S/001/039

Grand Central Silver Mines, Inc.
1010 Iron Wood Drive
Couer D'Alene, Idaho 83814

July 10, 1998

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JUL 13 1998
DIV. OF OIL, GAS & MINING

Mr. D. Wayne Hedburg
Permit Supervisor
Utah Division of Oil, Gas and Mining
Minerals Reclamation Program
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Subject: Plan of Action for Utah Reclamation Projects

Dear Mr. Hedberg,

As requested, Grand Central Silver Mines, Inc. (Grand Central) is submitting a preliminary plan of action to the Utah Division of Oil Gas and Mining (DOGM) for all outstanding State of Utah Exploration Projects and Small Mine Permits which Grand Central is believed to be responsible for reclamation and project progress and status reporting.

1. **DOGM ID E0010084, BLM File No. UTU-72789**
   South Utah Copper/Kingbird/OK Project
   Nevada Star Resources is presently the legal owner of the mining properties of the above-referenced DOGM and BLM exploration projects. Grand Central will use its best efforts to legally transfer the exploration projects and reclamation and reporting requirements to Nevada Star Resources by July 31, 1998 per DOGM's Transfer of Notice of Intention—Exploration Project [Form MR-TRE, dated 3/98].
2. **DOGM Permit #S-001039**
   OK Copper Mine Small Mine Permit
   Permit will be legally transferred to Nevada Star Resources per DOGM's Transfer of Notice of Intention, Small Mining Operations [Form MR-TRS Revised 6/96]. Grand Central will use its best efforts to transfer the small mine permit to Nevada Star Resources by July 31, 1998.

3. **DOGM ID E001015, BLM File No. UTU-75767**
Blue Mountain South and
DOGM ID E0010110, BLM File No. UTU-75770
SRock Projects
The referenced Blue Mountain South and the South Rock projects were never carried out and these exploration projects have been abandoned. The attached (Attachment A) BLM letter dated June 24, 1998 (UT-044) confirms the closing of the referenced BLM exploration notices. Grand Central hereby requests that DOGM retire the E001015 – Blue Mountain South and E0010110 SRock Projects.

Plan of Action for Other Grand Central Exploration and Small Mine Permit Projects

1. Grand Central commits to submit to DOGM by August 15, 1998 a revised plan of action based on field visits to each site by Grand Central personnel. In addition, by September 1, 1998, Grand Central plans to have DOGM reclamation personnel begin to visit reclaimed sites in order that DOGM personnel can begin releasing and retiring reclaimed exploration sites.
2. Grand Central commits that it will begin significant reclamation before September 7, 1998 and continue through November 1998 as required. This planned schedule will be contingent on winter weather conditions allowing reclamation to be performed in the higher elevations of Grand Central's properties.
3. Grand Central will, during the September-November 1998 reclamation period, also be conducting reclamation site inspection visits with DOGM personnel in order that DOGM may determine the status of each site.

After review of the preliminary data available, Grand Central believes that reclamation priorities are as follows, based on the probable reclamation schedule and the relative difficulty in reclaiming the below listed projects which are listed by Group A, B and C.

Group A – Priority 1

A. **DOGM ID E0450085, BLM File No. U27-91-14N**
Bates Canyon Project
B. **DOGM ID E0270046, BLM File No. UTU-070701**
Kings Canyon/New Year's Trend Projects

Group B – Priority 2

A. **DOGM ID E0230093, BLM File No. UTU-075846,**
State Trust Lands ID – ML 47524,
Copperopolis Canyon Project
B. **DOGM ID E0230053, BLM File No. UTU-070613,**
West Tintic Project
C. **DOGM ID E0270045, BLM File No. UTU-070700**
Kings Canyon/Discovery Trend Project
D. **DOGM ID E0270055, BLM File No. UTU-072887**
Knoll Project/Kings Canyon Projects

Group C – Priority 3

A. DOGM ID E0440032, School Trust Land ID – ML 43984
Mayflower Project

B. DOGM ID E0230033, BLM File No. UTU-070610
Eureka Sunbeam/West Mammoth Projects

C. DOGM ID E0230048
Silver City/Sunbeam Projects

D. DOGM ID E0010106, BLM File No. UTU-74032
School Trust Lands – ML 47016
Blue Mountain/ITCH 15 & 17 Projects

E. DOGM ID S/023/041
Mammoth Mine Small Mine Permit

Grand Central greatly appreciates DOGM's patience and cooperation with Grand Central in order that Grand Central can meet its reclamation and reporting requirements for its Utah projects.

If there are any questions regarding this letter do not hesitate to contact me at 801-685-0960.

Sincerely,
Barry Katona

Barry Katona
Manager of Utah Operations