



March 15, 2017

Tim Cazier
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver, Colorado 80203

RE: Zephyr Gold USA Ltd (Zephyr)
Dawson Gold Project P-2013-002
NOI Modification, Revision No. MD-3
Response to Third Notice of Deficiencies dated March 13, 2017

Dear Mr. Cazier,

On March 13, 2017, Environmental Alternatives Inc. (EAI) received the Division's Third Notice of Deficiencies for NOI Modification, Revision No. MD-3. Please accept this correspondence as response to deficiency items.

Application:

Item No. III.12.F and G, pages 4 and 5 old Form 2.

Exploration road reclamation is proposed using a CAT 324DL excavator. This excavator is especially suited for mountain road reclamation because the transport width can be minimized to 10'6" with 24" shoes, the same width as the CAT 320D excavator that constructs the mountain roads. The centroid of the fill material (the average bulk of material) only requires an 11.2 foot average reach and swing which provides a short production cycle for the excavator. In addition the boom can extend to 61 ft. well beyond the extent of the road cut cast material that extends approximately 30 ft. down the mountain side. This boom length also allows the excavator operator to reclaim the road in front of the machine without compromising the integrity of the road adjacent to the excavator. The average boom operating swing radius will range between 30 and 35 degrees or less, reclaiming the road in front of the excavator.

All post 2013 exploration roads will be reclaimed including backfilling and seeding. The road cuts will be backfilled with the road cast material. The excavator will harvest the cast fill slope material from the road side and replace it in the road cut. The material will be compacted with the excavator bucket in approximately two foot lifts. Native plant growth material is present in the bottom layers of road cut material near the road surface. When

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the road was constructed, the top plant growth material was removed first and placed on the side of the road. This material was ultimately at the bottom of the road cut material. As the road is reclaimed, the native plant growth material will be the last material harvested from the side of the road cut and placed on top of the compacted fill material.

After the road cut is backfilled and native plant growth material is replaced, the surface will be seeded. The native plant growth material will be placed on the backfill material, compacted and roughened with the excavator bucket. Straw will be applied by hand and crimped with the excavator bucket during final seed bed preparation. Seed will be applied by broadcasting.

Road cuts in colluvium material will be reclaimed in a manner consistent with the previous description with the addition of clayey gravel to construct the rock buttresses as recommended by Jesik Consulting. Clayey gravel is present in the banks of an ephemeral drainage in the Fremont Placer (Zephyr ownership), at the toe of the former mine pad culvert near the Dawson mine. The material will be loaded into a three to five yard dump truck with a loader, transported and unloaded near the road cut. During road backfilling, the clayey gravel will be mixed with the road cut material using the excavator bucket in a 3 parts road cut to 1 part clay gravel ratio. Approximately 312 cubic yards of clay material will be necessary to reclaim the total anticipated 1000 linear feet of colluvium road cut areas. In an existing 100 ft. reach of colluvium road cut, approximately 31 cubic yards of clayey gravel will be mixed with the road cut material. Since the colluvium reaches are the exception rather than the rule, clay gravel will be extracted from the dry wash area and transported to the reclamation site as needed for reclamation. Clayey gravel will not be stockpiled at reclamation sites unless it is intended for immediate use.

Task 030 in the Reclamation Cost Estimate Summary includes the cost to harvest the clay gravel. The amount of clay gravel needed to construct the buttresses is 312 cubic yards for the conservatively high total linear feet of colluvium cut roads. Current colluvium cut road is approximately 175 linear feet that will require 50 cubic yards of material. Harvesting this quantity of clay gravel will require less than an hour of loader time. The material can be transported to the reclamation site in a standard dump truck, also not a high cost item.

Agency Comments from US Bureau of Land Management dated March 9, 2017.

1. The clay gravel source is located on the Fremont Placer, owned by Zephyr Gold USA Ltd. The material will be harvested and transported to the reclamation site as needed.
2. The 324D excavator intended operation is described above. The applicant is confident it is well suited for reclaiming the mountain road.
3. All existing and previous road traces were evaluated for safety and access prior to submission of the NOI in December 2016. The proposed road on public land is the shortest distance, smallest impact to public land and safest slope for personnel.

Thank you in advance for your time and attention. Please contact me directly with any questions.

Respectfully submitted,



Angela M. Bellantoni Ph.D.

Cc via email: Loren Komperdo
Will Felderhof
Dave Felderhof
Stephanie Carter BLM