



**COLORADO**

**Division of Reclamation,  
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215  
Denver, CO 80203

March 13, 2017

Mr. David Felderhol  
1300 - 1959 Upper Water Street  
Purdy's Wharf Tower 1  
Halifax, Nova Scotia B3J 3N2  
Canada

**Re: Dawson Gold Project, DRMS NOI File No. P-2013-002;  
Third Notice of Deficiencies for NOI Modification, Revision No. MD-3**

Dear Mr. Felderhol:

On February 23, 2017 the Division of Reclamation, Mining and (Division) received your response to the second notice of deficiencies (NOD) for your Notice of Intent to Conduct Prospecting Operations (NOI) Modification (MD-03). Based on these responses, the Division requests clarification on the following:

**Application:**

- a. Item No. III.12.F and G, pages 4 and 5 old Form 2 – From the February 23, 2017 response, the second paragraph commits to pulling the cast material from the road cut back up with a Cat 324D excavator at a cost of \$131/hour or \$5,991.68/acre. The Division considers this adequate. The third paragraph commits constructing a rock buttress in the areas where cuts in the colluvium pose a potential stability problem at a cost of \$141/hour or \$76,774.50/acre. Based on this information, the Division needs more clarification on the different approaches to the standard backfill and the rock buttresses. Also, please indicate the source of rock and “on-site clayey gravel” for the buttresses and how it is to be delivered to the necessary areas, assuming it is different from the cast material used for standard backfill.
- b. Based on the proposed reclamation for the roads, the Division will assume seeding is to be accomplished via broadcasting. We also assume soil preparation for seeding (roughening) will be accomplished with the excavator. The current reclamation plan calls for mulching with hay/straw. How will this be accomplished?

**Agency Comments:** The Division was copied on the BLM’s March 9, 2017 comments and will continue to coordinate responses with the BLM to ensure the Federal agency is satisfied with your responses.

**Financial Warranty:**

The Division will estimate a cost to reclaim the site based on the application and your response to the adequacy review issues above. Please be reminded that the proposed prospecting operations

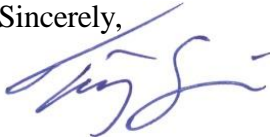


identified in the current modification application may not commence until the adequacy issues are addressed and the bond is submitted and approved by the Division.

Pursuant to Rule 5.1.3(c), the above deficiencies are required to be addressed within 60 days of this notice or the Division may deny the modification application. **Please be advised the Dawson Gold Project Prospecting Modification Application may be deemed deficient and the application may be denied on April 12, 2017** (60 days from the date of this letter) unless the abovementioned deficiencies are addressed to the satisfaction of the Division.

If you have any questions, please contact me (303-866-3567 ext. 8169).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Timothy A. Cazier', with a stylized flourish at the end.

Timothy A. Cazier, P.E.  
Environmental Protection Specialist

ec: David Felderhol, Zephyr Gold USA Ltd  
DRMS file  
Dr. Angela Bellantoni, EAI  
Stephanie Carter, BLM