

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

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April 5, 2013

Mr. J.R. Fullmer
Nest Egg Ventures
820 W. Tomichi Ave.
Gunnison, CO 81230

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

Re: Gold Eagle Notice of Intent to Conduct Prospecting (NOI), File P-2013-001, Plan Approved, Awaiting Warranty

Dear Mr. Fullmer,

On April 5, 2013 the Division of Reclamation, Mining and Safety reviewed the additional materials you submitted, and found the prospecting and reclamation plan for the Gold Eagle NOI to be adequate for approval. The NOI was therefore approved on April 5, 2013.

As you know, there is no financial warranty (bond) posted yet for this operation. The Division calculated the estimated bond amount, and has enclosed the reclamation cost estimate herewith. The total estimated reclamation cost is \$545. **Please be reminded that no prospecting activity may commence until your bond has been accepted by the Division.** If you have questions about the figures in the estimate please contact me.

Within the next 60 days, please submit a bond for this prospecting operation, by completing one of the types of bond forms accepted by the Division. The bond forms may be found on the Division's website: <http://mining.state.co.us>. The completed bond should be submitted directly to the Division's Denver office (see address in letterhead, above), c/o Barbara Coria. If you have questions about the bond forms, please contact Ms. Coria, at 303-866-3567 ext 8148.

It has been a pleasure working with you on this. If you have any questions, I may be reached at the Division's Durango Field Office: 691 CR 233, Room A-2, Durango, CO 81301; telephone 970-247-5193.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Oswald".

Bob Oswald
Environmental Protection Specialist

Encl: bond estimate, 4/5/13

(c:\13-01 docs\Gold Eagle NOI recpt\rc0)

COST SUMMARY WORK

Task description: Cost summary

Site: Gold Eagle Patent #12717

Permit Action: New NOI

Permit/Job#: P2013001

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 4/5/2013

County: Gunnison

Filename: P001-000

User: RCO

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Backfill adit, recontour portal, grade pad	LOADER	1	0.53	\$45.00
002	Broadcast seed on disturbed area	REVEGE	1	2.00	\$64.68
003	Haul reclamation equipment to and from site	MOBILIZE	1	3.50	\$349.29
<u>SUBTOTALS:</u>				6.03	\$458.97

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$9.27

Performance bond: 1.05%

Total = \$4.82

Job superintendent: 0.00 hrs

Total = \$0.00

Profit: 10.00%

Total = \$45.90

TOTAL O & P = \$59.99

CONTRACT AMOUNT (direct + O & P) = \$518.96

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 0.00%

Total = \$0.00

Reclamation management and/or administration: 5.00%

\$25.95

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$85.94

TOTAL BOND AMOUNT (direct + indirect) = \$544.91

WHEEL LOADER – LOAD AND CARRY WORKTask description: **Backfill adit, recontour portal, grade pad**Site: **Gold Eagle Patent #12717**Permit Action: **New NOI**Permit/Job#: **P2013001****PROJECT IDENTIFICATION**Task #: **001**State: **Colorado**Abbreviation: **None**Date: **4/5/2013**County: **Gunnison**Filename: **P001-001**User: **RCO**Agency or organization name: **DRMS****HOURLY EQUIPMENT COST**Basic Machine: **CAT 446D**Horsepower: **101**Attachment 1: **ROPS Cab**Shift Basis: **1 per day**Data Source: **(CRG)****Cost Breakdown:**

		Utilization %
Ownership Cost/Hour:	<u>\$17.31</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$30.37</u>	<u>100</u>
Operator Cost/Hour:	<u>\$35.82</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$83.49</u>	
Total Fleet Cost/Hour:	<u>\$83.49</u>	

MATERIAL QUANTITIESInitial volume: **50**

CCY

Swell factor: **1.000**Loose volume: **50**

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:	No adjustment - factor not applicable 0.00	<u>0.000</u>	<u>(Cat HB)</u>
Stockpile:	No adjustment - factor not applicable 0.00	<u>0.000</u>	<u>(Cat HB)</u>
Truck Ownership:	No adjustment - factor not applicable 0.00	<u>0.000</u>	<u>(Cat HB)</u>
Operation:	Inconsistent operation 0.04	<u>0.040</u>	<u>(Cat HB)</u>
Dump Target:	Small target 0.04	<u>0.040</u>	<u>(Cat HB)</u>
Net Cycle Time Adjustment:		<u>0.080</u>	<u>minutes</u>
Adjusted Basic Cycle Time:		<u>0.555</u>	<u>minutes</u>

Rolling Resistance – Road ConditionsHaul: **Rutted dirt, little maintenance, no water, 2" tire penetration 5.0**Return: **Rutted dirt, little maintenance, no water, 2" tire penetration 5.0****Haul and Return Time**

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
Haul Route:	<u>50</u>	<u>0.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.0353</u>	<u>(Cat HB)</u>
Return Route:	<u>50</u>	<u>0.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.0353</u>	<u>(Cat HB)</u>

Total Travel Time: 0.0705 minutes
Total Cycle Time: 0.6255 minutes

Load Bucket Capacity

Rated Capacity: 1.50 LCY (heaped)
Bucket Fill Factor: 0.875 Loose material - 1" and over (85 - 90%) 0.875
Adjusted Capacity: 1.31 LCY

Job Condition Correction Factors

Site Altitude: 10300 feet

Altitude Adj:	<u>0.89</u>	Source
Job Efficiency:	<u>0.83</u>	(CAT HB)
Net Correction:	<u>0.74</u>	(1 shift/day)
		multiplier

Unadjusted Hourly Unit Production: 125.89 LCY/Hour
Adjusted Hourly Unit Production: 93.00 LCY/Hour
Adjusted Hourly Fleet Production: 93.00 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Loader(s) Total job time: 0.54 Hours
Unit cost: \$0.898 /LCY Total job cost: \$45.00

Note: Assume dry adit and sufficient soil/rock material available to complete the backfill.

REVEGETATION WORKTask description: Broadcast seed on disturbed areaSite: Gold Eagle Patent #12717Permit Action: New NOIPermit/Job#: P2013001**PROJECT IDENTIFICATION**Task #: 002State: ColoradoAbbreviation: NoneDate: 4/5/2013County: GunnisonFilename: P001-002User: RCOAgency 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)	\$145.20
Total Tilling Cost/Acre	\$145.20

SEEDING

Seed Mix	Rate -- PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Bluegrass	1.00	22.96	\$15.32
Alpine Fescue	1.00	29.84	\$16.55
Mountain Brome - Bromar	7.50	12.05	\$25.50
Penstemon, Rocky Mountain	1.00	15.67	\$33.71
Totals Seed Mix	10.50	80.53	\$91.08

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$261.28

Total Seed Application Cost/Acre	\$261.28
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MULCHING and MISCELLANEOUS**Materials**

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

Application

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

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:	0.1	Cost /Acre:	\$497.56
Estimated Failure Rate:	30%	Cost /Acre*:	\$497.56
*Selected Replanting Work Items:	TILLING,SEEDING		
Initial Job Cost:	\$49.76		
Reseeding Job Cost:	\$14.93		
Total Job Cost:	\$64.68		
Job Hours:	2.00		

EQUIPMENT MOBILIZATION/DEMobilIZATIONTask description: Haul reclamation equipment to and from siteSite: Gold Eagle Patent #12717Permit Action: 003Permit/Job#: P2013001**PROJECT IDENTIFICATION**Task #: 003State: ColoradoAbbreviation: NoneDate: 4/5/2013County: GunnisonFilename: P001-003User: RCOAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per dayCost Data Source: CRG DataTruck 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:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

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 446D	9.80	\$17.31	\$88.67	1	\$105.98	\$88.67	\$0.00
Subtotals:					\$105.98	\$88.67	\$0.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Subtotals:			\$0.00	\$0.00

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>GUNNISON</u>	
Total one-way travel distance:	<u>25.00</u>	miles
Average Travel Speed:	<u>40.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$349.29</u>
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* two round trips with haul rig:

Total Roadable Mob/Demob Cost **	<u>\$0.00</u>
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** one round trip, no haul rig:

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.63</u>	<u>0.63</u>
Return Time (Hours):	<u>0.63</u>	<u>0.63</u>
Loading Time (Hours):	<u>0.25</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.25</u>	<u>NA</u>
Subtotals:	<u>1.75</u>	<u>1.25</u>

JOB TIME AND COST

Total job time:	<u>3.50</u>	Hours
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Total job cost:	<u>\$349.29</u>
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Note: Weed spraying and broadcast seeding are manual tasks, no equipment mobilization needed.