

Destiny Placer Mine - Destiny Mining, LLC
Fairplay, Colorado
Park County, 6th Principal Meridian, T9S, R77W, Section 33

Proposal

The proposal has been compiled from information supplied by the applicant in their state 110 permit application, additional information provided in response to our letter dated August 4, 2009, an onsite inspection conducted on June 17, 2009 and through verbal consultations with the applicant.

The proposal is to establish a placer mine that would be a little less than five acres in size. The life of the mine is estimated between 5 and 10 years with four to five month seasonal shutdowns. Mine depth is estimated at 25 feet although the total depth of the deposit is estimated at 120 feet. The applicant indicated in the submissions that there could be a plan amendment submitted in the future to increase the pit depth to 50 feet. The site and project location is shown below:

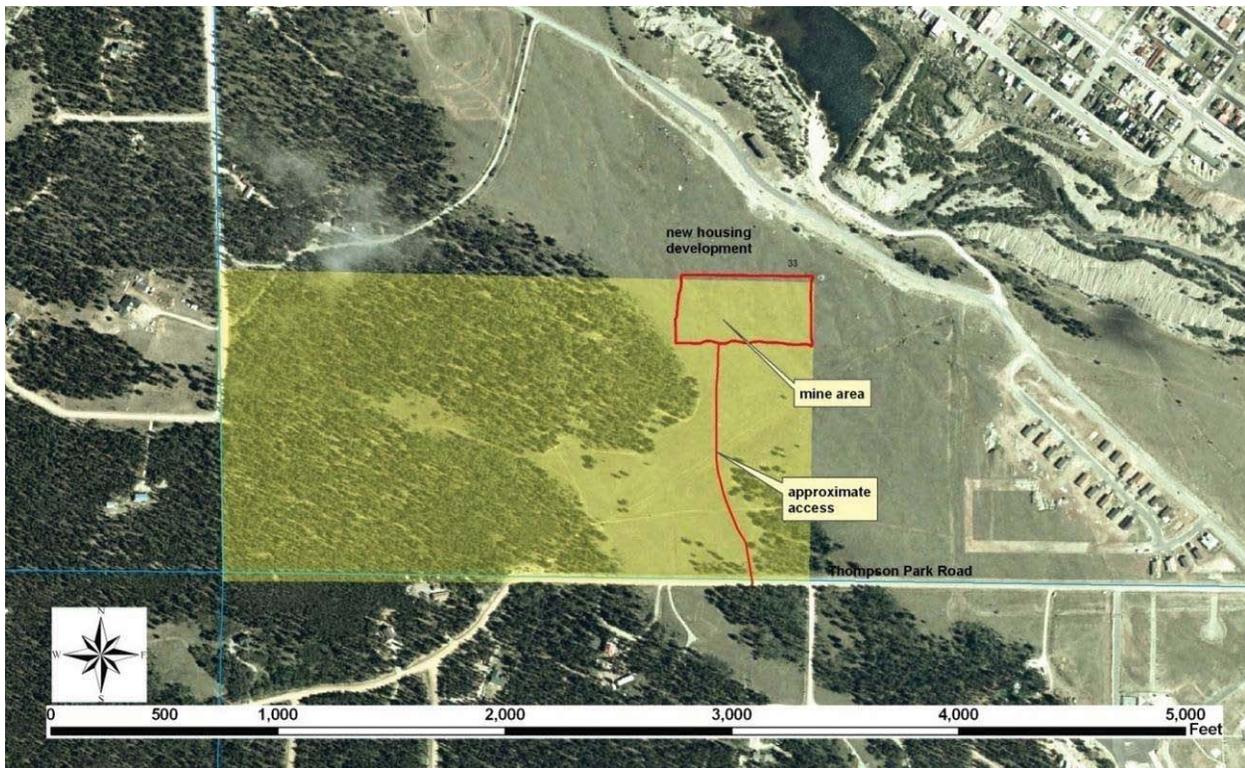


Figure 1: looking at location which is in T 9 S, R77 W, section 33. The base map developed prior to the housing development location shown on the map.

Mining would begin in the northeast corner of the site utilizing 1 to 1 slopes for sidewalls. Initially topsoil would be pushed into a four foot berm around the perimeter of the mine area and seeded as recommended by Natural Resource Conservation service for stabilization.

Processing equipment would then be set up on the western end of the site. Mining would begin on the east side of the site and progress westward. The overall pit area dimensions are estimated at 275 by 250 feet or about 1.5 acres. As material was processed it would be stockpiled in the western portion of the project area for sale or later use in reclamation. The applicant is not anticipating encountering ground water based on historic exploratory borings in the site area.



Figure 2: looking at proposed mine area from northeast corner of public lands

Material that is excavated would be placed on a grizzly which would separate out the larger material (i.e. >4inch) and the smaller material would be captured on a belt feeder that would run the material over a plate feeder (evens flow of material) and into a trommel/wash plant. This equipment uses water that is a combination of recycled and well water to enable washing and separation of finer materials. These finer materials would drop out the bottom of the trommel and then run through a sluice box system to extract gold. Material exiting this sluice box system would be run through a sand screw which is designed to separate the water from the sand/small gravel material minimizing the need for settlement ponds.

The applicant is proposing to use rubber or other material to cushion the sound associated with gravel movement on belts and tables. The applicant is also proposing to use a plastic liner in the trommel to cushion noise.

The larger material exiting the end of the trommel would be run over a shaker screen and separated into two or three sizes of material between 3/8 to 4 inches in size depending upon market needs. A schematic of the operation is shown in Figure 3. Use of material could range from road base to landscape rock and use in concrete.

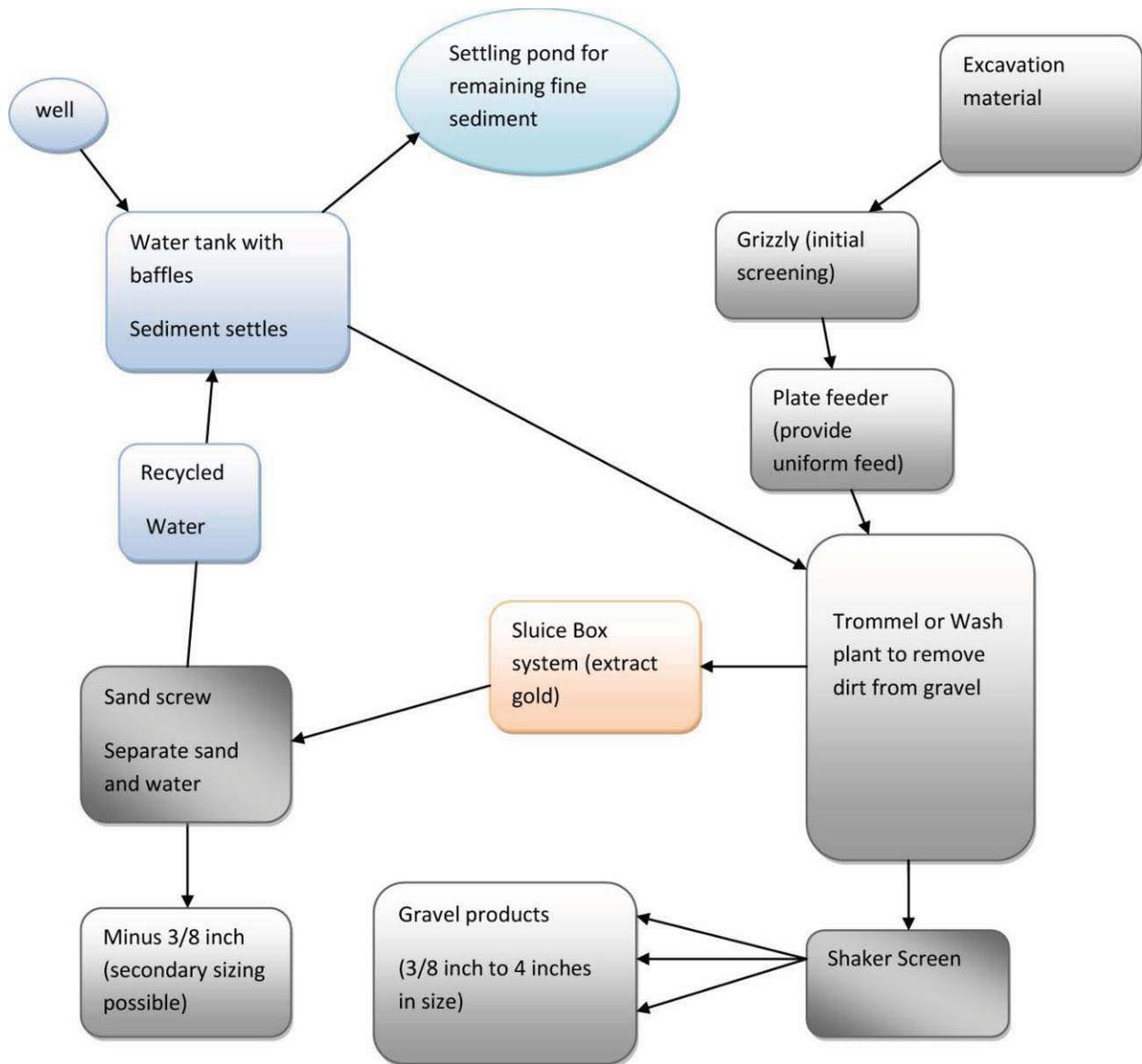


Figure 3: Schematic drawing showing flow of material developed by Dan Grenard of the BLM based on a review of the mine proposal and consultation with the applicant. See the next figure for a diagram of what typical placer/gravel equipment would look like.

Access would be developed off of Thompson Park Road that is a Park County public road. The access road to the site would be approximately 1,050 feet in length by 30 feet wide. An 18" culvert would be installed at the entry point next to the county road.

In addition to the processing equipment and material stockpiles in the site area, an office, tool shed, and fuel tank would be located in the southwest part of the site. A plan amendment may be submitted in the future for housing for three total people during the mining season. The office trailer or a secondary trailer would be used for housing for the plant manager or night watchman. A plan amendment may also be submitted in the future for a power pole to the site that would be used to provide electricity to the well pump and office trailer. Initially any electrical needs would be provided through a gasoline powered generator. A septic system would be installed at the request of the Park County Environmental

Health Department to handle office trailer water (toilet/shower). A fence would be constructed around the site area and a gate would be installed at the entry off of Thompson Park Road.

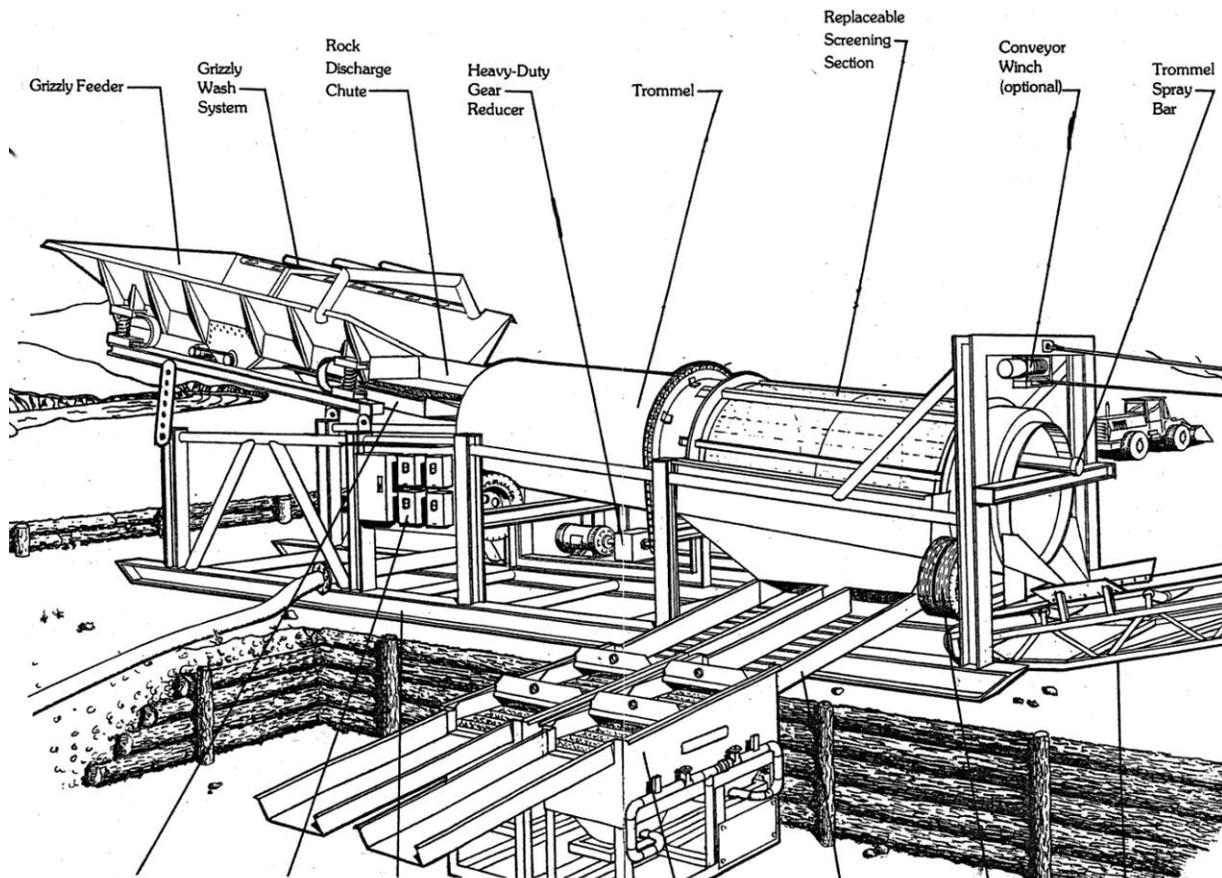


Figure 4: looking at modified drawing submitted by applicant that illustrates what a typical placer gold/gravel operation would look like. The mine/milling equipment is expected to look very similar to this proposal. The lower equipment items were not identified on the submitted drawing. The important piece is the dual sluice boxes shown.

The fuel tank would be placed in a shallow pit with a heavy plastic liner with twice the holding capacity of the fuel tank and similar holding capacity and design for any hydraulic fluids and oils. Used oils would be stored in 55 gallon drums in the lined pit area. If a spill over 25 gallons in size, the hazards spill hotline would be contacted. Any contaminated soil would be dug up and placed in barrels and disposed of properly and no smoking signs within 50 feet of the fuel tank would be posted. A diesel generator would be used to run the wash plant and equipment pertaining to the use of washing and screening of gravel.

Equipment such as dump truck, track hoe, loader, bull dozer, can be expected on site for the purpose of excavation and loading of materials. The applicant proposes to have a trash dumpster on site and to keep all trash picked up. Material not being used would be kept in a material yard in the southwest corner of the permit area.

Initially water would be hauled into the site until a well permit obtained and well were constructed and placed in a 1,000 cubic foot holding tank (approx 3,000 gallons). The amount of water being used in this closed circuit system is estimated at 1,000 gallons per minute therefore the system relies heavily on reuse of water. Ground water is not expected in the site area and there are no surface streams on the site.

During winter shut down, all rolling equipment, track hoe, and dump truck would be stored off property. Conveyor belts would be removed from conveyors, fuel tanks emptied, and oils placed in a shed in the material yard. The site would be monitored during winter shut downs at least every two weeks. A sign would be posted at the property entrance with the operator phone number, sheriff's number, and local government office numbers. A fence would be constructed around the pit/operation area to keep out visitors and no trespassing signs would be posted.

Upon mine completion, all equipment and materials would be hauled off prior to final reclamation.

Reclamation would begin when the 25 foot depth was obtained when the mining area is 60 feet from the north and east wall (northeast corner of mine area). Backfilling of waste materials would *"start out to 35 feet [horizontal]. We would then amend the mining permit to go another 25 feet deeper if we determined viable. If the permit was not amended, we would continue to back fill the pit as it is mined keeping a distance of about 30 feet from the loaders and track hoe digging in the pit. By the time the pit is finished being mined, there would be a 30 foot area left to backfill. Then would back fill would be sloped or flat."*

Final reclamation would consist of sloping the sidewalls to 3 to 1 (horizontal/vertical), followed by fertilizing, mulching, seeding, and application processes as recommended by the Natural Resource Conservation Service and in accordance with the state 110 permit. The mine plan includes discussion of the creation of fines as part of mining/milling and these fines would be stored and utilized in final reclamation. There would also be some materials produced such as cobbles (larger than 4 inch) that would be stockpiled and these waste materials can be utilized in final reclamation. It is expected that final reclamation procedures would be identified within the State Division of Reclamation, Mining, and Safety 110 permit. One procedure clearly identified in the mine proposal is seeding of topsoil stockpiles. Ensuring that these sites are adequately vegetated would assist in ensuring success in final reclamation.

The applicant would monitor noise levels with a dosimeter at the north, south, east and west side of the permit area and the time and date would be kept in a log book. Noise levels would be taken when the operation is running at full capacity and dust levels would be taken by Mine Safety Health Administration when the operation is running at full capacity. Air quality would also be monitored as part of the Colorado Department of Public Health and Environment's permit.