

January 13, 2020

Jake Wilkinson
CRG Mining LLC
510 Wisconsin Street
Gunnison, CO 81230



1313 Sherman Street, Room 215
Denver, CO 80203

RE: Lucky Strike-Mineral Hill Exploration, File No. P-2019-013, Prospecting NOI Financial Warranty Request

Mr. Wilkinson:

The Division of Reclamation, Mining and Safety (Division) has updated the required financial warranty amount based on revisions to the NOI plan set forth in your letter dated January 4, 2020.

The updated amount of financial warranty set by the Division for this operation is \$15,310.00. Please see the enclosed reclamation cost estimate. **A financial warranty of the entire amount must be submitted to the Division prior to entry upon the lands for the purpose of prospecting.** Please note, the Division may terminate the NOI file if the Financial Warranty is not received within sixty days.

Please make arrangements with Gabriel Benvenuti at the Division of Reclamation, Mining and Safety Denver Office, phone no. 303.866.3567, ext. 8148 for submittal of the financial warranty.

If you require additional information, or have questions or concerns, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dustin Czapla'.

Dustin Czapla
Environmental Protection Specialist
Division of Reclamation, Mining and Safety
Phone: (303) 866-3567, ext. 8188



COST SUMMARY WORK

Task description: Reclamation Cost Estimate

Site: Lucky Strike-Mineral
Exploration

Permit Action: 2020-01-13

Permit/Job#: P2019013

PROJECT IDENTIFICATION

Task #: 000
Date: 1/13/2020
User: DMC

State: Colorado
County: Gunnison

Abbreviation: None
Filename: 000Summ

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Seal Boreholes	BOREHOLE	1	24.00	\$7,497
02a	Final grading - pad areas, backfill trenches	LOADER	1	19.90	\$2,022
03a	Revegetate disturbed area	REVEGE	1	8.00	\$781
04a	Mobilize reclamation crew/equipment	MOBILIZE	1	4.00	\$880
<u>SUBTOTALS:</u>				55.9	\$11,180

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 27.95
Profit: 10.00

Total = \$226
Total = \$117
Total = \$1,939
Total = \$1,118

TOTAL O & P = \$3,401

CONTRACT AMOUNT (direct + O & P) = \$14,581

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0
Engineering work and/or contract/bid preparation: 0.00
Reclamation management and/or administration: 5.00

Total = \$0
Total = \$0
\$729

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$4,130

TOTAL BOND AMOUNT (direct + indirect) = \$15,310

BOREHOLE SEALING WORK

Task description: Seal Boreholes

Lucky Strike-Mineral
Site: Exploration

Permit Action: 2020-01-13

Permit/Job#: P2019013

PROJECT IDENTIFICATION

Task #: 01A
Date: 1/13/2020
User: DMC

State: Colorado
County: Gunnison

Abbreviation: None
Filename: P013-01a

Agency or organization name: DRMS

UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
Boreholes (3)	Portland cement grout - 4 in. (labor, equip, materials)	4	500	1,500.00	LF	\$5.00	\$7,497.00

Job Hours: 24.00

Total Cost: \$7,497.00

WHEEL LOADER – LOAD AND CARRY WORKTask description: **Final grading - pad areas, backfill trenches**

Site: **Lucky Strike-Mineral Exploration** Permit Action: **2020-01-13** Permit/Job#: **P2019013**

PROJECT IDENTIFICATION

Task #: **02A** State: **Colorado** Abbreviation: **None**
 Date: **1/13/2020** County: **Gunnison** Filename: **P013-02a**
 User: **DMC**

Agency or organization name: **DRMS****HOURLY EQUIPMENT COST**

Basic Machine: **CAT 450E** Horsepower: **101**
 Attachment 1: **ROPS Cab** Shift Basis: **1 per day**
 Data Source: **(CRG)**

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$29.73	NA
Operating Cost/Hour:	\$31.22	100
Operator Cost/Hour:	\$40.65	NA
Total Unit Cost/Hour:	\$101.60	
Total Fleet Cost/Hour:	\$101.60	

MATERIAL QUANTITIES

Initial volume: **2,000** CCY Swell factor: **1.000**
 Loose volume: **2,000** LCY

Source of estimated volume: **Division of Reclamation, Mining & Safety**
 Source of estimated swell factor: **Cat Handbook**

HOURLY PRODUCTION

Loader Cycle Time: Unadjusted Basic Cycle Time (load, dump, maneuver): **0.475** minutes

Cycle Time Factors		Factor (min.)	Source
Material:	Mixed material 0.02	0.020	(Cat HB)
Stockpile:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Truck Ownership:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Operation:	Inconsistent operation 0.04	0.040	(Cat HB)
Dump Target:	Nominal target 0.00	0.000	(Cat HB)
Net Cycle Time Adjustment:		0.060	minutes
Adjusted Basic Cycle Time:		0.535	minutes

Rolling Resistance – Road Conditions

Haul: **Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0**
 Return: **Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0**

Haul and Return Time

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
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Haul Route:	25	0.00	8.00	8.00	0.0238	(Cat HB)
Return Route:	25	0.00	8.00	8.00	0.0238	(Cat HB)

Total Travel Time: 0.0476 minutesTotal Cycle Time: **0.5826** minutesLoad Bucket Capacity

Rated Capacity:	<u>1.50</u>	LCY (heaped)
Bucket Fill Factor:	<u>0.825</u>	Blasted rock - avg. blasted (75 - 90%) 0.825
Adjusted Capacity:	<u>1.24</u>	LCY

Job Condition Correction FactorsSite Altitude: 9200 feet

Altitude Adj:	<u>0.95</u>	Source (CAT HB)
Job Efficiency:	<u>0.83</u>	(1 shift/day)
Net Correction:	<u>0.79</u>	multiplier

Unadjusted Hourly Unit Production:	<u>127.46</u>	LCY/Hour
Adjusted Hourly Unit Production:	<u>100.50</u>	LCY/Hour
Adjusted Hourly Fleet Production:	<u>100.50</u>	LCY/Hour

JOB TIME AND COSTFleet size: 1 Loader(s) Total job time: **19.90** HoursUnit cost: \$1.011 /LCY Total job cost: **\$2,022**

REVEGETATION WORKTask description: Revegetate disturbed areaSite: Lucky Strike-Mineral
ExplorationPermit Action: 2020-01-13Permit/Job#: P2019013**PROJECT IDENTIFICATION**Task #: 03A
Date: 1/13/2020
User: DMCState: Colorado
County: GunnisonAbbreviation: None
Filename: P013-03aAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
Weed control spraying (MEANS 31 31 16.13 3100)	\$193.60
Total Tilling Cost/Acre	\$193.60

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Blue Grama - Native	0.60	9.79	\$8.24
Indian Ricegrass - Native	2.40	7.77	\$15.60
Thickspike Wheatgrass - Critana	4.00	14.14	\$27.50
Western Wheatgrass - Native	12.80	32.32	\$76.80
Totals Seed Mix	19.80	64.03	\$128.14

Application

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Description	Cost /Acre
Broadcast seeding [DMG]	\$267.22
Total Seed Application Cost/Acre	\$267.22

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$295.00	\$590.00
Total Mulch Materials Cost/Acre				\$590.00

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$70.17
Total Mulch Application Cost/Acre	\$70.17

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 0.5 Cost /Acre: \$1,249.13
 Estimated Failure Rate: 25% Cost /Acre*: \$1,249.13
 *Selected Replanting Work Items: TILLING,SEEDING,MULCHING

Initial Job Cost: **\$624.57**
 Reseeding Job Cost: **\$156.14**
 Total Job Cost: **\$781**
 Job Hours: **8.00**

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilize reclamation crew/equipment**Site: **Lucky Strike-Mineral
Exploration**Permit Action: 2020-01-13Permit/Job#: P2019013**PROJECT IDENTIFICATION**

Task #: 04A State: Colorado Abbreviation: None
 Date: 1/13/2020 County: Gunnison Filename: P013-04a
 User: DMC

Agency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**

Shift basis: 1 per day
 Cost Data Source: CRG Data

Truck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT
TRAILER (25T, 50T, AND 100T)**Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$17.20	\$29.63	\$38.69
Operating Cost/Hour:	\$26.56	\$47.02	\$55.69
Operator Cost/Hour:	\$23.63	\$23.63	\$23.63
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$67.39	\$123.81	\$141.54

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
CAT 450E	9.80	\$29.73	\$67.39	1	\$97.12	\$67.39	\$250.00
Subtotals:					\$97.12	\$67.39	\$250.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 1 T. Crew	\$20.93	1	\$20.93	\$20.93
Subtotals:			\$20.93	\$20.93

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>GUNNISON</u>	
Total one-way travel distance:	<u>14.00</u>	miles
Average Travel Speed:	<u>28.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$858.75</u>
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$20.93</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.50</u>	<u>0.50</u>
Return Time (Hours):	<u>0.50</u>	<u>0.50</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>2.00</u>	<u>1.00</u>

JOB TIME AND COST

Total job time:	<u>4.00</u>	Hours
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Total job cost:	<u>\$880</u>
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