME Guide for Reporting Exploration Information, Mineral Resources, and Mineral Reserves* (August 2017 Revision). Englewood, CO: SME. 65 pages

⁷ Canadian Institute of Mining, Metallurgy and Petroleum (CIM). *CIM Mineral Exploration Best Practice Guidelines*. Adopted November 23, 2018. CIM Mineral Resource and Mineral Reserve Committee

⁸ Wolff, Ernest N. (1969). *Handbook for the Alaskan Prospector. Second Edition*. Edited by Richard H. Byrns. Mineral Industry Research Laboratory, University of Alaska, Fairbanks. 207 pages

Navigability:

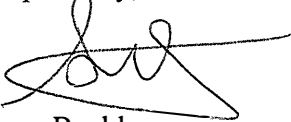
Because IPOP has not demonstrated surface use necessity under AS 38.05.255 and 11 AAC 86.145, consideration of issues related to impacts on navigability, as a component of the factors in 11 AAC 86.145(a)(2), is not required.

DECISION

For the foregoing reasons, **IPOP's application for a Land Use Permit and Reclamation Plan Approval is denied.**

APPEAL: An eligible person affected by this decision may appeal to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any appeal must be received within twenty (20) calendar days after issuance of this decision under 11 AAC 02.040. An eligible person must first appeal a decision to the Commissioner before seeking relief in superior court. The Alaska Court System establishes its own rules for timely appealing final administrative orders and decisions. Appeals may be mailed or hand-delivered to the DNR Commissioner's Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; or faxed to (907)-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Appeals must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a)-(b). A copy of 11 AAC 02 is available on the department's website at <https://dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf>.

Respectfully,



Steve Buckley
Mining Section Chief

Enclosure:
Appendix A-DGGS Memorandum