

May 20, 2015

Laurens Leffingwell
1700 Wadsworth Road
Old Mill Creek, IL 60083



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

***RE: Gold Basin Mine, File No. M-1992-045, Hard Rock/Metal Mining Regular (112) Operation
Reclamation Permit Application Decision Letter – Financial and Performance Warranty
Request***

Dear Mr. Leffingwell:

On May 20, 2015, the Division of Reclamation, Mining and Safety (Division) approved the above noted permit application.

The amount of financial warranty set by the Division for this operation is an amount of (\$12,500.00). A financial warranty of the entire amount, as well as a performance warranty, must be submitted to the Division before a Reclamation Permit may be issued. Please select a type of financial warranty from those detailed in Rule 4.3. Once a financial warranty type is selected, please download the applicable financial warranty and performance warranty forms from the Division's website. You may also contact the the Division to have copies of your selected warranty forms mailed to you.

Please make arrangements with Barbara Coria at the Division of Reclamation, Mining and Safety Denver Office, phone no. 303.866.3567, ext. 8148 for submittal of the financial and performance warranties. Any questions regarding completion, execution and/or submittal of financial and/or performance warranty forms should also be directed to Barbara Coria.

PLEASE NOTE THAT MINING OPERATIONS MAY NOT COMMENCE UNTIL A PERMIT HAS BEEN ISSUED BY THE DIVISION AFTER RECEIPT OF THE FINANCIAL AND PERFORMANCE WARRANTIES. A PERMIT WILL NOT BE ISSUED UNTIL THE ADEQUACY OF BOTH THE FINANCIAL WARRANTY AND PERFORMANCE WARRANTY ARE VERIFIED BY THE DIVISION.

If you require additional information, or have questions or concerns, please contact me at the Division's Grand Junction Field Office.

Sincerely,



Dustin Czaplak

Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
101 South 3rd, Suite 301
Grand Junction, CO 81501
Phone: (970) 243-6299
Fax: (970) 241-1516



Cc: George Robinson

Enc: Reclamation Cost Estimate

COST SUMMARY WORK

Task description: CN-1

Site: Gold Basin Mine

Permit Action: CN-1

Permit/Job#: M1992045

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 5/20/2015

County: Chaffee

Filename: M045-000

User: DMC

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Highwall reduction/site grading	DOZER	1	31.18	\$4,478.00
02a	Revegetate site	REVEGE	1	7.50	\$2,097.00
03a	Mobilize reclamation crew and equipment	MOBILIZE	1	6.00	\$2,485.00
<u>SUBTOTALS:</u>				44.68	\$9,060

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$183.01

Performance bond: 1.05%

Total = \$95.13

Job superintendent: 22.34 hrs

Total = \$1,679.07

Profit: 10.00%

Total = \$906.00

TOTAL O & P = \$2,863.21

CONTRACT AMOUNT (direct + O & P) = \$11,923.21

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 0.00%

Total = \$0.00

Reclamation management and/or administration: 5.00%

\$596.16

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$3,459.37

TOTAL BOND AMOUNT (direct + indirect) = \$12,500

BULLDOZER WORKTask description: Highwall reduction/site gradingSite: Gold Basin MinePermit Action: CN-1Permit/Job#: M1992045**PROJECT IDENTIFICATION**Task #: 01AState: ColoradoAbbreviation: NoneDate: 5/20/2015County: ChaffeeFilename: M045-01aUser: DMCAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D6T LGPHorsepower: 200Blade Type: StraightAttachment: NAShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$38.47	NA
Operating Cost/Hour:	\$67.16	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.01	NA

Total unit Cost/Hour: \$143.63Total Fleet Cost/Hour: \$143.63**MATERIAL QUANTITIES**Initial Volume: 7,000Swell factor: 1.000Loose volume: 7,000 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 50 feetUnadjusted hourly production: 444.6 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: -15 %Average site altitude: 12,000 feetMaterial weight: 2,550 lbs/LCYWeight description: Earth - Dry packed**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.900	(CAT HB))
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)

Spoil pile:	0.800	(FND-RF)
Push gradient:	1.329	(CAT HB)
Altitude:	0.940	(CAT HB)
Material Weight:	0.902	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.5050

Adjusted unit production: 224.52 LCY/hr
Adjusted fleet production: **224.52** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: \$0.640/LCY

Total job time: **31.18** Hours
Total job cost: **\$4,478**

REVEGETATION WORKTask description: Revegetate siteSite: Gold Basin MinePermit Action: CN-1Permit/Job#: M1992045**PROJECT IDENTIFICATION**Task #: 02AState: ColoradoAbbreviation: NoneDate: 5/20/2015County: ChaffeeFilename: M045-02aUser: DMCAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Bluegrass	1.00	22.96	\$15.32
Hard Fescue - Durar	2.00	25.94	\$4.18
Sheep Fescue - Covar	2.00	31.22	\$6.70
Slender Wheatgrass - Native	6.40	23.36	\$14.40
Timothy, Alpine - Native	1.00	29.84	\$27.07
Tufted Hairgrass	0.60	34.44	\$6.62
Totals Seed Mix	13.00	167.76	\$74.29

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$261.28
Total Seed Application Cost/Acre	\$261.28

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
Total Mulch Materials Cost/Acre				\$0.00

Application

Description	Cost /Acre
	\$
Total Mulch Application Cost/Acre	\$0.00

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 5 Cost /Acre: \$335.57
 Estimated Failure Rate: 25% Cost /Acre*: \$335.57
 *Selected Replanting Work Items: SEEDING

Initial Job Cost: \$1,677.85
 Reseeding Job Cost: \$419.46
 Total Job Cost: \$2,097
 Job Hours: 7.50

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilize reclamation crew and equipment**Site: **Gold Basin Mine**Permit Action: **CN-1**Permit/Job#: **M1992045****PROJECT IDENTIFICATION**Task #: **03A**State: **Colorado**Abbreviation: **None**Date: **5/20/2015**County: **Chaffee**Filename: **M045-03a**User: **DMC**Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**Shift basis: **1 per day**Cost Data Source: **CRG Data**Truck Tractor Description: **GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)**Truck Trailer Description: **GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER
(25T, 50T, AND 100T)****Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat D6T LGP	26.87	\$38.47	\$117.55	1	\$156.02	\$117.55	\$250.00
Cat 446d	9.80	\$15.82	\$88.67	1	\$104.49	\$88.67	\$250.00

Subtotals: **\$260.51** **\$206.22** **\$500.00****ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$15.30	1	\$15.30	\$15.30

Subtotals: **\$15.30** **\$15.30**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>LEADVILLE</u>	
Total one-way travel distance:	<u>30.00</u>	miles
Average Travel Speed:	<u>30.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$2,454.48</u>
'* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$30.60</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>1.00</u>	<u>1.00</u>
Return Time (Hours):	<u>1.00</u>	<u>1.00</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>3.00</u>	<u>2.00</u>

JOB TIME AND COST

Total job time:	<u>6.00</u>	Hours
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Total job cost:	<u>\$2,485</u>
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