

January 30, 2013

Kate A. Pickford  
Environmental Protection Specialist  
Division of Reclamation, Mining and Safety  
11313 Sherman St. Room 215  
Denver, Colorado 80203

RECEIVED

JAN 31 2013

Durango Field Office  
Division of Reclamation,  
Mining and Safety

RE: Letter Dated January 17, 2013 Inca Mine, Permit No. M-1986-076

Dear Kate:

Our Mining operation at this site during the summer of 2012 was to determine what material contained gold and silver in the rock at the site. The last extraction was in August of 2012 of less than 1 cubic yard. As you know the summer of 2012 was the first time under our ownership that we had an opportunity to mine. Any operations prior to that are unknown to us. Therefore it was difficult to address the question in the annual report. In the meeting I had with you in your office I stated that we were preparing a mining plan for the summer of 2013.

In the last few weeks I have transferred my interest to Mike Clements of California. I have attached the Quitclaim Deed with my signature for your records. In addition, I am sending him this letter and the documentation of your findings and required actions in the Inspection Report, along with information from the Treasurer Office. I am also, forwarding the "Application for Transfer of Ownership" to Mr. Clements so he can submit that for to your office for processing.

Thank you for the experience and assistance in the mining development process with the State of Colorado.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul F. Martin".

Paul F. Martin P.E. CFO

125 West Main  
Suite "A"  
Farmington New Mexico 87401  
Designing for Your Future

## QUITCLAIM DEED

**THIS QUITCLAIM DEED**, Executed this 23<sup>rd</sup> day of January, 2013

By first party, Grantor, Paul F. Martin

Whose address is: 125 West Main Farmington NM 87401

To second party, Grantee, Mike Clements

Whose address is 3035 Stockett Way San Diego CA 92117

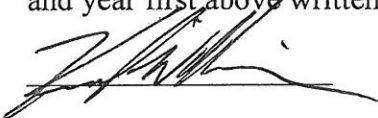
Witnesses', That the said first party, for good consideration and for the sum of Ten Dollars (\$10.00) paid by the said second party, the receipt whereof is hereby acknowledged, does hereby remise, release and quitclaim unto second party forever, all the rights title, interest and claim which the said first party has in and to fallowing described parcel of land, and improvements and appurtenances therto in the County of La Plata, Sate of Colorado to wit:

Parcel #560121000060000P

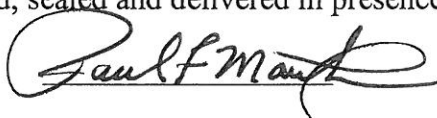
To wit:

Mill and equipment at the Inca Mine aka D.M.G.C. as recorded in La Plata County

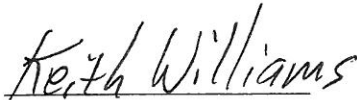
**IN WITNESS WHEREOF**, The said first party has signed and sealed these presents the day and year first above written. Signed, sealed and delivered in presence of:



Signature of Witness



Signature of First Party



Print Name of Witness



Print Name of First Party

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Second Party

\_\_\_\_\_

\_\_\_\_\_

Print Name of Witness

*Keith Williams*

Print Name of Second Party

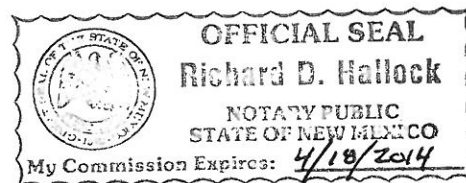
Appeared before me, Paul F. Martin personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed same in his authorized capacity.

Notary:

*Richard D. Hallock*

My Commission Expires: April 18, 2014

Seal:



Appeared before me, Paul F. Martin personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed same in his authorized capacity.

Notary: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Seal:

## BILL OF SALE

This bill of sale for transfer of mineral lease and operating permits for Inca Mine in LaPlata Canyon. The mine site is permitted thru the Colorado Division of Minerals and Geology as Mine ID M86-076.

This bill of sale includes the following:

Mine operating permit from Colorado Division of Minerals and Geology identified as M86-076 as initially filed by Northern Minerals with any following amendments by DCMG and Paul F. Martin.

Storm water permit thru Colorado Department of Health.

Water use permit.

La Plata County Class II use permit.

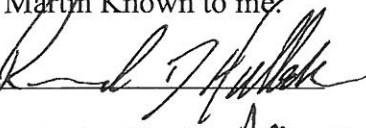
This Sale will be completed upon signature of Paul F. Martin.



Paul F. Martin

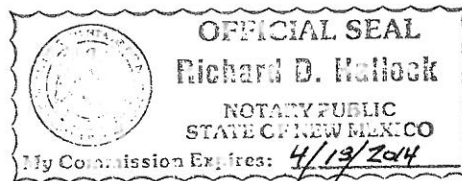
In the State of New Mexico San Juan County, signed before me this 24, day of January, 2013 by Paul F. Martin Known to me.

Notary:



My Commission Expires: April 13, 2014

Seal:



# STATE OF COLORADO

## DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Piñeda  
Director

January 17, 2013

Mr. Paul Martin  
DGMC  
125 W Main St  
Farmington, NM 87401

**Re: Incas Mine, Permit No. M-1986-076, Annual Report and Inspection Minor Infraction,  
Incomplete  
ACTION REQUIRED**

Dear Mr. Martin:

The Division of Reclamation, Mining, and Safety (Division) cited a problem on an inspection report of the Incas Mines on November 8, 2012; indicating that a request to put the site into Temporary Cessation or a proposal of how mining activities will be recommenced at the site in the upcoming mining season must be submitted to the Division by December 31, 2012. Neither of these was received by the Division. The Division received your annual fee and report for the above site on January 10, 2013. The question, "What was the date of last excavation, processing or hauling activity at the mine," was not adequately addressed in the report. The comment written on the report states, "Material was moved to determine Pay Streak in existing excavated area." This does not reflect when the last date of these activities occurred at the site and is not applicable to the type of mine contained within the permit area, as Pay Streaks are related to gold panning. Please respond to this question contained on the annual report, and complete the corrective actions related to the inspection report by January 31, 2013. Failure to comply with these issues may result in enforcement action.

If you have any questions, please contact me at (970) 259-5861.

Sincerely,

Kate A. Pickford  
Environmental Protection Specialist

# STATE OF COLORADO

Dedicated to protecting and improving the health and environment of the people of Colorado

COLORADO DEPARTMENT OF PUBLIC  
HEALTH AND ENVIRONMENT  
Water Quality Control Division  
4300 Cherry Creek Drive South B2 Permits  
Denver, Colorado 80246-1530



Colorado Department  
of Public Health  
and Environment

For Agency Use Only

Date Received \_\_\_\_/\_\_\_\_/\_\_\_\_

Complete \_\_\_\_\_

Paid \_\_\_\_\_

Effective Date \_\_\_\_/\_\_\_\_/\_\_\_\_

## APPLICATION FOR TRANSFER OF OWNERSHIP FOR ALL PERMITS, CERTIFICATIONS, AND AUTHORIZATIONS

PHOTO COPIES, FAXED COPIES, PDF COPIES OR EMAILS WILL NOT BE ACCEPTED.

**TO BE COMPLETED BY NEW PERMITTEE:** Permit or Certification or Authorization Number \_\_\_\_\_

I hereby apply for a transfer of ownership of this Colorado Discharge Permit, Certification, or Authorization listed above, which was issued to (permittee listed in Part 2, page 2) \_\_\_\_\_.

I have reviewed the terms and conditions of this permit and accept responsibilities, coverage and liability (including Stormwater Management Plan where applicable).

If all information is correct, form is complete, and transfer approved, I request this transfer to be effective on 12-1-11.

I have ensured that all of the following requirements have been met:

- ☒ 1. BOTH parties have completed and signed this form – pages 1 and 2
- ☐ 2. ORIGINAL Form mailed to Division 30 Days Prior to the Transfer Effective Date (which may be the date property exchanges hands.  
Copies, PDF versions, and Faxes will NOT be accepted and will delay the issuance of the transfer.
- ☐ 3. All existing invoices paid and verified by the Division. Payment MUST be received prior to transfer issuance

### PROJECT OR FACILITY INFORMATION

Project or Facility Name: INCAS MINE  
Facility Address (location): SW 1/4, NW 1/4 OF SEC 22, T36N, R11W  
City: MAYDAY State: CO Zip: 81326 County: LA PLATA

### NEW PERMITTEE INFORMATION (fill out all appropriate contacts)

Company name: DEADWOOD GULCH MINING COMPANY / SAKURA ENGINEERING  
Mailing Address: 125 WEST MAIN STREET  
City: FARMINGTON State: NM Zip: 87401 Telephone No: 505-320-3386

• Legal Contact: will receive all future permit correspondences and is legally responsible for compliance with the permit  
Name: PAUL F. MARTIN email address: TOPABLO@SAKURAEAG.COM  
Title: OWNER Telephone No: 505-320-3386

• Local Contact: will be contacted for questions relating to the facility and the discharge authorized by the permit for the facility.  
Name: PAUL F. MARTIN email address: TOPABLO@SAKURAEAG.COM  
Title: OWNER Telephone No: 505-320-3386

• Authorized Agent(s) - may sign reports (such as DMR's or Annual Reports) required by the permit.  
Authorized Agent: PAUL F. MARTIN email address: TOPABLO@SAKURAEAG.COM  
Title: OWNER Telephone No: 505-320-3386  
Authorized Position: OWNER Telephone No: \_\_\_\_\_  
Currently held by: \_\_\_\_\_ email address: \_\_\_\_\_

**APPLICATION FOR TRANSFER OF OWNERSHIP FOR ALL PERMITS, CERTIFICATIONS, AND AUTHORIZATIONS**

- Billing Contact Information - if billing address is different than legal contact

Name: PAUL F. MARTIN email address: TOPABLO@SAKURAENG.COM

Company Name: DEADWOOD GULCH MINING COMPANY / SAKURA ENGINEERING

Mailing Address: 125 WEST MAIN STREET

City: FARMINGTON State: NM Zip: 87401 Telephone No: 505-320-3886

**REQUIRED SIGNATURE:**

**Signature of Applicant:** The applicant must be either the owner and/or operator of the construction site. Refer to Part B of the instructions for additional information. The application must be signed by the applicant to be considered complete. In all cases, it shall be signed as follows:

- a) In the case of corporations, by a principal executive officer of at least the level of vice-president or his or her duly authorized representative, if such representative is responsible for the overall operation of the facility from which the discharge described in the application originates.
- b) In the case of a partnership, by a general partner.
- c) In the case of a sole proprietorship, by the proprietor.
- d) In the case of a municipal, state, or other public facility, by either a principal executive officer, ranking elected official, or other duly authorized employee if such representative is responsible for the overall operation of the facility from which the discharge described in the form originates.

I certify under penalty of law that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

Signature (Legally Responsible Party) Paul F. Martin Date 11-3-11

Name (printed) PAUL F. MARTIN Title OWNER

**PART 2 - TO BE COMPLETED BY PREVIOUS PERMITTEE**

As previous owner, I hereby agree to the transfer of the above-referenced permit and all responsibilities thereof.

Company Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Telephone No: \_\_\_\_\_

Signature (Legally Responsible Party) \_\_\_\_\_ Date \_\_\_\_\_

Name (printed) \_\_\_\_\_ Title \_\_\_\_\_

Email address: \_\_\_\_\_