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FORM MR-AR
(Revised 1/2006)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
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ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. *General Information*

1. Report Time Period: From (mo./yr.)**1/05** To (mo./yr.)**1/06**

2. DOGM File Number (Mine No): **S0/300/34**
3. Mine Name: **Lucin Variscite Mine**
4. Mineral(s) Mined (or permitted to mine): **Cutting and Decorative Stone**
5. Type of mine: **X** Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected): **No Change**
   1/4, 1/4, 1/4, Section , Township , Range
   1/4, 1/4, 1/4, Section , Township , Range
   1/4, 1/4, 1/4, Section , Township , Range
7. Name of Operator or Company: **Penney's Gemstones LLC**
8. Permanent Street Address: **2400 E 30 S**
   City, State, Zip: **Beaver, UT 84713**
   Phone: **(435)438-5522** Fax: **(435)438-2555** E-mail:**ep7@xmission.com**
9. Company Representative (or designated operator):
   Name: **David Penney**
   Title: **Owner/operator/registered agent**
   Business Address: **2400 E 30 S**
   City, State, Zip: **Beaver, UT 84713**
   Phone: **(435)438-5522** Fax: **(435)438-2555** E-mail:**ep7@xmission.com**

☐ **Please check if any of the above information has changed since previous year.**

II. *Mining and Reclamation*

1. Was there any mine related activity during the past year? **X**Yes __ No

2. If no - what was the last year of activity? **Not Applicable**

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3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. **Hand Samples**

4. Briefly describe the type of work performed, during the past year. **Visited and collected hand samples**

5. How much **new or additional acreage** was disturbed during the past year? **No new or additional acreage was disturbed.**

6. How much acreage was **reclaimed** during the past year? **No acreage was reclaimed.**

7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MRSITE for an application for full or partial bond/site release). **Not Applicable**

8. What is the **total disturbed acreage of entire project** at years end? **Same**

9. Briefly summarize any mining and/or reclamation plans for the upcoming year. **Mining and reclamation will be continuous**

10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to **large mining operations.**

III. *Additional Information - R647-4-121.2*

1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

IV. *Signature Requirement*

I hereby certify that the foregoing is true and correct.

Signature of Operator:
Name (Typed or Print): **David Penney**
Title of Operator: **Registered Agent/ Owner/ Operator**
Date: **1/21/06**

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