

NOTICE

This site is the location of a proposed mining operation. AuPt Industries LLC, whose address and phone number is **PO Box #1424 Edwards, CO 81632 - 970 306 1784**, has applied for a Reclamation Permit with the Colorado Mined Land Reclamation Board. Anyone wishing to comment on the application may view the application at the **Moffat County Clerk and Recorder's Office, 221 W Victory Way # 200, Craig, CO 81625**, and should send comments prior to the end of the public comment period to the **Division of Reclamation, Mining, and Safety, 1313 Sherman St., Room 215, Denver, Colorado 8020**



Certification:

I, Peter Freedman, hereby certify that I posted a sign containing the above notice for the proposed permit area known as the West Side Placer, on December 2, 2016.


SIGNATURE

DATE

1-10-2017

Form No.
GWS-25

**OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES**

818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581

LIC

WELL PERMIT NUMBER 80109 -F
DIV. 6 WD 54 DES. BASIN MD

APPLICANT

AUPT INDUSTRIES LLC
PO BOX 1424
EDWARDS, CO 81632-

(970) 306-1784

APPROVED WELL LOCATION

MOFFAT COUNTY
NE 1/4 NW 1/4 Section 24
Township 12 N Range 94 W Sixth P.M.

DISTANCES FROM SECTION LINES

1000 Ft. from North Section Line
1600 Ft. from West Section Line

UTM COORDINATES (Meters, Zone: 13, NAD83)

Easting: Northing:

PERMIT TO CONSTRUCT A WELL

ISSUANCE OF THIS PERMIT DOES NOT CONFER A WATER RIGHT

CONDITIONS OF APPROVAL

- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of this permit does not ensure that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18
- 3) Approved pursuant to CRS 37-90-137(2) for the construction of a well to divert ground water tributary to the Dry Gulch, a tributary of the Little Snake River, at a point where unappropriated water is available for withdrawal.
- 4) The pumping rate of this well shall not exceed 200 GPM (as requested).
- 5) The annual amount of ground water to be withdrawn shall not exceed 25 acre-feet (as requested).
- 6) The use of ground water from this well is limited to industrial use for placer mining purposes.
- 7) The approval of this permit does not grant a water right. This well is subject to administration by the Division Engineer in accordance with applicable decrees, statutes, rules, and regulations.
- 8) The owner shall mark the well in a conspicuous place with well permit number(s), name of the aquifer, and court case number(s) as appropriate. The owner shall take necessary means and precautions to preserve these markings
- 9) A totalizing flow meter must be installed on this well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (recorded at least annually) and submitted to the Division Engineer upon request.
- 10) This well shall be constructed not more than 200 feet from the location specified on this permit and more than 600 feet from any existing well, completed in the same aquifer, that is not owned by the applicant.

NOTE: This well may be subject to administration in the water rights priority system in the future. It is recommended that a water court decree be obtained to affirm the priority of the well.

mas 8/2/16

APPROVED
MAS

State Engineer

Dick Wolfe by

By

Megan Sullivan

Receipt No. 3675303

DATE ISSUED 08-02-2016

EXPIRATION DATE 08-02-2017

EXHIBIT J - Proof of Mailing of Notices to Board of County Commissioners and Soil Conservation District

1/10/2017

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Tracking Number: 70160910000019220237

Expected Delivery Day: Monday, December 12, 2016

Product & Tracking Information

Postal Product:
Priority Mail™

Features:
Certified Mail™

Up to \$50 insurance included
Restrictions Apply

Text Updates

Email Updates

DATE & TIME

STATUS OF ITEM

LOCATION

December 12, 2016, 2:30 pm

Delivered, Left with Individual

CRAIG, CO 81625

Your item was delivered to an individual at the address at 2:30 pm on December 12, 2016, CRAIG, CO 81625

December 10, 2016, 4:22 pm

Business Closed

CRAIG, CO 81625

December 10, 2016, 10:00 am

Business Closed

CRAIG, CO 81625

December 10, 2016, 9:55 am

Out for Delivery

CRAIG, CO 81625

December 10, 2016, 9:45 am

Sorting Complete

CRAIG, CO 81625

December 10, 2016, 8:59 am

Arrived at Unit

CRAIG, CO 81625

December 9, 2016, 10:19 pm

Departed USPS Facility

GRAND JUNCTION, CO 815

December 9, 2016, 8:10 pm

Arrived at USPS Facility

GRAND JUNCTION, CO 815

December 9, 2016, 3:41 pm

Departed Post Office

EDWARDS, CO 816

December 8, 2016, 3:41 pm

Acceptance

EDWARDS, CO 816

Available Actions

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

CRAIG, CO 81625

Certified Mail Fee \$3.30

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$0.00

☐ Return Receipt (electronic) \$0.00

☐ Certified Mail Restricted Delivery \$0.00

☐ Adult Signature Required \$0.00

☐ Adult Signature Restricted Delivery \$0.00

Postage \$6.45

Total Postage and Fees \$9.75

Sent To: **MOHAWK COUNTY COMMISSIONERS**

Street and Apt. No., or PO Box No.: **221 W. Victory Way Ste 130**

City, State, ZIP+4®: **CRAIG, CO 81625**

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Track Another Package

State Mining

Lease.

ms.0094h @ rosmarinfo



NRCB

STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

MINING LEASE NO. 110324

Jared Smith

District Manager
Seed Mix

This Mining Lease (the "Lease"), is made in duplicate and entered into this 12th day of May, 2016, by and between the STATE OF COLORADO, acting by and through the STATE BOARD OF LAND COMMISSIONERS, located at 1127 Sherman Street, Suite 300, Denver, CO 80203 ("Lessor"), and AuPt INDUSTRIES, LLC, whose address is P.O. Box 1424, Edwards CO 81632, ("Lessee"):

WITNESSETH: Lessor, for and in consideration of the sum of Seven hundred forty three and no/100 Dollars (\$743.00), receipt of which is hereby acknowledged as payment of the filing fee in the amount of \$500.00, first year's rent in the amount of Two hundred forty three and no/100 Dollars (\$243.00), and a bonus in the amount of zero and no/100 Dollars (\$0.00), and in further consideration of Lessee's agreement to pay Three and no/100 Dollars (\$ 3.00) per acre or fraction thereof annually as rental in advance of the anniversary date of this lease so long as said lease shall remain in effect; and in further consideration of the terms, conditions and agreements herein and of the payment of royalties reserved herein, to be kept and performed by Lessee, its successors and assigns, does hereby lease to Lessee the right and privilege of exploring and prospecting for, developing, and mining of and taking of Gold, titanium, zircon, garnet and rare earth minerals ("Minerals") from the lands herein described, situated in the County of Moffat, State of Colorado, to wit:

ACRES
80.91

SUBDIVISION
FR PT Lot 4, E2 Lot 5, Lot 9

SEC-TWP-RGE
34-12N-94W (6th PM)

PATENTS
None

FUND: School

Containing 80.91 acres, more or less, (the "Leased Premises") together with the right to use as much of the surface as may be reasonably required, including the right to reasonable ingress and egress; the right to make excavations, stockpiles, and other improvements as may be reasonably necessary in the mining and removal of said Minerals; subject, however, to all existing easements and rights-of-way of third parties, as detailed on Exhibit A to this agreement, and the rights of surface lessees and surface owners, and further subject to the terms, conditions and agreements set out in this Lease. The above-mentioned rights may be exercised in connection with mining on other or adjacent lands only when mining on such lands is carried on in conjunction with the actual mining on the Leased Premises. The benefits, terms, and obligations of this Lease shall extend to and be binding upon the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

RESERVING, however, to Lessor:

- A. All rights and privileges of every kind and nature, except as are herein specifically granted.
- B. The right to use or lease said premises or any part thereof at any time for any purpose, including the right to explore and prospect said premises, which use and leasing of said premises shall be for purposes other than and not inconsistent with the rights and privileges herein specifically granted.
- C. The right to dispose of or lease the surface where Lessor is the surface owner.
- D. The right at all times during the life of this lease to go upon said premises and every part thereof for the purpose of inspecting said premises, and the books of accounts and records of mineral workings therein, and of ascertaining whether or not said Lessee and those holding

thereunder by and from it, are carrying out the terms, covenants and agreements in this lease contained.

- E. The right at any time to grant a right-of-way upon, over or across all or any part of said premises for any ditch, reservoir, railroad, communication system, electric powerline, or pipeline, schoolhouse or other lawful purpose; but that such grants shall be subject to the rights of Lessee.
- F. The right at any time to place the Leased Premises into the Stewardship Trust as set forth in Section 10(1)(b)(I) of Article IX, of the State Constitution. Said placement into the Stewardship Trust shall be for reasons not inconsistent with the rights and privileges of Lessee.

TO HAVE AND TO HOLD the above described Leased Premises unto Lessee, its heirs, successors, assigns, or legal representatives for the primary term of 5 years, and until Twelve O'clock noon on the 12th day of May, 2021. The Lease may continue in effect for an additional 5 years to the 12th day of May, 2026 (the "Secondary Term") as long as Minerals are being produced in paying quantities from said Leased Premises and subject to the terms of paragraph 4 of this Lease, and the royalties and rentals provided for herein are being paid, subject to the following terms, conditions and agreements, to wit:

1. **ADVANCE MINIMUM ROYALTY** -- As minimum and advance royalty, without relation to the amount of Minerals mined from the Leased Premises, Lessee shall pay annually in advance to Lessor the following amounts:

<u>LEASE YEAR</u>	<u>AMR</u>
2017-2025 (Beginning May 2017)	\$10,000

If Lessee does not extract Minerals from the Leased Premises sufficient to return to the Lessor the minimum amounts above specified, it is nevertheless understood that the above sums of money are due and payable to Lessor whether or not Minerals are mined, but that such advance minimum royalty shall be credited upon the first royalties due as herein provided for Minerals actually produced from the Leased Premises. In the absence of production of Minerals in continuous paying quantities before the expiration date of the lease, all advance minimum royalties and all rentals shall be forfeited to Lessor.

Acreage changes resulting from surrender or partial assignment do not reduce the advance minimum royalty proportionately. Further, at the end of each five-year period, commencing from the original lease date, Lessor may reasonably change the rate or amount of advance minimum royalty to be paid by Lessee. Failure to comply with any new advance minimum royalty rate set by Lessor may subject this lease to cancellation by thirty day written notice by Lessor.

In case of assignment of this lease, all advance minimum royalty paid to the state shall be carried forward and credited to the new assignee.

2. **PRODUCTION ROYALTY** -- Lessor reserves as royalty, and Lessee agrees to pay to Lessor on or before the last day of each calendar month following the month of production, a production royalty for all Minerals which are mined, saved, and/or removed from the Leased Premises based on the following:

- The royalty rate shall be 10% of the Gross Market Value at the first point of sale. Gross Market Value shall mean the value of the ore or products after extraction and at the mine.

Royalty shall be due and payable on or before the last day of each calendar month during the term of this lease for Minerals mined and removed by Lessee during the preceding calendar month. Reporting of production that is credited against advance minimum royalty is also due on or before the last day of

each calendar month following mining. Payment shall be accompanied by a settlement sheet from the refiner stating the number of units of product sold, or deemed sold, and the payment or deemed payments received by the Lessee from the refiner.

It is expressly understood and agreed that none of Lessee's exploration, mining, production or processing costs, including but not limited to costs for materials, labor, overhead, distribution, transportation, loading, crushing, processing, or general and administrative activities, may be deducted in computing Lessor's royalty. All such costs shall be entirely borne by Lessee.

Further, at the end of each five-year period, commencing from the original lease date, for so long as this lease remains in effect, Lessor may increase the rate or amount of production royalty to be paid by Lessee during each year of the succeeding 5-year period. Failure to comply with any new royalty rate set by Lessor may subject this lease to cancellation by thirty-day written notice by Lessor.

3. **EXTENSION** -- Lessee may have a preferential right to renew the lease or to receive a new lease, whichever may be determined by Lessor to be in the best interest of the State, under the following conditions:
 - A. An advance minimum royalty, the amount to be negotiated before expiration of the lease, will be due and payable annually commencing on the date this lease is renewed or a new lease is executed and shall continue until the expiration of the new or renewed lease. This amount may be adjusted by Lessor at the end of each five-year period of the renewed or new lease.
 - B. Lessee shall furnish to Lessor satisfactory evidence of plans for mining during the term of the renewed lease or during the term of a new lease.
 - C. Lessee shall furnish adequate geological evidence to Lessor that the acreage subject to the renewed or new lease is in fact an integral part of and contains reserves in a logical mining unit. Whether the acreage is or is not a part of a logical mining unit will be determined by Lessor.
 - D. An extension of this Lease as determined by Lessor would be in the best interest of Lessor.
4. **EXTENSION BY PRODUCTION** - The Lease may continue in effect for a Secondary Term of 5 years to the 12th day of May, 2026 as long as Minerals are being produced in paying quantities from the Leased Premises. Paying quantities is defined as production and sales of a quantity sufficient to return to Lessor production royalty payments of a minimum of \$10,000 per year.
5. **ANCILLARY USE** -- Lessee may remove approved Minerals, and place on the Leased Premises stock piles of material mined from the Leased Premises and other such equipment as is approved by Lessor for this removal and processing. All other ancillary uses will be subject to the approval of Lessor and will require a yearly rental payment of no less than five hundred and no/100 Dollars (\$ 500.00) per acre affected. Haul roads and/or access roads which do not directly benefit the Leased Premises will be subject to a separate permit and approval of Lessor.
6. **REPORTS AND RECORDS** -- After operations begin, it is agreed that on or before the last day of each month during the term of this lease Lessee shall submit a sworn, verified, written report to Lessor, in which report shall be entered and set down the exact amount in weight of all products and the assay thereof mined and removed from said Leased Premises during the preceding calendar month. Lessee agrees to keep and to have in possession complete and accurate books and records showing the production and disposition of any and all substances produced on the Leased Premises and to permit Lessor at all reasonable hours, to examine the same or to furnish copies of same to Lessor within 60

days following written request along with purchaser's support documentation. All said books and records shall be retained by Lessee and made available in Colorado to Lessor for a period of not less than 10 years. If any such examination shall reveal, or if either party shall discover any error or inaccuracy in its own or the other party's statement, payment, calculation, or determination, then proper adjustment or correction thereof shall be made as promptly as practicable thereafter, except that no adjustment or correction shall be made if more than 10 years have elapsed between the time the error or inaccuracy occurred and the discovery by either party of said error or inaccuracy.

Further, Lessee shall furnish annually a complete operations report to Lessor disclosing the number of tons and the assay thereof of all ores and Minerals mined from the premises during the preceding year. Lessee shall also furnish in said report geologic interpretations and recoverable reserve calculations, and maps and cross sections showing location of any mineral-bearing outcrops, drill holes, trenches, ore bodies and other prospecting and exploration activities, along with assays showing the amount of mineral contained in the ore. The records required to be maintained by Lessee and provided to Lessor upon request include logs of all strata penetrated and all geologic and hydrologic conditions encountered, and copies of in-hole surveys; this information to be collected and prepared under the supervision of a qualified geologist, geological engineer or mining engineer. Other qualified persons may collect and prepare this data, if agreed to in writing between Lessee and Lessor. Any request to keep certain information confidential should be in writing to Lessor at the time such information is submitted to Lessor, and such data may be kept confidential as consistent with State law. Lessee shall submit, if requested by Lessor, such additional reports, records or documents regarding Lessee's operation on the Leased Premises as necessary for the compliance with lease provisions.

7. **OVERRIDING ROYALTY LIMITATIONS** -- It is agreed that this Lease or any subsequent assignment hereof shall not be burdened with overriding royalties the aggregate of which exceeds two percent (2%) of the gross value of the Minerals or ore at the first point of sale. Lessor must be notified of all overriding royalties accruing to this Lease.

8. **DEVELOPMENT** -- Lessee will diligently explore and develop the Leased Premises by utilizing methods of exploration commonly used in the industry, such as mapping, sampling, drilling, trenching, geophysical exploration, and laboratory analysis and will expend as a minimum annually the amounts set forth below:

<u>LEASE YEAR</u>	<u>MIN EXPEND</u>	<u>LEASE YEAR</u>	<u>MIN EXPEND</u>
NA	NA	NA	NA

Indirectly related exploration and development work such as work done on adjacent properties, or design or construction of a mill will not be considered as diligent development of the Leased Premises unless approved by Lessor.

9. **PENALTIES** -- A penalty shall be imposed for, but not limited to, late payments, improper payments, operational deficiencies of any kind whatsoever, violations of any covenants of this Lease, or any false statements made to Lessor. Penalties shall be determined by Lessor unless otherwise provided for by law and may be in the form of, but not limited to, interest, fees, fines, and/or lease cancellation. Such penalties shall be taken from the Lessor's published fee schedules, as they may be amended by the Board from time to time.
10. **ASSIGNMENT** -- Lessee, only with written consent of Lessor, may assign this lease as to the leasehold interest of such Lessee in all or part of the lands covered hereby; not less, however, than tracts of

approximately forty (40) acres or governmental lots corresponding to a quarter-quarter section for any partial assignment.

No assignment of undivided interests or retention or reservation of overriding royalties will be recognized or approved by Lessor, and the effect, if any, of any such assignments or reservations will be strictly and only as between the parties thereto and outside the terms of this lease. No dispute between parties to any assignment or reservation shall operate to relieve Lessee from performance of any terms or conditions hereof or to postpone the time therefor. Lessor will at all times be entitled to look solely to Lessee or his assignee shown on Lessor's books as being sole owner hereof, and for the sending of all notices required by this Lease, for the performance of all terms and conditions hereof.

If an assignment of a part of this Lease is approved, a new lease designated as an assignment lease will be issued to the assignee covering the lands assigned for the balance of the term of the base lease on the mining lease form in use at the time of assignment and limited as to term as said lease is limited. The assignor will be released and discharged from all further obligations for such lands assigned, as if the same had never been a part of this Lease.

11. **ASSIGNMENT CONSIDERATION** -- The consideration for approval of assignment by Lessor shall be 10% of the value of any consideration tendered to Assignor by Assignee for the assignment. Divulgence of the value of these considerations shall be mandatory, in affidavit form, which form shall be presented to Lessor along with the other assignment instruments in order to obtain Lessor's approval for the assignment. An assignment does not constitute a new lease but is a continuation of the base lease. Any attempt to withhold this information shall be construed as an attempt to defraud the State of Colorado and shall render this lease null, void and nonexistent, and all moneys paid to Lessor shall be forfeited to Lessor. In addition, the current statutory fees will be paid at the time the assignment record form is submitted.
12. **WEIGHTS** -- It is agreed that all ores and Minerals mined and taken from the Leased Premises shall be weighed and assayed and the weight and assay thereof shall be entered in due form in weight and assay records kept for such purposes by Lessee.
Ton means 2000 pounds. Ton shall be determined by Colorado State certified scales or other methods approved by Lessor. One troy ounce is equivalent to 31.1034768 grams.
13. **STEWARDSHIP TRUST STIPULATION**-- Lessor shall specify certain stipulations with respect to use of the surface if said surface is included in the Stewardship Trust prior to the issuance of this Lease.
14. **MINING METHODS** -- Only mining methods that will insure the extraction of the greatest possible amount of Minerals consistent within the laws and with prevailing good mining practice shall be used.
15. **OPERATION PLAN** -- All plans for exploration and mining shall be submitted to Lessor for approval by Lessor before such operations begin. These plans will include, but not be limited to, location of additional roads, location of access points to the Leased Premises, and location of any cattle guards or gates. These plans shall include provisions for control of noxious weeds on all lands disturbed by the Lessee, and along all transportation corridors used by the Lessee within the Leased Premises.
16. **ENVIRONMENTAL ANALYSIS** -- Lessee shall comply with all applicable federal, state, and local laws, rules, regulations, permits, codes and ordinances, including the rules, regulations and requirements of the Colorado Division of Reclamation, Mining and Safety to identify and reduce adverse impacts to the environment, and the public health, safety and welfare. Prior to any surface occupancy on the

Leased Premises, Lessee must perform environmental analyses that are required by any local, state or federal agency or regulation, including, but not limited to, the study of the impacts of the mining operation on wildlife, air, water, soil, or other biological resources. Lessor may require that Lessee submit the environmental analysis, including proposed mitigation plans, for review by Lessor before any exploration or mining begins. The following items are required specifically:

- The Leased Premises are located within the Greater Sage Grouse Priority Habitat Management Area and may be subject to restricted practices including timing and seasonal restrictions. Lessee shall consult with Colorado Parks and Wildlife prior to submittal of the Operations Plan required by paragraph 15, and prior to submittal of required permit applications to state and local agencies.

17. **RECLAMATION** -- Lessee shall submit all plans for restoration and reclamation of Leased Premises to Lessor for Lessor's approval before submitting the appropriate permit or permits pursuant to the Colorado Mined Land Reclamation Act 34-32-101 ET SEQ., C.R.S. 1973 as amended. Rules and regulations as set forth by the Colorado Division of Reclamation, Mining, and Safety for recovery and restoration of mined land will apply where applicable to the Leased Premises. Variations from the reclamation plan as originally submitted to the Board for approval may be granted only with the written approval of Lessor. Elements of the reclamation plan shall include but not be limited to:
- A. Seed mixes for revegetation shall include only native species.
 - B. Reclamation shall meet the needs for greater sage grouse habitat.
 - C. When stripping topsoil, if another previously mined area is ready to receive soil, the freshly stripped soil will be placed in that area to take advantage of the seed bank within the fresh soil.
 - D. Control of noxious weeds shall be implemented on all land disturbed by any activities conducted on the Leased Premises.
18. **LESSOR'S APPROVAL** -- Whenever approval by Lessor is required or contemplated by Lessee, approval must be in writing and shall be optional and shall be within the sole and absolute discretion of Lessor.
19. **OTHER STATE AGENCIES** -- Lessor may determine that instruments and documents required by other State agencies satisfy certain requirements of this lease. In the event that Lessee is required to file instruments and documents with other State agencies, including the Division of Reclamation, Mining, and Safety, Lessee shall notify Lessor of said filing and Lessor reserves the right to request and obtain copies of such instruments and documents from the agency or from Lessee.
20. **INSPECTION** -- It is agreed that during all proper hours and at all times during the continuance of this lease, Lessor or Lessor's duly authorized agent, is authorized to check assays and scales as to their accuracy, to go through or on any part or all of the Leased Premises to examine, inspect, survey and take measurements of the same and to take samples of any kind and to examine and make extracts from or copies of all books and weight sheets and records which show in any way the ore output, ore values, payments and royalties from and of the Leased Premises. All conveniences necessary for such inspection, survey, or examination shall be furnished to Lessor. Lessor may require Lessee to provide all instruments and documents of any kind and nature whatever which affect Lessor's interests.
21. **NOTICES** -- Any notice required to be given to Lessee under the provisions of this Lease shall be sent by certified mail to the address set forth at the beginning of this lease or to such other address as Lessee may indicate in writing to Lessor, and such service by mail shall be deemed sufficient and in full

compliance with the terms of this lease as of the date it is postmarked. Notice to Lessor shall be given in like manner, addressed to the State Board of Land Commissioners' Denver, Colorado address.

22. **NOTIFICATION OF MINING OPERATIONS**--It is understood that Lessor may not own or control the surface estate of Leased Premises, or Lessor may have issued a surface use lease to another lessee. Lessee shall be responsible for identifying such ownership or determining the surface lessee or lessees, and shall notify all such parties in advance of any on-site activity. Notification will be given at least thirty (30) days in advance for untitled or grazing acreage and at least sixty (60) days in advance for titled farm ground prior to any on site activity. Lessee shall closely coordinate any on-site activity with the surface owner or lessee, and make a reasonable effort to protect the integrity of surface owner's or surface lessee's fences, gates, cattleguards, and other property.
23. **PROTECTION AGAINST SURFACE DAMAGE** -- Lessee has the right to utilize as much of the surface of the lands as is reasonably necessary for mining operations; however, Lessee shall be liable and agrees to pay for all damages to the surface, livestock, growing crops, water wells, reservoirs, or other improvements caused by Lessee's operations on said lands. If requested in writing by Lessor, Lessee will erect fencing around mining operations.
There shall be no removal of timber without prior notice to Lessor. Any merchantable timber cut in conjunction with the approved mining plan is to remain the property of the State. All other timber, slash, stumps, and boughs are to be disposed of by Lessee.
There shall be no importing of material, including fill material, soil, rock, debris and trash, from outside the Leased Premises.
24. **HOLD HARMLESS** -- The Lessee shall indemnify and hold the Lessor, including without limitation all Lessor's officers, agents, employees and board members (collectively "Board Indemnitees") harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to the Lessee's Operations on the Leased Premises including, but not limited to, environmental issues, erosion, sedimentation, surface and sub-surface damage, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, strict liability, or statutory liability ("Claims"), except to the extent such Claims arise from the Board Indemnitees' gross negligence or willful misconduct. The Lessee further covenants and agrees to defend any suits brought against the Lessor on any Claims, and to pay any judgment against the Lessor resulting from any suit or suits, together with all costs and expenses relating to any claims, including reasonable attorney's and expert fees, arising from the Lessee's Operations on the Leased Premises, or other land owned by the Lessor, except to the extent such Claims arise from the Lessor's gross negligence or willful misconduct. The Lessor, if it so elects, shall have the right to participate in its defense in any suit or suits in which it may be a party, inclusive of using separate counsel without relieving the Lessee of the obligation to defend the Lessor. The Lessor shall have the right to employ separate counsel in any action, suit or proceeding if, in accord with applicable codes or rules of attorney conduct, there would be an unwaivable or unwaived conflict of interest between the Lessee and the Lessor so that they cannot be represented by the same counsel and, under such circumstances, the fees and expenses of such separate counsel shall be paid solely by the Lessee.
25. **LIENS AND CLAIMS** -- Lessee shall not suffer or permit to be enforced against the Leased Premises, or any part thereof, or any improvements thereon, any liens arising from, or any claim for damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any

other claims or demand howsoever the same may arise, but Lessee shall pay or cause to be paid all of said liens, claims, or demands before any action is brought to enforce the same against the Leased Premises or improvements. Lessee agrees to defend, indemnify and hold Lessor and the Leased Premises free and harmless from all liability for any and all such liens, claims, demands, and actions together with reasonable attorney fees and all costs and expenses in connection therewith.

Lessee shall, upon execution of this lease, at its cost, prepare a Notice, pursuant to C.R.S. 1973, § 38-22-105 and cause the same to be posted for the purpose of protecting Lessor against any liens or encumbrances upon the Leased Premises by reason of work, labor, services or materials contracted for or supplied to Lessee.

26. **BOND** -- It is agreed that no operations are to be commenced on the lands herein described unless and until Lessee or Lessee's agent has filed a good and sufficient bond with Lessor in an amount fixed by Lessor, to secure the payment for damages caused by Lessee's or Lessee's agent's operations on said lands. Lessor reserves the right to grant relief from the foregoing bond requirements. Lessor may require such bond to be held in full force and effect for one year after cessation of operations for which the bond was intended. This requirement may be waived in favor of the requirements of the Colorado Division of Reclamation, Mining, and Safety.

27. **WATER** -- If Lessee initiates or establishes any water rights for which the point of surface diversion or ground water withdrawal is on the Leased Premises, title to such water rights shall, upon termination of the lease, become the property of the surface owner without cost, and title to the water rights shall be conveyed to the surface owner immediately upon termination, except that if Lessor is the surface owner the water right shall be taken in the name of Lessor in the first instance and shall be the property of Lessor without cost.

28. **SURRENDER AND RELINQUISHMENT** -- Lessee may, at any time, by paying to Lessor all amounts then due as provided herein, surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder with respect to the lands so surrendered; provided that no partial surrender or cancellation of this lease shall be for less than tracts of approximately forty (40) acres or governmental lot corresponding to a quarter-quarter section, the rental being reduced proportionately.

This surrender clause and option herein reserved to Lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law by Lessee, Lessor or any assignee of either to enforce this lease, or any of its terms, express or implied, but in no case shall surrender be effective until Lessee shall have made full provision for conservation of the Minerals and protection of the surface rights of the Leased Premises as may be determined by Lessor.

Notwithstanding the foregoing, no surrender and relinquishment of this lease shall be effective unless and until all reports, documents and information of any kind required to be submitted to Lessor under this lease, or to such state agencies as provided in this lease have been submitted to Lessor or such state agency.

29. **RIGHT OF REMOVAL** -- In the event this lease is terminated by surrender, or the expiration of its term, and all obligations of Lessee under this lease are satisfied, all Lessee's improvements, equipment, man-made objects of any type, including stockpiles and dumps except as these stock piles and dumps may be disposed of pursuant to the reclamation plan, shall be removed from the Leased Premises within six months from the date of such termination at Lessee's expense. Such removal is to be accomplished without unnecessary waste or damage to the premises and Lessee shall restore the

surface of the Leased Premises to the same condition as immediately prior to the execution of this lease as it pertains to such removal. All improvements and equipment remaining on the Leased Premises six months after the termination hereof shall be forfeited automatically to Lessor without compensation and without necessity of execution of additional documents.

30. **CONDEMNATION** -- If the Leased Premises shall be taken in any condemnation proceeding, this lease shall automatically terminate as of the date of taking. The award for such condemnation shall be paid to Lessor, except for any specific award(s) paid to Lessee for severed minerals reserves, in which event a percent of such specific award(s) equal to royalty shall be paid to Lessor in lieu of royalty lost by virtue of the condemnation. Improvements shall be removed by Lessee per terms in the RIGHT OF REMOVAL paragraph herein. If only a portion of the leased land is taken by condemnation, Lessor may, at its option, terminate this lease or terminate only that portion of the lease so taken.

31. **COMPLIANCE WITH LAW** -- Lessee shall comply fully with all the provisions, terms, conditions of all laws, whether state or federal, and orders issued thereunder, which may be in effect during the continuance hereof, which in any manner affect or control mining or other operations of Lessee, and Lessee further agrees that good mining methods shall be used at all times of active mining so long as said methods are consistent within the law.

Lessee shall comply with all applicable federal, state and local environmental, wetlands protection, health and hazardous waste laws, ordinances and regulations. In addition to the foregoing, and not in limitation thereof, Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Leased Premises by Lessee or Lessee's agents, employees, contractors or invitees, without the prior written consent of Lessor. If Lessee breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Leased Premises caused or permitted by Lessee results in contamination of the Leased Premises, or if contamination of the Leased Premises by Hazardous Material otherwise occurs for which Lessee is legally liable, then Lessee shall indemnify, defend and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction on use of the Leased Premises, damages arising from any adverse impact on future leasing of the Leased Premises, and sums paid in settlement of claims, attorney fees, consultant fees and expert fees) which arise during or after the lease term as a result of such contamination. This indemnification of Lessor by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Leased Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Leased Premises caused or permitted by Lessee results in any contamination of the Leased Premises, Lessee shall promptly take all actions at Lessee's sole expense as are necessary to return the Leased Premises to the condition existing prior to the introduction of any such Hazardous Material to the Leased Premises; provided that Lessor's approval of such actions shall first be obtained. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of Colorado or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance that is (i) defined or designated as a "hazardous substance", "hazardous waste" or a "regulated substance" under appropriate state or federal law.

32. **ARCHAEOLOGY** -- It is contrary to State law to excavate, appropriate or disturb any historical, prehistoric or archaeological site or resource on any lands administered by Lessor. Discovery of a suspected site or resource shall be immediately brought to the attention of Lessor and the State Archaeologist or Lessee shall provide evidence that no significant archaeological sites exist on the Leased Premises which could be destroyed by Lessee's operations.
33. **DEFAULT AND FORFEITURE** -- If for any reason Lessee fails to keep each and every one of the covenants and conditions herein, and if such default continues for a period of thirty (30) days after service of written notice thereof by certified mail upon Lessee, Lessor shall have the right to declare this lease forfeited, and to enter onto the Leased Premises either with or without process of law, and to expel, remove and put out Lessee or any person occupying the premises, using such force as may be necessary to do so.
- In the event of the termination of the lease by reason of breach of the covenants herein contained, Lessee shall surrender and peaceably deliver to Lessor the above-described premises, and such premises shall be in good mining condition. If, upon termination of this lease for any reason, whether by surrender, forfeiture or expiration of term or otherwise, Lessee shall not have fully complied with the terms of the lease, Lessor shall hold and retain possession of the property, improvements, and equipment of Lessee as security unto Lessor for the payment of rents and royalties due Lessor, or to protect Lessor against liens, or to indemnify Lessor against any loss or damage sustained by Lessor by reason of the default of Lessee, for which purpose Lessor is hereby given a lien upon all such property, improvements, and equipment, which lien shall attach as the same are placed upon the premises. In the event Lessor shall foreclose the lien in this article given to Lessor by Lessee, Lessor may itself be a purchaser at any sale thereof under such foreclosure. Upon the termination of this lease for any cause, if Lessee shall remain in possession of said premises, Lessee shall be guilty of an unlawful detainer under the statutes in such case made and provided, and shall be subject to all the conditions and provisions thereof and to eviction and removal, forcibly or otherwise, with or without process of law, as above provided.
34. **TAXES** -- Lessee shall be liable for all taxes lawfully assessed on property of Lessee located on the Leased Premises.
35. **INSURANCE** --The Lessee shall maintain a liability insurance policy with the Board as co-insured in the amount of not less than one million dollars (\$1,000,000.00). This amount may be adjusted by the Board to comply with the Colorado Governmental Immunity Act, C.R.S. 24-10-114.
36. **MISCELLANEOUS PROVISIONS** -
- A. Waiver. The waiver of any breach of any provision of this Lease by any party hereto shall not constitute a continuing waiver of any subsequent breach of said party, for any breach of the same or any other provision of the lease.
- B. Heading for Convenience Only. Paragraph headings and titles contained herein are intended for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Lease.

C. Non-Severability. If any term or provision of this Lease proves to be invalid, unenforceable, void, or illegal, the remainder of this Lease will not be affected thereby, and will be valid and be enforced as written.

D. Effect of Invalidity. If any provision or portion of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable for any reason by a Court of competent jurisdiction, and the basis of the bargain between the parties hereto is not destroyed or rendered ineffective thereby, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

E. Binding Effect. This Lease and the rights and obligations created hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, including but not limited to Lessee's employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers.

F. Amendment. Except as specifically provided in Paragraph 2 (Royalty Rate Adjustment), this Lease may be modified, amended or changed only by an agreement in writing duly authorized and executed by the signers hereof or of persons acting in the same capacity for such party.

G. Governing Law and Venue. This Lease and its application shall be construed in accordance with the laws of the State of Colorado. The parties agree that venue for any litigated disputes regarding this Lease shall be City and County of Denver.

H. Counterparts; Electronic Execution. This Lease may be executed in pdf or counterpart signatures, each of which shall be considered an original and upon execution of all Parties shall be deemed binding upon the parties hereto.

I. No Third-Party Beneficiaries. This Lease is intended to describe the rights and responsibilities of and between the parties hereto and is not intended to, and shall not be deemed to, confer rights upon any persons or entities not signatories hereto, nor to limit, impair, or enlarge in any way the powers, regulatory authority and responsibilities of either party or any other governmental entity not a party hereto.

J. Non-Business Days. If the date of any action under this Lease falls on Saturday, Sunday or a day recognized as a "holiday" by the State of Colorado, then the relevant date shall be extended automatically until the next day that is not Saturday, Sunday or a "holiday."

IN WITNESS WHEREOF, Lessor has caused these presents to be executed in duplicate by the State Board of Land Commissioners and sealed with the official seal of said Board, and Lessee has hereunto set his hand and seal, all on the day and year first above written.

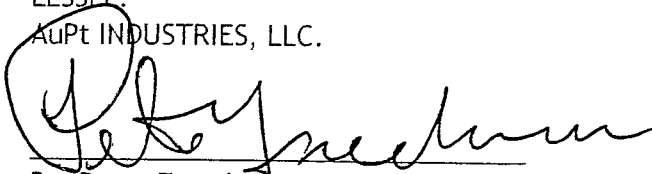
Recommended:


Phillip J. Courtney, Solid Minerals Leasing Manager

LESSOR:
STATE BOARD OF LAND COMMISSIONERS


Pete Milonas, Minerals Director

LESSEE:
AUPt INDUSTRIES, LLC.


By: Peter Freedman, Owner



ATTEST

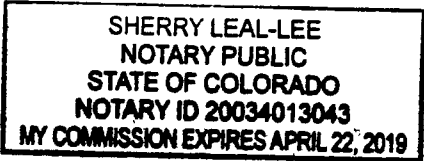
State of Colorado
County of Denver

The foregoing instrument was acknowledged before me this 31st day of May, 2016, by Peter Freedman, Owner as being authorized to execute same.

(SEAL)

Notary Public 

My Commission Expires 4/22/2019



[This space intentionally left blank]

EXHIBIT A
MINING LEASE #110324
dated

May 12, 2016

between

State of Colorado, acting through the State Board of Land Commissioners, Lessor
and

AuPt Industries, LLC, Lessee

Existing leases, right-of-ways, and agreements in Section 24, T12N, R94W (6th PM)

<u>Lease #</u>	<u>Lessee</u>	<u>Lease Type</u>	<u>Legal Description</u>
102049	Russell Moon	Agriculture	Lots 2-6, 9,12,14,26,30,32,34

Total Lease Acreage: 80.91 acres

Legal Description and Location Map

Operator Name: AuPt Industries LLC

Site Name: West Side Placer

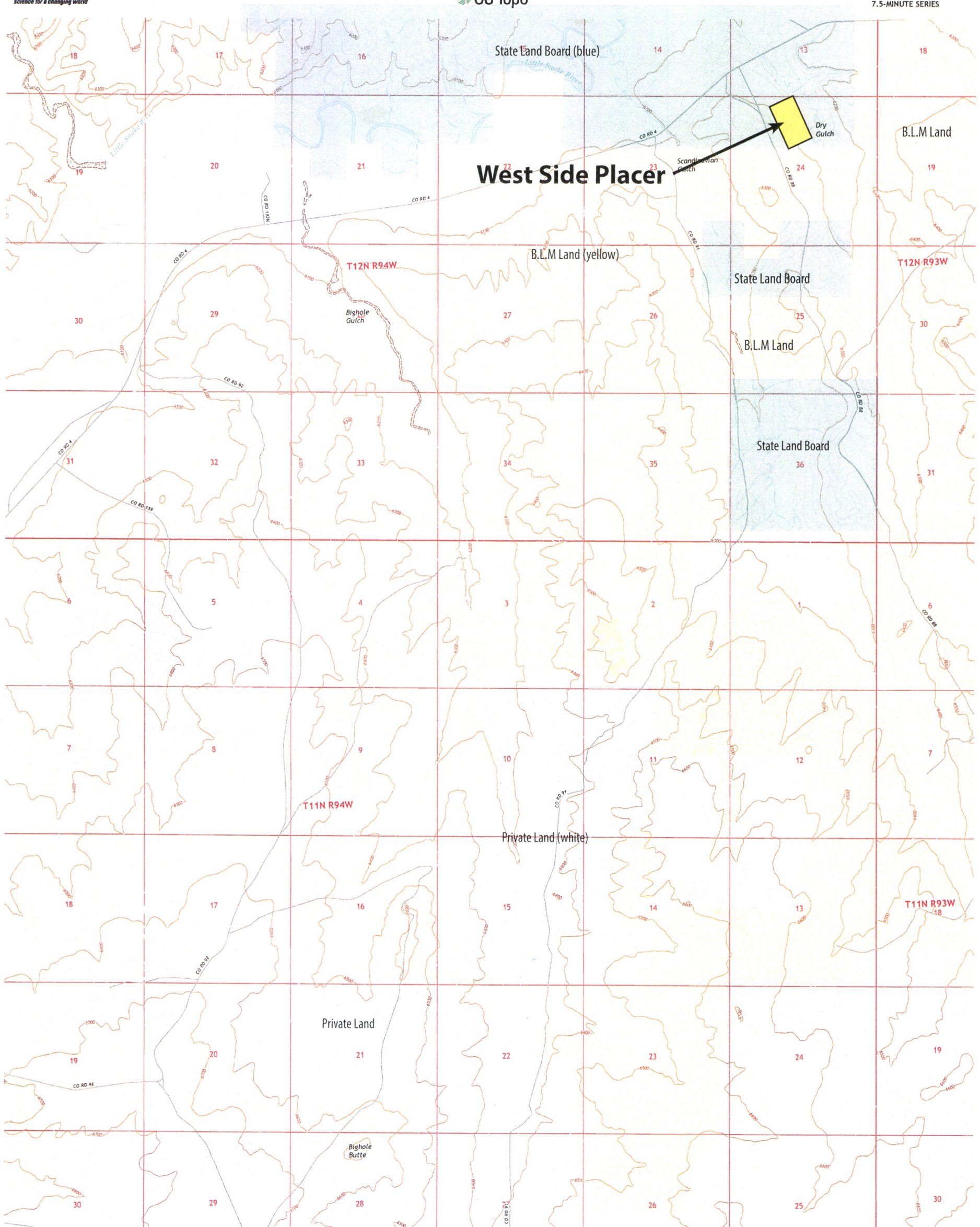
Legal Description: N ½ Section 24, Township 12 North, Range 94 West, 6th Principal Meridian in Moffat County, Colorado



U.S. DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY



BIGHOLE BUTTE QUADRANGLE
COLORADO-MOFFAT CO.
7.5-MINUTE SERIES



Produced by the United States Geological Survey

North American Datum of 1983 (NAD83)
World Geodetic System of 1984 (WGS84). Projection and
1 000-meter grid: Universal Transverse Mercator, Zone 13T
10 000-foot ticks: Colorado Coordinate System of 1983 (north
zone)

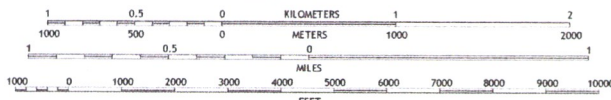
This map is not a legal document. Boundaries may be generalized for this map scale. Private lands within government reservations may not be shown. Obtain permission before entering private lands.

Imagery.....	NAIP, July	2013
Roads.....	U.S. Census Bureau, 2015	2016
Names.....	GNIS,	2016
Hydrography.....	National Hydrography Dataset,	2013
Contours.....	National Elevation Dataset,	2004
Boundaries.....	Multiple sources; see metadata file	1972 - 2016
Public Land Survey System.....	BLM,	2011
Wetlands.....	FWS National Wetlands Inventory	1977 - 2016

UTM GRID AND 2016 MAGNETIC NORTH
DECLINATION AT CENTER OF SHEET

U.S. National Grid
100,000 m Square ID
BF
Grid Zone Designation
13T

SCALE 1:24 000



COLORADO

ROAD CLASSIFICATION



1	2	3
4		5
6	7	8

- 1 Rotten Springs
- 2 McPherson Springs
- 3 Poison Basin
- 4 The Nipple NE
- 5 Thornburgh Gulch
- 6 The Nipple SE
- 7 Mayberry Spring
- 8 Great Divide

BIGHOLE BUTTE, CO
2016


Signature

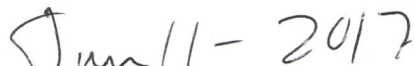
Date Jan 11-2017

Location Map GPS

Operator Name: AuPt Industries LLC
Site Name: West Side Placer
Legal Description: N ½ Section 24, Township12 North, Range 94 West, 6th Principal Meridian in Moffat County, Colorado

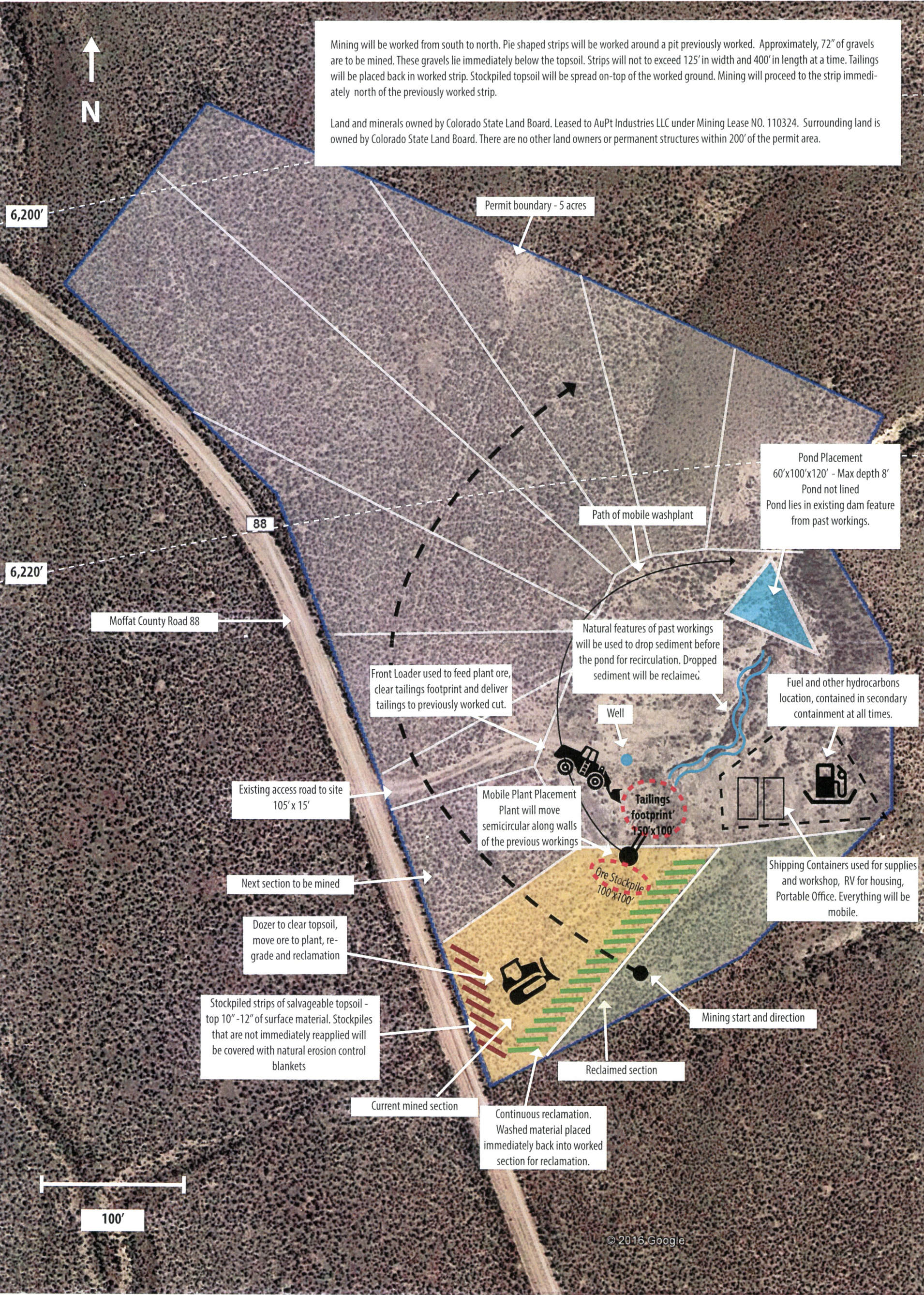



Signature


Date

Mining Plan Map

Operator Name: AuPt Industries LLC
Site Name: West Side Placer
Legal Description: N ½ Section 24, Township 12 North, Range 94 West, 6th Principal Meridian in Moffat County, Colorado

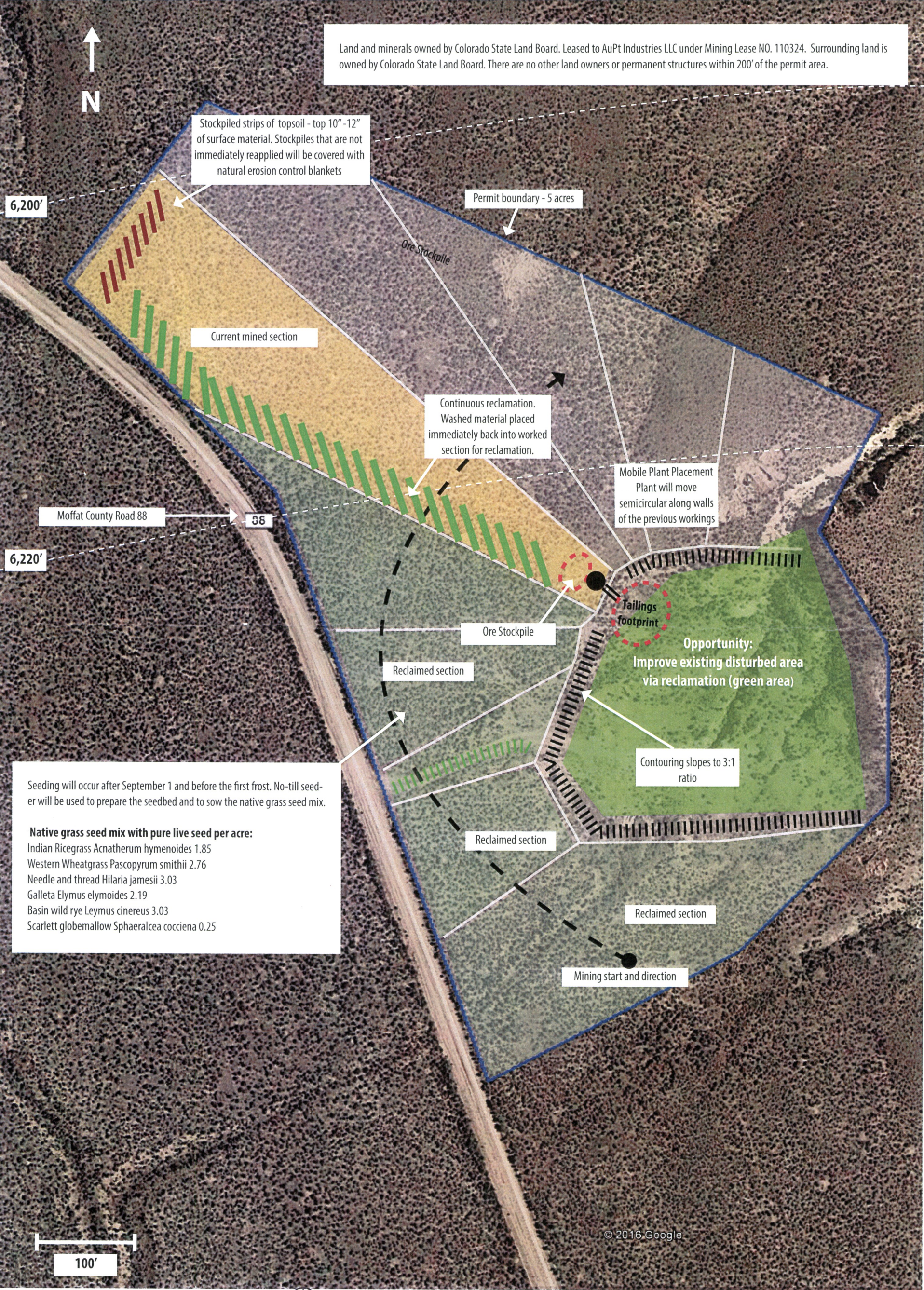



Signature

Jan 11-2017
Date

Reclamation Plan Map

Operator Name: AuPt Industries LLC
Site Name: West Side Placer
Legal Description: N ½ Section 24, Township 12 North, Range 94 West, 6th Principal Meridian in Moffat County, Colorado



Signature _____ Date Jan 11-2017



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

LIMITED IMPACT OPERATION (110(1)) RECLAMATION PERMIT APPLICATION FORM

CHECK ONE: ☒ New Application

Permit # M-_____ - _____ (provide for conversions and amendments of existing permits)

The application for a Limited Impact 110(1) Mining Operation Reclamation Permit contains three major parts: (1) the application form; (2) Exhibits A-J, any required sections of Exhibit S and Geotechnical Stability Exhibit, as required by the Office, and outlined in Rules 6.1, 6.2, 6.3, and 6.5; and (3) the application fee. When you submit your application, be sure to include one (1) signed and notarized original and one (1) copy of the application form, two (2) copies of Exhibits A-J, and 6.5 (Geotechnical Stability Exhibit), as required, and a check for the application fee described under (4) below. Exhibits should not be bound or in a 3-ring binder; maps should be folded to 8 1/2" X 11" or 8 1/2" X 14" size. To expedite processing, please provide the information in the format and order described in this form.

GENERAL OPERATION INFORMATION

Type or print clearly, in the space provided, all information described below

1. Applicant/operator or company name (name to be used on the permit): AuPt Industries LLC
 - 1.1 Type of organization (corporation, partnership, etc.): Limited Liability Company
2. Operation name (pit, mine or site name): West Side Placer
3. Permitted acreage (new or existing): (must be 5 acres or less) 4 permitted acres
4. Fees:
 - 4.1 New Application \$288.00 application fee
5. Primary commodity(ies) to be mined: Gold
6. Name of owner to the surface of affected land: Colorado State Land Board
7. Name of owner to the subsurface rights of affected land: Colorado State Land Board
8. Type of mining operation: ☐ Surface ☐ Underground ☒ Placer



9. **Correspondence Information:**

APPLICANT/OPERATOR (name, address, and phone of name to be used on permit):

Contact's Name: Peter Freedman Title: Owner
Company Name: AuPt Industries LLC
Street: _____ P.O. Box: 1424
City: Edwards
State: Colorado Zip Code: 81632
Telephone Number: (970) - 306 1784
Fax Number: () -

PERMITTING CONTACT (if different from applicant/operator above):

Contact's Name: _____ Title: _____
Company Name: _____
Street: _____ P.O. Box: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: () -
Fax Number: () -

INSPECTION CONTACT:

Contact's Name: Peter Freedman Title: Owner
Company Name: AuPt Industries LLC
Street: _____ P.O. Box: 1424
City: Edwards
State: Colorado Zip Code: 81632
Telephone Number: (970) - 306 1784
Fax Number: () -

CC: STATE OR FEDERAL LANDOWNER (if any):

Agency: Colorado State Land Board (Philip Courtney)
Street: 1127 Sherman Street
City: Denver
State: Colorado Zip Code: 80203
Telephone Number: (303) - 866 3454

CC: STATE OR FEDERAL LANDOWNER (if any):

Agency: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: () -

10. **Location information:** The center of the area where the majority of mining will occur lies in:

COUNTY: **Moffat**

PRINCIPAL MERIDIAN (check one): ☒ 6th (Colorado) ☐ 10th (New Mexico) ☐ Ute

SECTION (write number): S **24**

TOWNSHIP (write number and check direction): T **12** ☒ North ☐ South

RANGE (write number and check direction): R **94** ☐ East ☒ West

QUARTER SECTION (check one): ☐ NE ☒ NW ☐ SE ☐ SW

QUARTER/QUARTER SECTION (check one): ☐ NE ☐ NW ☒ SE ☐ SW

GENERAL DESCRIPTION (miles and direction from nearest town and approximate elevation):

35 miles north from Craig, Colorado on Highway 13 to Moffat County Road 4 Head west for 15 miles to Moffat County Road 88 Head 1/2 mile south on 88 Site is on the leftside (east) of the road The site is at approximately 6200 feet

11. **Primary Mine Entrance Location** (report in either Latitude/Longitude OR UTM):

Latitude/Longitude:

Example: (N) 39° 44' 12.98"

(W) 104° 59' 3.87"

Latitude (N): deg **40** min **59** sec **21** **.41** (2 decimal places)

Longitude (W): deg **107** min **54** sec **2** **.25** (2 decimal places)

OR

Example: (N) 39.73691°

(W) -104.98449°

Latitude (N): _____ (5 decimal places)

Longitude (W): - _____ (5 decimal places)

OR

Universal Tranverse Mercator (UTM)

Example: 201336.3 E NAD27 Zone 13

4398351.2 N

UTM Datum (specify NAD27, NAD83 or WGS 84): _____ Zone _____

Easting: _____

Northing: _____

12. **Primary future (Post-mining) land use (check one):**

☐ Cropland (CR) ☐ Pastureland (PL)

☒ Rangeland (RL) ☐ Forestry (FR)

☐ Residential (RS) ☐ Recreation (RC)

☐ Developed Water Resources (WR)

☐ General Agriculture (GA)

☐ Wildlife Habitat (WL)

☐ Industrial/Commercial (IC)

☐ Solid Waste Disposal (WD)

13. **Primary present land use (check one):**

☐ Cropland (CR) ☐ Pastureland (PL)

☒ Rangeland (RL) ☐ Forestry (FR)

☐ Residential (RS) ☐ Recreation (RC)

☐ Developed Water Resources (WR)

☐ General Agriculture (GA)

☐ Wildlife Habitat (WL)

☐ Industrial/Commercial(IC)

☐ Mining (MN)

14. If this operation will use designated chemicals, or will result, or presently has acid mine drainage - you cannot use this application form. You must submit a either a 110d or 112d application form for Designated Mining Operations. In either case, you must list any acidic or toxic-forming materials, exposed or disturbed as a result of the mining operation, and whether the operation will result in or presently has acid mine drainage:

none

15. **Description of Conversion or Amendment:** If you are converting or amending an existing operation, provide a brief narrative describing the proposed change(s):

None

16. **Maps & Exhibits:** Submit **two (2) complete, unbound copies** of the following application exhibits:

- 6.3.1 EXHIBIT A - Legal Description and Location Map
 - 6.3.2 EXHIBIT B - Site Description
 - 6.3.3 EXHIBIT C - Mining Plan
 - 6.3.4 EXHIBIT D - Reclamation Plan
 - 6.3.5 EXHIBIT E - Map
 - 6.3.6 EXHIBIT F - List of Other Permits and Licenses Required
 - 6.3.7 EXHIBIT G - Source of Legal Right-to-Enter
 - 6.3.8 EXHIBIT H - Municipalities within a Two-mile Radius
 - 6.3.9 EXHIBIT I - Proof of Filing with County Clerk
 - 6.3.10 EXHIBIT J - Proof of Mailing Notices of Permit Application
 - 6.3.12 EXHIBIT L - Permanent Man-Made Structures
- 6.5 Geotechnical Stability Exhibit (as required)

EXHIBIT A - Legal Description and Location Map
Rule 6.3.1 (Starts on Page 134 of the Rules)

1) Please provide the legal location description of the Mine:

- a. COUNTY: Moffat
- b. PRINCIPAL MERIDIAN (check one): ☒ 6th (Colorado) ☐ New Mexico Principal Meridian (NMPM)
- c. SECTION (write number): 24
- d. TOWNSHIP (write number and check direction): T 12 ☒ North ☐ South
- e. RANGE (write number and check direction): R 94 ☐ East ☒ West
- f. QUARTER SECTION (check one): ☐ NE ☒ NW ☐ SE ☐ SW
- g. QUARTER/QUARTER SECTION (check one): ☐ NE ☒ NW ☐ SE ☐ SW
- h. Approximate elevation (write number): 6241 Feet
- i. Direction and miles to nearest town/city _____
35 miles north from Craig, Colorado on Highway 13 to Moffat County Road 4. Head west for 15 miles to Moffat County Road 88 Head 1/2 mile south on 88. Site is on the left side (east) of the road. The site is at approximately 6200 feet

Additional Legal Description:

Note: Description shall be by township, range, and section, to at least the nearest quarter quarter section. A metes and bounds survey description is also acceptable. Where available, the street address or lot number(s) shall be given.

2) Primary Mine Entrance Location (report in either Latitude/Longitude OR UTM):

Latitude/Longitude:

Degrees Minutes Seconds (DMS):

Latitude (N): deg 40 min 59 sec 27.02 (2 decimal places)

Longitude (W): deg 107 min 54 sec 6.60 (2 decimal places)

OR

Decimal Degrees (DD):

Latitude (N): _____ (5 decimal places)

Longitude (W): - _____ (5 decimal places)

OR

Universal Transverse Mercator (UTM):

UTM Datum (specify NAD27, NAD83 or WGS 84) _____ Zone _____

Easting: _____

Northing: _____

3) Please provide a Location Map or use the attached template. The map must show the location of the mine site on a USGS 7.5 minute Quad (1:24,000 scale) or equivalent map. An example location map is enclosed.

EXHIBIT B – Site Description
Rule 6.3.2 (Starts on Page 135 of the Rules)

1) Primary present land use (check one):

- | | | |
|--|---|---|
| <input type="checkbox"/> Cropland (CR) | <input type="checkbox"/> Pastureland (PL) | <input type="checkbox"/> General Agriculture (GA) |
| <input checked="" type="checkbox"/> Rangeland (RL) | <input type="checkbox"/> Forestry (FR) | <input type="checkbox"/> Wildlife Habitat (WL) |
| <input type="checkbox"/> Residential (RS) | <input type="checkbox"/> Recreation (RC) | <input type="checkbox"/> Industrial/Commercial (IC) |

Additional Land use information:

2) Current vegetative cover (check all that apply):

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Grasses | <input type="checkbox"/> Trees | <input type="checkbox"/> No vegetative cover |
| <input checked="" type="checkbox"/> Shrubs | <input checked="" type="checkbox"/> Pasture | <input type="checkbox"/> Other: _____ |

Additional vegetation information:

~~Semidesert Shrubland: needleandthread, Wy. big sagebrush, Indian ricegrass, antelope bitterbrush,~~ _____

3) Current Soil Characteristics:

Loamy Sand -Alluvium derived from sandstone. The soil contains river cobble.

(This information is publically available and free. It may be obtained through the local office of the Natural Resource Conservation Service)

4) Are there any permanent manmade structures (homes, roads, bridges, power lines, fences, etc.) located within two hundred (200) feet of the mine boundary: (☐) Yes or (☒) No

If yes, please identify the type of structure and the structure owner:

Structure: _____	Owner: _____
Structure: _____	Owner: _____
Structure: _____	Owner: _____
Structure: _____	Owner: _____

5) Are there any streams, springs, lakes, stock water ponds, ditches, reservoirs, and aquifers that would receive drainage directly from the mine: (☐) Yes or (☒) No

If yes, please describe the water features:

6) (Optional) Please provide a Wildlife Statement prepared by the Colorado Parks and Wildlife.

Additional site description information:

EXHIBIT C - Mining Plan
Rule 6.3.3 (Starts on Page 136 of the Rules)

The purpose of the mining plan is to describe how mining will affect the permit area through duration of the operation. The plan must be correlated to Exhibit E – Map.

- 1) Estimated dates of commencement: May 1, 2017 and completion: Nov 1, 2018
- 2) How many years is the mine anticipated to be operational: 1.5 years
- 3) Will mining activities occur all-yearlong or just seasonally when weather permits (check one):
(☐) all-yearlong or (☒) seasonally, explain: May 1 - November 1

- 4) How many aces of the mine site will be disturbed at any given time: 1 acres

- 5) Depth of topsoil to be salvaged (only for surface disturbances) (check one):

☐ 4-6 inches ☐ 6-8 inches
☐ 8-10 inches ☒ 10-12 inches
☐ Other: _____
☐ N/A, explain: Topsoil not immediately reclaimed to be covered w. erosion control blankets

- 6) Will you need to move any overburden (check one): (☐) Yes or (☒) No
a. If yes, approximately how thick is the overburden? _____ feet

- 7) How will the mine be accessed: (☒) existing roads (☐) new roads will be created

Please describe the existing roads:

A well maintained Moffat County Road 88 leads to the site. There is a spur a road into mine site.

- a. If there will be new roads or road improvements, please describe the new roads and road improvements:

No

- 8) Will water be needed during the mining operation (check one): (☒) Yes or (☐) No

- a. If yes, please describe the source of the water and how much water will be used during the operation:

A permitted well was drilled in September 2016. Project will use 12.5 acre feet for per annum. All water from the well be placed back into the aquifer.

- 9) Will any water diversions or impoundments be constructed (check one): (☒) Yes or (☐) No

- a. If yes, please describe the water diversions or impoundments:

A dam feature from past working will be used as a pond. The dam is 120'x 100'x60' wide and approx 8' deep. Pond will be unlined

- 10) Will any chemicals be used during the mining process (check one): (☐) Yes or (☒) No

- a. If yes, please describe the chemical types and quantities to be utilized, chemical storage and spill containment and emergency response plans for on-site spills. Plant operation details should include tank capacities and operating solution volumes:

a. If yes, please describe how the deposit/ore will be processed on site:

12) Will explosives be used at any point in your mining operation (check one): (☐) Yes or (☒) No

Monazite, REE, Titanium Metals and Zircon

15) How will earthmoving be conducted: **Heavy equipment** (☒) Yes or (☐) No
 Hand tools (☒) Yes or (☐) No

16) Please provide an estimate of the actual costs to reclaim the site based on what it would cost the State of Colorado using an independent contractor to complete reclamation. The Office adds up to an additional maximum eighteen and one half (18.5%) percent of that total, which includes a private contract, typical overhead costs and profit.

Direct Cost:

- i. Backfilling: 0 (cubic yards) X \$ 0 (cost per yard) = Total \$ 0.
- ii. Grading: 5000 (cubic yards) X \$.25 (cost per yard) = Total \$ 1500.
- iii. Topsoil: 0 (cubic yards) X \$ 0 (cost per yard) = Total \$ 0.
- iv. Seeding: 4 (acres) X \$ 250 (cost per acre) = Total \$ 1000.
- v. Mobilization: 2 (Pieces of equipment) X \$ 2000 (cost per equipment) =
Total \$ 4000.

Direct Cost Subtotal: \$ 6500.

Division's total overhead cost: X 18.5%

Division's Total cost: \$ 7702.5.

Note: Based on the Division's experience the required financial warranty is normally set at approximately \$2,500 per acre. Therefore, a typical 5 acre permit will have a total required financial warranty in the amount of \$12,500.

17)(Optional) Please provide additional information about the Mine Plan:

Strips will be cut on the five acre permitted area, with a maximum of 1.5 acre disturbed at anytime. Material will be excavated and stockpiled in previous disturbed area adjacent to cuts and run through portable wash-plant. Topsoil, will be stockpiled at the western end of each cut. Tailings from washplant will then be moved back to the mined cut. Mining will commence in a direction from South to North, filling cuts with tailings and moving on. No more than 1 acre will be disturbed at anytime. Upon completion disturbed area will be graded and restored to previous contours. An excavator and front loader will be used for the excavation and processing. Hired excavator contractor will be used for grading.

Including the following:

(1)(b) Topsoil not immediately reclaimed to be covered w. erosion control blankets

(d) Deposit averages 72' in depth

(e) No permanent structures on site. Shipping containers will be used to house supplies, including workshop to maintain equipment and gold recovery. Mobile office and RV will be placed on previously disturbed ground.

(f) Stripped ground will not exceed 125' in width and 400' in length. Stockpiled ore material will not exceed a 100'x100' footprint and tailings will also not exceed a 150'x100' footprint. Ongoing reclamation to follow immediately after running of the material through the washplant. Ponds will be placed at exhistng dam feature. Pond dimension (triangular) 60'x100'x120' with a depth of 8' (150,000 gallons). Pond will not use a liner, washing of the material creates a seal to hold the water.

(g) The mine will be accessed via an existing spur off of Moffat County Road 88. The spur is approximately 105' in length and 15' in width. No improvements to the this spur will be necessary. The spur accesses a previously worked pit.

(h) The West Side Placer will use approximately 12 acre feet of water per annum.

(j) No injury to existing water rights, area is not appropriated. All water taken from the well will be placed back into the earth.

Additional Reclamation Fees

Plugin of well - \$3,739.00

Seedmix - (\$120 per acre x5) - \$600

Till and Seeding (\$300 per acre x5) \$1500

Demolition of Pond - \$1500

5,839.00

x 18.5% 6,919.22

Previous reclamation costs : 7702.5

Total reclamation estimate: 14,621.72

EXHIBIT D - Reclamation Plan
Rule 6.3.4 (Starts on Page 139 of the Rules)

The purpose of the Reclamation Plan is to describe the timing, procedures, criteria and materials that will be used to reclaim the affected land to the proposed post-mining land use. Reclamation is required for all affected lands. This plan must be correlated to Exhibit E - Map.

1) Primary future (Post-mining) land use (check one):

- | | | |
|--|---|---|
| <input type="checkbox"/> Cropland (CR) | <input type="checkbox"/> Pastureland (PL) | <input type="checkbox"/> General Agriculture (GA) |
| <input checked="" type="checkbox"/> Rangeland (RL) | <input type="checkbox"/> Forestry (FR) | <input type="checkbox"/> Wildlife Habitat (WL) |
| <input type="checkbox"/> Residential (RS) | <input type="checkbox"/> Recreation (RC) | <input type="checkbox"/> Industrial/Commercial (IC) |

2) Please provide a general description of how the mined area will be Reclaimed:

Processed gravels will be placed into back into excavated cuts. Stockpiled topsoil will be spread on top of the reclaimed processed material. Grading will then take place to existing contours and then will be seeded with native grasses. The mineable land sits on an alluvial plane - nearly perfectly flat.

3) What will the final grade of the reclaimed slopes (Horizontal:Vertical): 3 H: 1 V

(Note: If the Applicant proposes slopes steeper than 3H: 1V (example 1H:1V, 2H: 1V, etc.), please include a justification:

Any slopes will be reclaimed to a 3/1 ratio.

a. Please provide a general description of the backfilling and grading:

Stockpiled topsoil will be spread on top of the reclaimed processed gravels. Grading will then take place to existing contours. Grading will be outsourced with local contractors.

4) Depth of topsoil to be salvaged (only for surface disturbances) (check one):

- | | |
|--|--|
| <input type="checkbox"/> 4-6 inches | <input type="checkbox"/> 6-8 inches |
| <input type="checkbox"/> 8-10 inches | <input checked="" type="checkbox"/> 10-12 inches |
| <input type="checkbox"/> Other: _____ | |
| <input type="checkbox"/> N/A, explain: _____ | |

- 5) Please provide a seed mix recommendation from the local office of the Natural Resource Conservation Service, United States Forest Service, Bureau of Land Management or pick a seed mix from the following list that best represents the climate zone at the mine (check one):

a. ☐ Zone 1, Eastern Plains

Site Description: The elevation of the plains is 6,000 feet or below. The general region is the Front Range, surrounding Denver Metro area and the Eastern Plains. Annual precipitation generally 12-18 inches per year. The average annual high temperature is 69°F with average annual low temperature of 37°F.

Seed Mix	Common Name	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding)
Grasses	Sideoats Grama	<i>Bouteloua curtipendula</i>	1.8
	Buffalograss	<i>Buchloe dactyloides</i>	6.25
	Western Wheatgrass	<i>Pascoprum smithii</i>	2.76
	Blue Grama	<i>Bouteloua gracilis</i>	0.49
	Green Needlegrass	<i>Stipa viridula</i>	1.44
	Little Bluestem	<i>Schizachyrium scoparium</i>	1.16
Forbs	Upright prairie coneflower	<i>Ratibida columnifera</i>	0.25

b. ☐ **Zone 2, Foothills (Lower Montane)**

Site Description: The elevation of the foothills ranges from 6,000 to 7,500 feet. The general region is the transition zone between the plains and the montane. Annual precipitation ranges from 12 to 18 inches per year. The average annual high temperature is 60°F with average annual low temperature of 29°F.

Seed Mix	Common Name	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding
Grasses	Blue Grama	<i>Bouteloua gracilis</i>	0.49
	Needle and thread	<i>Hesperostipa comata</i>	2.3
	western Wheatgrass	<i>Pascorum smithii</i>	2.76
	Little Bluestem	<i>Schizachyrium scoparium</i>	1.54
	Indian Ricegrass	<i>Oryzopsis hymenoides</i>	1.38
Forbs	Palmer's penstemon	<i>Penstemon palmeri</i>	.2

c. ☒ **Zone 3, Pinyon-Juniper (Sagebrush Steppe, Western Plateau)**

Site Description: The elevation of the foothills ranges from 6,000 to 7,500 feet. The general region is the transition zone between the plains and the montane. Annual precipitation average is around 9 inches per year. The average annual high temperature is 65°F with average annual low temperature of 40°F.

Seed Mix	Common Name	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding
Grasses	Indian Ricegrass	<i>Acnatherum hymenoides</i>	1.85
	Western Wheatgrass	<i>Pascopyrum smithii</i>	2.76
	Needle and thread	<i>Hilaria jamesii</i>	3.03
	Galleta	<i>Elymus elymoides</i>	2.19
	Basin wild rye	<i>Leymus cinereus</i>	3.03
Forbs	Scarlett globemallow	<i>Sphaeralcea coccinea</i>	0.25

d. ☐ **Zone 4, Montane**

Site Description: The elevation of the Montane zone ranges from 7,500 to 9,300 feet. The general areas include the mountain resort towns and surrounding areas such as Georgetown, Steamboat Springs, Pagosa Springs, Crested Butte, Etc. Annual precipitation ranges from 18 to 60 inches per year. The average annual high temperature is 54°F with an average annual low temperature of 25°F.

Type	Common Name	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding
Grasses	Mountain brome	<i>Bromus carinatus</i>	1.93
	Bluebunch wheatgrass	<i>Psuedoroegneria spicata</i>	3.71
	Idaho fescue	<i>Festuca idahoensis</i>	0.79
	Prairie junegrass	<i>Koeleria macrantha</i>	0.15
	Sandberg bluegrass	<i>Poa secunda</i>	0.37
Forbs	Common yarrow	<i>Achillea millenfolium</i>	0.25

e. ☐ **Zone 5, Sub-Alpine**

Site Description: The elevation of the Sub-Alpine zone ranges from 9,300 to 11,400 feet. The general areas include but are not limited to Lake County, Summit County and areas adjacent to the Continental Divide. Annual precipitation is 40 inches per year and above. Average annual high temperature is 49° with average annual low temperature of 21°F.

Seed Mix	Species	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding
Grasses	Mountain muhly	<i>Muhlenbergia montana</i>	0.23
	Parry's oatgrass	<i>Danthonia parryi</i>	2
	Prairie junegrass	<i>Koeleria macrantha</i>	0.15
	Elk sedge	<i>Carex geyeri</i>	2.9
	Idaho fescue	<i>Festuca idahonesis</i>	0.8
Forbs	Lambert's locoweed	<i>Oxytropis lambertii</i>	0.25

f. ☐ Zone 6, Alpine

Site Description: The elevation of the Alpine zone range is 11,400 feet and above. The general area includes all areas above timberline. Annual precipitation ranges from 20 to 25 inches per year. Average annual high temperature is 52°F and an average annual low temperature of 18°F.

Seed Mix	Species	Scientific Name	Application Rate PLS (pounds of pure live seed per acre for Drill seeding. Double rate for broadcast seeding
Grasses	Tufted hairgrass	<i>Deschampsia cespitosa</i>	0.4
	Alpine bluegrass	<i>Poa alpine</i>	0.4
	Spike trisetum	<i>Trisetum spicatum</i>	0.17
	Alpine timothy	<i>Phleum alpinum</i>	0.35

6) How will the selected seed mixture be seeded (check one):

- ☐ Drilled ☒ Broadcast
☐ Hydroseeded ☐ Aerial seeded
☐ Other: _____

Note: Application rates need to be doubled for hydroseeding, aerial and broadcast seeding.

7) Will trees be planted as a part of the reclamation plan (check one): (☐) Yes (☒) No

a. If yes, please list the species: _____

8) Will Shrubs be planted as a part of the reclamation plan (check one): (☐) Yes (☒) No

a. If yes, please list the species: _____

9) Will mulch be used (check one): (☐) Yes (☒) No

a. If yes, what kind will be used: _____
 Crimping method: _____
 Application Rate: _____

10) Will Fertilizer be used (check one): (☐) Yes (☒) No

a. If yes, what kind will be used: _____
 Application method: _____
 Application Rate: _____

11)(Optional) Please provide additional information about the Reclamation Plan:

Previous mined sites in the district demonstrate that sagebrush and native grasses will easily adapt to mined sites.

Specifics for the reclamation plan include

(a) Only topsoil 10"-12" of depth lies above the gravels to be processed. Overburden, except for the topsoil does not exist.

(b) The maximum gradient of reclaimed slopes will be a 3:1 ratio.

(c) Measures to re-vegetate site

(i) Salvaged topsoil which averages 10"-12" in depth will be used as the primary growth media.

(ii) Seeding will occur after September 1 and before the first frost. No-till seeder will be used to prepare the seedbed and to sow the native grass seed mix.

(iii) Native grass seed mix with pure live seed per acre:

Indian Ricegrass *Acnatherum hymenoides* 1.85

Western Wheatgrass *Pascopyrum smithii* 2.76

Needle and thread *Hilaria jamesii* 3.03

Galleta *Elymus elymoides* 2.19

Basin wild rye *Leymus cinereus* 3.03

Scarlett globemallow *Sphaeralcea coccinea* 0.25

(iv) A no-till seeder will be used - no adjustment for pls

(d) After reclamation all ponds, well features (as per State Land Boards request) and access road will be removed and reclaimed. Reclamation will provide an opportunity to reclaim past workings in the disturbed areas. These areas were last worked in 1896.

Additional

EXHIBIT E - Maps
Rule 6.3.5 (Starts on Page 141 of the Rules)

The purpose of the mine plan map is to describe how mining will affect the permit area through duration of the operation. The purpose of the reclamation plan map is to describe the timing, procedures, criteria and materials that will be used to reclaim the affected land to the proposed post-mining land use. Reclamation is required for all affected lands. The mine plan map and the reclamation plan map must satisfy the general map requirements of Rule 6.2.1(2), and illustrate the information specified under Rules 6.3.2(b), 6.3.3 and 6.3.5. Examples of a mine plan map and a reclamation plan map are enclosed for reference.

1) Please show the following on the Mine Plan Map (Please use the optional template or attach a map):

- a. Boundary of Affected Lands must be delineated and labeled (the mine boundaries cannot be larger than 5 acres);
- b. Where will mining start;
- c. What direction will mining progress;
- d. Label all immediately adjoining surface owners;
- e. Show the name and location of all creeks, roads, buildings, oil and gas wells and lines, and power and communication lines on the mine and within two hundred (200) feet of the mine boundary;
- f. Show the existing topography (contour lines of sufficient detail are required to portray the direction and rate of slope of the affected land);
- g. Label the type of vegetation covering the mine;
- h. Show all permanent man-made structures on the mine and within two hundred (200) feet of the mine boundary and label the owners of the permanent man-made structures; and
- i. If the operation is not expected to directly affect surface or groundwater systems, a statement of that expectation shall be submitted
 - i. Illustrate on the pre-mining map if the operation is not expected to directly affect surface or groundwater systems, a statement of that expectation shall be submitted.
 - ii. Please identify all known aquifers.
 - iii. Submit a brief statement or plan showing how water from dewatering operations or from runoff from disturbed areas, piled material and operating surfaces will be managed to protect against pollution of either surface or groundwater.

Note: It may be helpful to print an aerial photo and label everything on the aerial photo.

2) Reclamation Plan Map (Please use the optional template or attach a map)

Please provide a map that clearly describes the features associated with the mining plan and the components of the Reclamation Plan. Include one map for the mine plan and one map for the Reclamation Plan. The map(s) must be drawn to a scale no smaller than appropriate to clearly show all elements that are required to be delineated by the Act and these Rules; show a north arrow, note any section corners adjacent to the proposed operation, and indicate the date illustrated. At a minimum, maps must include the following information:

- a. Please illustrate the gradient of all reclaimed slopes (horizontal:vertical) sufficient to describe the post mine topography;
- b. If ponds are a part of the Reclamation Plan, outline the final shore configuration of the ponds and shallow areas if the future land use is for wildlife;
- c. State the average thickness of replaced overburden by reclamation area or phase; and
- d. State the average thickness of replaced topsoil by reclamation area or phase.

**EXHIBIT G - Source of Legal Right to Enter
Rule 6.3.7 (Starts on Page 143 of the Rules)**

1) Name of owner to the surface of affected land:

<input type="checkbox"/> Public Domain (BLM)	<input type="checkbox"/> National Forest (USFS)
<input checked="" type="checkbox"/> State	<input type="checkbox"/> State Sovereign Lands
<input type="checkbox"/> Private (who): _____	
<input type="checkbox"/> Other (please describe): _____	

2) Name of owner to the subsurface rights of affected land:

<input type="checkbox"/> Public Domain (BLM)	<input type="checkbox"/> National Forest (USFS)
<input checked="" type="checkbox"/> State	<input type="checkbox"/> State Sovereign Lands
<input type="checkbox"/> Private (who): _____	
<input type="checkbox"/> Other (please describe): _____	

3) If mining is located on Bureau of Land Management Land (BLM) or U.S. Forest Service land (USFS) land the remaining section must be completed:

i) Claimant:	_____
ii) Serial Number:	_____
iii) List Name:	_____
iv) Address:	_____
v) Telephone:	_____
vi) Fax Number:	_____

4) If the mining operation is located on private, state, or state sovereign lands, please provide a description of the basis for legal right of entry to the site and to conduct mining and reclamation for Owners of Record described in Rule 1.6.2(1)(e)(i). This may be a copy of access lease, deed, abstract of title, or a current tax receipt. A signed statement by the Landowner(s) and acknowledged by a Notary Public stating that the Operator/Applicant has legal right to enter and is also acceptable.

See attached lease agreement with Colorado State Land Board.