



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

December 10, 2018

Mr. David Felderhol
Zephyr Gold USA Ltd
1959 Upper Water St. Suite 1700
Halifax, Nova Scotia B3J 3N2
Canada

**Re: Dawson Gold Project, DRMS NOI File No. P-2013-002;
Notice of Deficiencies for NOI Modification, Revision No. MD-4**

Dear Mr. Felderhol:

On November 27, 2018 the Division of Reclamation, Mining and (Division) received your application to modify your Notice of Intent to Conduct Prospecting Operations (NOI) Modification (MD-04). The Division assumes no information in the NOI application is to be considered confidential as only Form 2 was submitted. The Division has reviewed the NOI modification application for deficiencies. Please address the following items:

Application:

1. Additional Road Length Discrepancy – Items III.5 (p. 5) and III.6.G (p. 7) provide different road lengths and also differ from that presented on the “Extent of Exploration as of October, 2018” map, offering 2000, 2700 and 2727 feet, respectively. Please use one number and revise the application as necessary to reflect a single number.
2. Clarify Additional Disturbed Area – The 1.88 acres stated for Item III.6.H (p. 7) appears to correspond to an additional 2727 feet of new 30-foot wide roads. Please be sure the length used for this number is consistent with the revised number from Comment No. 1 above and clarify this is new area above the 7.8 acres of disturbed area approved in MD-03 or included in those 7.8 acres.

Financial Warranty:

Please note 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.

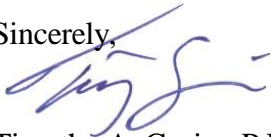
Pursuant to Rule 5.1.3(c), the above deficiencies are required to be addressed within 60 days of this notice or the Division may deny the modification application. **Please be advised the Dawson Gold Project Prospecting Modification Application may be deemed deficient and the application**



may be denied on February 8, 2019 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). Please not I will be out of the office from December 11, 2018 through December 25, 2018. If you need to contact the Division during this time, please call Michael Cunningham (303-866-3567 ext. 8116).

Sincerely,

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

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

ec: Michael Cunningham, DRMS
DRMS file
Dr. Angela Bellantoni, EAI
Stephanie Carter, BLM