



July 25, 2023

Mr. Tim Brown
Tallahassee LLC / Usuran Resources Inc
P.O. Box 776
South Fork, CO 81154

**Re: Tallahassee Project, Notice of Intent to Prospect ID No. P-2021-019;
Modification No. 1 (MD-1) Notice of Deficiencies**

Dear Mr. Brown:

On July 5, 2023 the Division of Reclamation, Mining and (Division) received your application to modify your current Tallahassee Project Notice of Intent to Conduct Prospecting Operations (NOI) as follows:

Reduce the number of holes drilled in a single season from 60 to 20.

It appears the intent of this modification is to reduce the required financial warranty by reducing the number of holes to be abandoned and drill pads to be reclaimed in a single drilling season. The implication is 60 holes are still planned, but they will be drilled over three drilling seasons, with hole abandonment and drill pad reclamation occurring annually. The Division has reviewed the NOI Mod (MD-1) application for deficiencies. Please address the following items:

Application:

1. Form 1. The Division provides two application forms: Form 1 for confidential information and Form 2 for public information. Only Form 2 was provided. Please confirm there is no additional information that might be considered confidential.
2. Tailings Facility Drawing. Both the hard and electronic copies included a Filtered Tailings Storage Facility drawing. Please confirm this drawing is not to be part of the MD-1 application and its inclusion in the application was unintentional.
3. Item IV.4, How drill holes will be plugged. The stated method of abandoning drill holes has changed from the original Application. The primary difference being the proposed cement surface cap with a metal washer stamped with the hole number. The original Application stated, "No surface marker will be left to indicate the holes location." Please explain the reason for the change and if the new cap is to be permanent.
4. Revised NOI Plan Clarification. As discussed above, this modification implies there is no planned reduction in the total planned 60 holes, rather that the drilling program would take place over three consecutive years with 20 holes per season. As vegetation will not become adequately established for a surety reduction from the end of the first drilling season to the beginning of the second drilling season (nor likely the beginning of the third drilling season); there are two options to manage increasing bond requirements for revegetation: 1) provide a bond for one drilling season at a time and submit another NOI modification application with



Division approval prior to any disturbance occurring in season two; or 2) provide a bond for seeding and potential reseeded of all three season's planned disturbance as part of MD-1. The latter would require a full seeding bond for 20 drill pads plus additional re-seeding bond for the 20 first season pads, and the 20 second-season pads. Please address the following:

- a) Clarify whether 60 holes are still planned, but over three consecutive drill seasons; or the maximum number of planned holes is now 20.
 - b) If the plan is still 60 holes, state your plan to ensure the Division is provided an adequate financial warranty for the duration of a 60-hole drilling program, with or without further modifications to the NOI.
5. Revised Bond. Based on the information provided in the Application, the Division has generated a preliminary revised bond estimate for final reclamation (*assuming a maximum of 20 holes will be drilled*). Enclosed is a reclamation cost summary sheet and a detailed cost estimate for hole abandonment (*detailed cost estimates for Tasks 020 through 061 can be provided if requested*). Please review the revised costs. If you concur and no responses to the previous four comments require revisions to the reclamation tasks, the estimated \$129,233 will be the new required financial warranty amount.

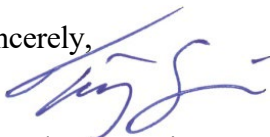
Financial Warranty Reduction:

Please be advised that no part of a financial warranty can be returned as part of a modified NOI Application request. If a revised lower bond amount is determined as part of the review of MD-1, the Prospector will need to follow any approval of MD-1 with a surety reduction request, citing MD-1 for justification in order for the Division to return any bond.

Please provide a written response (which should clearly indicate the Prospect ID No. P-2021-019) to address the above deficiencies within 60 days of this notice (September 23, 2023) or the Division may deny the modification application.

If you have any questions, please contact me (303-328-5229).

Sincerely,



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

ec: Michael, Cunningham, DRMS
Hunter Ridley, DRMS
DRMS file
Ben Vallerine, Usuran
Angela Bellantoni, EAI

COST SUMMARY WORK

Task description: Reclamation Cost Summary

Site: Tallahassee Project

Permit Action: MD-1

Permit/Job#: P2021019

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 7/24/2023

County: Fremont

Filename: P019-000

User: TC1

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
010	Abandon twenty 1,000-ft, 5-inch boreholes	NA	1	36.00	\$86,811
020	Backfill mud pits	LOADER	1	0.59	\$112
030	Replace Topsoil on 20 Pads (Avg 20-inch depth)	DOZER	1	9.87	\$2,487
040	Finish grade 20 pads	GRADER	1	1.05	\$186
050	Basic Reveg - no mountain mahogany (0.79 Ac.)	REVEGE	1	30.00	\$1,199
051	Reveg w/ mountain mahogany (0.5 Ac.)	REVEGE	1	5.00	\$761
060	Mob / Demob from Cañon City	MOBILIZE	1	4.00	\$5,907
061	Mob / Demob (intra-site)	MOBILIZE	1	2.33	\$4,598
<u>SUBTOTALS:</u>				88.84	\$102,061

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02

Total = \$2,062

Performance bond: 1.05

Total = \$1,072

Job superintendent: 44.42

Total = \$2,891

Profit: 10.00

Total = \$10,206

TOTAL O & P = \$16,230

CONTRACT AMOUNT (direct + O & P) = \$118,291

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0

Total = \$0

Engineering work and/or contract/bid preparation: 4.25

Total = \$5,027

Reclamation management and/or administration: 5.00

\$5,915

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$27,172

TOTAL BOND AMOUNT (direct + indirect) = \$129,233

BOREHOLE SEALING WORK

Task #: 010

Mine: **Tallahassee Project**

Permit no.: **P-2021-019**Permitting action: **MD-1 Bond Estimate**

Abandon Twenty 1,000-Ft Drill Holes

Date: 7/24/2023

Prepared by: TC1

Hole	Hole (Casing) diam. (in)	Total depth (ft)	Hole volume (cf)	# Holes	Cwt of bulk cement (assuming 94 lbs of cement per 1.18 cf of hole, that is 100 lbs of cement fills 1.25 cf)	Cement cost per cwt (CIRCES)	Cement total cost	Rig setup time per hole (hr)	Rig time to drop pipe in hole (hr)	Rig time to fill hole (hrs/hole)	Total rig time (setup + pipe drop + fill) per hole (hr)	Rig w/ crew hourly rate (CIRCES, ATLAS COPCO ROC D9-11, 4.5 in.)	Total rig cost	2,500 gal water truck w/driver hourly rate (Circres)	Water truck w/ driver cost (rig fill time x truck rate)	Octoplug (Circres, \$0 per hole)	Cut surface casing & mark (Circres, \$6.04/ft)	% Liab.	Total cost before bond release or increment obligation	Total cost
Uncased Exploration Drill Holes (cement about 1,000 ft)	5	1000	136	20	109	\$19.95	\$2,176	1.50	0.83	1.30	3.63	\$576.12	\$2,092	\$55.39	\$72	\$0	\$0	100%	\$86,811	\$86,811

Total rig time (setup + fill), reduced for liab. %	72.64 rig hours
	<u>/ 2 rigs</u>
	36.32 project hours

Grand Total

\$86,811

Assumptions:

Cwt of bulk cement (assuming 94 lbs of cement per 1.18 cf of hole, that is 100 lbs of cement fills 1.25 cf)

Cement cost per cwt (CIRCES)	\$	19.95
Rig setup time per hole (hr)		

Rig w/ crew (driller and laborer hourly rate (Pick drill & unit costs from CIRCES))	\$ 576.12	ATLAS COPCO ROC D9-11,4.5 in.
2,500 gal water truck w/driver hourly rate (Circles)	\$ 55.39	
Octoplug (Circles, \$ depends on dia.)	\$ -	N/A, 2-ft soil backfill per hole (included w/ laborer)
Cut surface casing & mark (Circles, \$/lf)	\$ 6.04	
Cut surface casing: assumed length	0.0 ft	