



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

April 28, 2016

Jeff Cary
Animas Exploration Services LLC
2416 Needham Ct.
Durango, CO 81301

Re: Kinross Gold U.S.A., Golden Wonder, Notice of Intent (NOI) No. P-2016-007, Notice of Deficiencies.

Dear Mr. Cary,

The Division of Reclamation, Mining and Safety (DRMS) has reviewed the Kinross Gold U.S.A. Inc. Notice of Intent to Conduct Prospecting Operations (NOI), No. P-2016-007, submitted April 25, 2016. The NOI has a few clarifications that need to be addressed in order for the notice to be considered adequate to for approval.

1. Please submit a reclamation bond in the amount of \$62,292.29. Please see enclosed reclamation cost estimate.

Per Rule 5.3.1(b) the operator shall address all identified deficiencies within 60 days of this notification. Please submit a response to the listed items as soon as possible prior to June 27, 2016 to allow the Division time to review your response. If your response or a written request for an extension is not received by June 13, 2016 the request for the NOI may be denied.

If you need additional information, please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, telephone no. (970) 241-2042.

Sincerely,

Travis Marshall
Environmental Protection Specialist

cc: David Lazorchak
BLM - Gunnison Field Office
210 W. Spencer Ave, Ste A
Gunnison, CO 81230

Enclosure(s): Reclamation Cost Estimate



COST SUMMARY WORK

Task description: _____

Site: Golden Wonder Permit Action: Reclamation Cost Estimate Permit/Job#: P2016007

PROJECT IDENTIFICATION

Task #: 001 State: Colorado Abbreviation: None
Date: 4/28/2016 County: Hinsdale Filename: P007-001
User: THM

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Borehole P&A	BOREHOLE	1	48.00	\$30,000.00
02a	Access Road Reclamation	EXCAVATE	1	77.86	\$7,356.00
03a	Drill Pad regrading	DOZER	1	15.98	\$2,132.00
04a	Revegetation of 2.4 acres	REVEGE	1	24.00	\$4,067.00
05a	Mobilization	MOBILIZE	1	2.96	\$1,787.00
<u>SUBTOTALS:</u>				168.8	\$45,342

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	\$915.91
Performance bond:	1.05	Total =	\$476.09
Job superintendent:	84.40	Total =	\$6,286.11
Profit:	10.00	Total =	\$4,534.20
		TOTAL O & P =	\$12,212.31
		CONTRACT AMOUNT (direct + O & P) =	\$57,554.31

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs):	500.00	Total =	500.00
Engineering work and/or contract/bid preparation:	0.00	Total =	\$0.00
Reclamation management and/or administration:	5.00		\$2,877.72

CONTINGENCY: 3.00 Total = \$1,360.26

TOTAL INDIRECT COST = \$16,950.29

TOTAL BOND AMOUNT (direct + indirect) = \$62,292.29

BOREHOLE SEALING WORK

Task description: Borehole P&A

Site: Golden Wonder

Permit Action: Reclamation Cost
Estimate

Permit/Job#: P2016007

PROJECT IDENTIFICATION

Task #: 01A

State: Colorado

Abbreviation: None

Date: 4/28/2016

County: Hinsdale

Filename: P007-01a

User: THM

Agency or organization name: DRMS

UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
P&A 12 1000' boreholes	USER PROVIDED ITEM	2.5	1,000 x12	12,000.00		\$2.50	\$30,000.00

Job Hours: 48.00

Total Cost: \$30,000.00

HYDRAULIC EXCAVATOR WORK

Task description: Access Road Reclamation

Site: Golden Wonder Permit Action: Reclamation Cost Estimate Permit/Job#: P2016007

PROJECT IDENTIFICATION

Task #: 02A State: Colorado Abbreviation: None
Date: 4/28/2016 County: Hinsdale Filename: P007-02a
User: THM

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat 315D L 8'-6" Stick Horsepower: 115
Attachment 1: ROPS Cab Weight (MT): 17.32
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	<u>\$24.65</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$34.46</u>	<u>100</u>
Operator Cost/Hour:	<u>\$35.36</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$94.47</u>	
Total Fleet Cost/Hour:	<u>\$94.47</u>	

MATERIAL QUANTITIES

Initial volume: 9,225 CCY Swell factor: 1.000
Loose volume: 9,225 LCY

Source of estimated volume: Division of Reclamation, Mining & Safety
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Excavator Cycle Time (load bucket, swing loaded, dump bucket, swing empty):

Basic Job Condition Description: AVERAGE
Secondary Job Condition within Basic Description: AVERAGE
Cycle Time Value: 0.256 minutes

Load Bucket Capacity

Rated Capacity: 0.80 LCY (heaped) Bucket Size Class: Medium
Bucket Fill Factor: 0.875 Loose material - 1/2" to 3/4" (85 - 90%) 0.875
Adjusted Capacity: 0.70 LCY

Job Condition Correction Factors

Site Altitude: 10400 feet

		Source
Altitude Adj:	<u>0.87</u>	<u>(CAT HB)</u>
Job Efficiency:	<u>0.83</u>	<u>(1 shift/day)</u>
Net Correction:	<u>0.72</u>	<u>multiplier</u>

Unadjusted Hourly Unit Production: 164.06 LCY/Hour
Adjusted Hourly Unit Production: 118.47 LCY/Hour
Adjusted Hourly Fleet Production: 118.47 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Excavator Total job time: 77.87 Hours

Unit cost: \$0.797 /LCY Total job cost: \$7,356

BULLDOZER WORKTask description: Drill Pad regrading

Site: Golden Wonder Permit Action: Reclamation Cost Estimate Permit/Job#: P2016007

PROJECT IDENTIFICATION

Task #: 03A State: Colorado Abbreviation: None
 Date: 4/28/2016 County: Hinsdale Filename: P007-03a
 User: THM

Agency or organization name: DRMS**HOURLY EQUIPMENT COST**

Basic Machine: Cat D6T XL
 Horsepower: 185
 Blade Type: Semi-Universal
 Attachment: NA
 Shift Basis: 1 per day
 Data Source: (CRG)

Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	<u>\$35.99</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$58.55</u>	<u>100</u>
Ripper op. Cost/Hour:	<u>\$0.00</u>	<u>0</u>
Operator Cost/Hour:	<u>\$38.89</u>	<u>NA</u>

Total unit Cost/Hour: \$133.43
 Total Fleet Cost/Hour: \$133.43

MATERIAL QUANTITIES

Initial Volume: 2,400
 Swell factor: 1.125
 Loose volume: 2,700 LCY

Source of estimated volume: Division of Reclamation, Mining & Safety
 Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 50 feet
 Unadjusted hourly production: 444.6 LCY/hr

Materials consistency description: Compacted fill or embankment 0.9

Average push gradient: 0 %
 Average site altitude: 10,400 feet

Material weight: 2,550 lbs/LCYWeight description: Earth - Dry packed**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	<u>0.750</u>	<u>(AVG.)</u>
Material consistency:	<u>0.900</u>	<u>(CAT HB))</u>
Dozing method:	<u>1.000</u>	<u>(GEN.)</u>
Visibility:	<u>1.000</u>	<u>(AVG.)</u>

Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	0.940	(CAT HB)
Material Weight:	0.902	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.3800

Adjusted unit production: 168.95 LCY/hr

Adjusted fleet production: 168.95 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.790/LCY

Total job time: 15.98 Hours

Total job cost: \$2,132

REVEGETATION WORKTask description: Revegetation of 2.4 acres

Site: Golden Wonder Permit Action: Reclamation Cost Estimate Permit/Job#: P2016007

PROJECT IDENTIFICATION

Task #: 04A State: Colorado Abbreviation: None
 Date: 4/28/2016 County: Hinsdale Filename: P007-04a
 User: THM

Agency 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
Disc harrowing, 6" deep (MEANS 32 91 13.23 6100)	\$107.59
Weed control spraying (MEANS 31 31 16.13 3100)	\$242.00
Total Tilling Cost/Acre	\$349.59

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Bluegrass	1.00	22.96	\$15.35
Mountain Brome - Bromar	5.00	8.03	\$17.05
Lupine, Mountain	4.00	2.26	\$286.60
Sheep Fescue - Azay	2.00	31.22	\$5.58
Slender Wheatgrass - San Luis	8.00	29.20	\$29.76
Western Wheatgrass - Barton	6.00	15.15	\$22.14
Timothy, Alpine - Native	1.00	29.84	\$27.12
Tufted Hairgrass	0.50	28.70	\$5.53

Penstemon, Rocky Mountain	0.50	7.84	\$16.89
Yarrow, Western	0.20	12.16	\$6.14
Totals Seed Mix	28.20	187.36	\$432.16

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$261.80
Total Seed Application Cost/Acre	\$261.80

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Straw, delivered {MEANS 31 25 14.16 1200}	1.00	TON	\$246.00	\$246.00
Total Mulch Materials Cost/Acre				\$246.00

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$66.02
Total Mulch Application Cost/Acre	\$66.02

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: 2.4 Cost /Acre: \$1,355.57
 Estimated Failure Rate: 25% Cost /Acre*: \$1,355.57
 *Selected Replanting Work Items: TILLING,SEEDING,MULCHING
 Initial Job Cost: \$3,253.37
 Reseeding Job Cost: \$813.34
 Total Job Cost: \$4,067
 Job Hours: 24.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: MobilizationSite: Golden WonderPermit Action: Reclamation Cost EstimatePermit/Job#: P2016007**PROJECT IDENTIFICATION**Task #: 05AState: ColoradoAbbreviation: NoneDate: 4/28/2016County: HinsdaleFilename: P007-05aUser: THMAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per dayCost Data Source: CRG DataTruck 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 315D L 8'-6" Stick	19.05	\$24.65	\$88.67	1	\$113.32	\$88.67	\$250.00
Cat D6T LGP	26.87	\$43.84	\$117.55	1	\$161.39	\$117.55	\$250.00

Subtotals: **\$274.71** **\$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.	\$13.42	1	\$13.42	\$13.42

Subtotals: **\$13.42** **\$13.42**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>LAKE CITY</u>	
Total one-way travel distance:	<u>6.00</u>	miles
Average Travel Speed:	<u>25.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$1,780.27</u>
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$6.44</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.24	0.24
Return Time (Hours):	0.24	0.24
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	1.48	0.48

JOB TIME AND COST

Total job time:	<u>2.96</u>	Hours
Total job cost:	<u>\$1,787</u>	