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March 30, 2003

TO: Minerals File

FROM: Lynn Kunzler, Senior Reclamation Biologist LK.

SUBJECT: Site Inspection, Bill Coleman, Lakeside Mine, M/003/030, Box Elder County, Utah

Date of Inspection: March 25, 2004
Time of Inspection: 10:30 a.m.
Conditions: Clear
Participants: Bill Coleman, Operator; Wayne Hedberg and Lynn Kunzler, DOGM

Purpose of Inspection: To evaluate site conditions and permitting requirements.

Observations:

We began the inspection with an overview of the site from the radio tower to the east of the project. Dikes have been constructed around three ponds (1-A, 2-A, and 3-A). A holding area for runoff from the West Desert area was to the west of these ponds, and had about 20 inches of water (covering several hundred acres). We could also observe the sub-grade for a proposed 9,490 foot rail spur along the southern side of the ponds. The old intake canal from the Great Salt Lake was still visible. Mr. Coleman indicated that his present plan is to only use the brines that come with the runoff from the West Desert. He will only use GSL brines if needed. He indicated that the brine content was different between the two sources and the West Desert brines were more favorable for his intended market.

We then traveled to the west side of the pond system where we observed the inlet culverts from the holding area to Pond 1-A The culverts were blocked at this time; however, Mr. Coleman indicated that he would begin draining brines into his pond system in the next 3-4 weeks.

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The inspection ended with a close-up look at the railroad spur sub-grade and a stockpile of salt (approx. 10,000 tons) that had been scraped out of the pond system to show due-diligence for his state lease.

A GPS was used to obtain UTM coordinates for this site. Coordinates near the salt stockpile are N4564600, E341105. Coordinates near the eastern end of Pond 3-A are N4564910, E342148.

Several photos were taken to document site conditions.

Conclusions and Recommendations:

During and after the inspection, we discussed permitting needs. Mr. Coleman had indicated that he hopes to produce later this year. We informed him that he would need to submit a Large Mining Notice of Intention and post a reclamation surety for the operation. He was instructed that the acreage for his permit would include all the pond area, but that the reclamation surety would only cover the reclamation of structures or features (it is not a set dollar amount per acre permitted). The bond amount would be based on third party costs to perform the site-specific reclamation. He was given a copy of the LMO form and Minerals rules. We also explained the need to submit the Notice as soon as possible because of the time required to process and approve the Notice. We also indicated that he was welcome to come in to the office to review other similar permits to assist him in putting together his Notice.

LMK:jb
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