



October 28, 2016

Colorado Division of Reclamation, Mining, and Safety
Attention: Minerals Program
1313 Sherman St., Room 21
Denver, CO 80203-2273

RE: 2016 Annual Report for Bulldog Mine Operation, Permit No. M-1977-215

Dear Minerals Program,

The Bulldog Mine Operation remains in Temporary Cessation in 2016 and there were no changes or activity from October 31, 2015 to October 30, 2016.

RGS continues to keep all permitting current and assess the economics of the Bulldog Project. Until the project is determined to be economically viable, construction and operation of future components like water treatment, additional waste rock storage, mining and milling operations and tailings disposal are not currently envisioned. The EPP will be amended to include these future components once the decision is made to construct such facilities.

Disturbance

There was no new disturbance from October 31, 2015 through October 31, 2016.

Reclamation

Monitoring of re-seeding areas throughout the Bulldog Project was ongoing and no re-seeding was conducted from October 31, 2015 through October 31, 2016. RGS personnel will continue to monitor these areas.

Weed spraying was conducted from July 26 through July 29, 2016 on the following areas showing signs of noxious weeds; 9400 Portal Area, see Figure 1. The NW corner of TP-2 area, see Figure 2. A four gallon back pack weed sprayer was used to apply the Milestone weed spray in order to control Canada thistle growth.

Other Items

The site remains in Temporary Cessation and the security of site facilities is monitored on a regular basis and gates to site entrances are kept locked.

Due to diver malfunction and or software issues, monitoring well water levels in BD-MW, HW-3 and HW-4 were not obtained as of the time this annual report was submitted. RGS will work on the problems and submit the data once it is retrieved.

Annual water quality results for Windy Gulch surface and groundwater samplings have been submitted to DRMS. Surface water analytical results were submitted in June and groundwater analytical results were submitted in October.

The Bulldog Mine Operation permit boundary map is included. See Figure 9.

Please call or email if you have any questions.

Regards,



Randy McClure

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