



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Royal Gorge Field Office
3028 East Main Street
Cañon City, Colorado 81212



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COC 77472

JAN 25 2017

Zephyr Gold USA Ltd.
Attn: David Felderhof
1959 Upper Water St.
Suite 1700
Halifax, Nova Scotia B3J 3N2
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Surface Management

Dear Mr. Felderhof,

Zephyr Gold USA Ltd. filed a Notice Modification (MD-3) to construct new roads for use in exploration in T19S, R71W, section 14 in Fremont County, CO that was originally received in this office on November 21, 2016.

Consistent with the surface management regulations at 43 CFR 3809.311(a), the BLM has reviewed Notice MD-3, together with additional information received on January 10, 2017, in order to determine if it meets the content requirements at 43 CFR 3809.301(b). Based on our review, the following information is still needed from Zephyr Gold USA Ltd., in order for BLM to continue processing the Notice:

1. According to Figure 1, the cross section for the proposed new road extends from the Last Show Lode to the Windy Point Lode. Please clarify if this cross section is indicative of all of the new road construction, or just this portion. In addition, there appears to be an existing road trace that is slightly north of this transect that may be more readily accessible, depending on the desired drilling locations. Please clarify the proposed road footprint and length.
2. In Figure 2, the measurements provided for the new road construction parameters would equate to a disturbance acreage that is larger than what is stated in MD-3. All disturbances of public lands associated with road building need to be considered in the acreage estimate proposed with this modification. Please clarify total acreage for proposed for MD-3. Keep in mind that per 43 CFR 3809.11(a), you must submit a plan of operations and obtain BLM's approval before beginning operations that cause greater than 5 acres of surface disturbance on public lands.
3. Currently, Figure 2 shows the cut on the inside edge of the proposed road as 5.6'. Given that the cut is greater than 3', please confirm that this is the most appropriate location and design for the construction of these roads.

4. The proposed cut depth for these access roads will generate a significant amount of cut material. Please clarify where this material will be placed, how it will be managed upon removal, and how it will be used in the final regrading and reclamation efforts.
5. Per 43 CFR 3809.11(b), a plan of operations will need to be submitted for bulk sampling involving removal of 1,000 tons or more of presumed ore for testing. Please clarify a total tonnage removed to date, as well as what is proposed for MD-3.
6. Please clarify the methodology for mud pit construction in the roadway, management of drilling fluids and reclamation.

Until a complete Notice Modification (or Plan of Operations) is filed with this office, the BLM is unable to determine that your proposed operations will not result in unnecessary or undue degradation as defined under 43 CFR 3809.5.

Required Financial Guarantee – The Colorado Division of Reclamation, Mining and Safety (CDRMS) currently holds a financial guarantee in the amount of \$51,275 for these exploration operations. This office will coordinate with CDRMS on the reclamation cost estimate you provided for this project.

The financial guarantee must be redeemable by both the Secretary and the State and BLM must concur in the approval, release, or forfeiture of a financial guarantee for public lands. Therefore, please coordinate with CDRMS to obtain the appropriate paperwork that will include BLM as a co-obligee on the financial guarantee for this operation.

If you have any questions, please contact Stephanie Carter at 719.269.8551.

Sincerely,



ACTING FOR

Keith E. Berger
Field Manager
Royal Gorge Field Office

cc: Angela Bellantoni, Ph.D., EAI
Tim Cazier, CDRMS