S/013/002

UMC

UINTAH MOUNTAIN COPPER COMPANY
341 SOUTH MAIN STREET
SUITE 401
SALT LAKE CITY, UTAH 84111
(801) 530-1045

October 30, 1997

RECEIVED
NOV 03 1997
DIV. OF OIL, GAS & MINING

Mr. Tony Gallegos, Reclamation Engineer
Utah State Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

RE: Memo Dated October 22, 1997 regarding Site Inspection Uintah Mountain Copper Company Sunshine Hematite Claims S/013/002 Duchesne County, Utah

Dear Mr. Gallegos:

The purpose of this letter is to submit to you additional information about the site and engineering analysis of the Sunshine Hematite Claims. Further, it is imperative that I clarify a misrepresentation presented to you by Mr. Chauncie Todd of the United States Forest Service. Finally I would like to address any other issues raised in your memo that need further explanation on our part.

Initially, I am enclosing a copy of our Phase 1 Test Pit: Transmittal of Engineering Analysis Report Sunshine Quartz/Hematite Claims Project - Addendum #2 to POO. A copy of this should have been sent to you at the end of September. There were some typographical errors to be corrected and the amended report was never forwarded. I apologize for this oversight. I believe that this report will give you greater detail on what we have done this summer. As a point of clarification, the area of reclamation that you examined on September 17, 1997 was seeded by the company on October 3 and 4, 1997. The Forest Service has been notified of this.

I am distressed about Mr. Todd's comment to you that the special use permit for the camp "has been canceled and the Forest Service has requested removal of the structures." I am enclosing our copy of the Special Use Permit for Construction Camps and Residences #2720 Special Uses #4008-01 Roosevelt RD. As you will note the permit was originally issued on 10/13/78 and is presently current and in effect. This particular permit is for 01/01/97 to 12/31/97. The amount of $49.00 was remitted to the Forest Service with Uintah Mountain Copper Company Check #2438. I am enclosing the canceled check for your records. Further, we have no reason to believe that this permit will be canceled in the near future. The Forest Service has led us to believe that we are in compliance with their

requests. In fact, District Ranger Joseph R. Bistryski said after an on site inspection that he sees nothing wrong with the camp site as it is presently arranged. As an additional point of information for your files, I am enclosing a copy of the 1997 Special Use Permit for the Paint Mine Road and the canceled check as proof of payment.

Finally, I would like to explain the reclamation bond issue. The company did have a cash reclamation bond in place through the 1996 season. At the end of the season, the bond was returned to us. On April 18, 1997, a meeting was held in Duchesne, Utah between the company and the Forest Service. We were given a verbal commitment that we would receive information from Mr. Todd on what kind of bonds would need to be posted. We were to hear from him in one week. I wrote the Forest Service on April 26, 1997 giving them specific dates regarding our summer plans. In that letter I again requested the aforementioned bond information. As of this date, the company has received no information, either verbal or written, on what type of bond we need, or the recommended amount of the bond. I believe it is important to note in your files that although there was no bond in place, we did reclaim the area worked on this summer. Our reclamation met the requirements of our Phase 1 work on the project.

I hope this letter together with the enclosures will clarify any misunderstandings between the Forest Service, your division and the company. I also hope that it provides additional information to you regarding the work performed at the site the past year. If you have any questions, please call me at my office in Phoenix. The telephone number is (602) 236-8613.

Sincerely,

Peter M. Kandaris

Peter M. Kandaris, President
Uintah Mountain Copper Company

Enc.

pmc

cc: Mike Kandaris
Joseph R. Bystryski

UMC

5/013/002

UINTAH MOUNTAIN COPPER COMPANY
341 SOUTH MAIN STREET
SUITE 401
SALT LAKE CITY, UTAH 84111
(801) 530-1045

September 26, 1997

Ashley National Forest
Duchesne Ranger District
P.O. Box 981
Duchesne, Utah 84021

Attn: Joseph R. Bistryski, District Ranger

Re: **Phase 1 Test Pit: Transmittal of Engineering Analysis Report**
Sunshine Quartz/Hematite Claims Project - Addendum #2 to POO

Attached is the summary report detailing all work on the completed Phase 1 test pit for the above referenced project. Please incorporate this report as Addendum #2 to our current Plan of Operation for this project.

At this time, all ore to be tested this season has been excavated and hauled to laboratory facilities, the gabion basket wall test section has been constructed, and slope contouring is complete. Seeding on all areas disturbed by this year's activities will be performed on October 3rd and 4th when the contractor removes his equipment from the claims properties for the season. This final action will complete all required reclamation work for this phase of the project.

As we discussed on our April 18th meeting, upon successful completion of Phase 1 work, UMCC intends on proceeding with the next phases of project development on these claims in the summer of 1998. Please review the recommendations noted within the attached engineering report so that they may be made part of the POO. We understand that your staff and support personnel still may require an Environmental Assessment for some or all future phases of development. If this is the case, your field work needs to begin as soon as possible (prior to seasonal snowfall preventing safe access to the area).

We have expedited this report to aid in your efforts. Please contact Mike Kandaris by mail at the above noted address or by telephone (801-530-1045) by October 3, 1997 with your schedule of field activities. We are ready to provide any other information or details needed to support your work with assessing forest impacts of the proposed continuing development phases of our project. Please feel free to call me in Arizona if you have any questions (602-236-8613).

Sincerely,

Peter Kandaris, President
Uintah Mountain Copper Company

cc: Mike Kandaris, Pam Cha (UMCC)
Parsons, Davies, Kinghorn & Peters
Tony Gallegos (Utah Dept of Natl Resources)

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UINTAH MOUNTAIN COPPER COMPANY
SUNSHINE QUARTZ/HEMATITE CLAIMS PROJECT

ENGINEERING ANALYSIS REPORT

PHASE 1 EXPLORATORY TEST PIT
EXCAVATION & RECLAMATION DEVELOPMENT PROGRAM

DUCHESNE COUNTY, UTAH

SEPTEMBER 26, 1997

SEE SEPARATE BINDER FOR COMPLETE REPORT

Sunshine\Hematite Claims Project
Engineering Analysis Report

Phase I Exploratory Test Pit
Excavation & Reclamation Development Program

Uintah Mountain Copper Company

INTRODUCTION

The first phase of a multi-year, multi-phase exploratory test pit and reclamation development program was performed in 1996 and 1997 on the Uintah Mountain Copper Company's Sunshine Quartz and Hematite claims properties. These small-scale projects are intended to provide economic and environmental reclamation data for estimating the mining potential of the project.

The property is located about 25 miles northwest of Duchesne, Utah, in Township 2 North and Range 6 West, Section 15 and is directly west of Moon Lake in the Slate Creek Canyon region. An existing 6.5 mile unimproved graded access road extends directly to the ore body. The original mine diggings are at the 10,200 to 10,400 foot elevation, with surface outcrops of hematite ore observable intermittently along 600 feet of exposures adjacent to the access road, and over an additional 1500 feet of hillside. Five sample borings deep-drilled into the deposit in 1978 and thirty-six additional near-surface core holes added in 1994-95 defined proven deposits of 54,000 tons of iron oxide (hematite) ore within 3 of the 30 company's claims. Possible resource estimates encompassing all claims and performed by various geologists since 1978 range from 206,000 to 750,000 tons. The refined ore produces a unique, high-grade natural pigment that Uintah Mountain Copper Company intends to produce for use with cosmetics, plastics, artist paints and other specialty products.

PURPOSE OF ANALYSIS

The purpose of this analysis report is to:

a. Describe Phase 1 test pit and reclamation work.

b. Evaluate results of Phase 1 test pit development program.

c. Discuss the effectiveness of ore removal, hauling and reclamation techniques.

d. Provide recommendations for future development activities.

BACKGROUND

A three-year phased exploratory test pit program with progressively expanding development areas for each phase was proposed by the Uintah Mountain Copper Company (UMCC). The scope of proposed work is documented in the 1996 Revisions to the Plan of Operation dated January 1996 and Addendum No. 1 to the 1996 Revisions to the Plan of Operations dated May 21, 1996.

Phase 1 work was approved by United States Forest Service (USFS) representatives during meetings held on April 29, 1996, June 3, 1996 and April 18, 1997. The scope of Phase 1 was proposed as follows: Excavation of a small 20 to 25-foot wide by 20-foot long and 7-foot deep test pit in the existing disturbed area adjacent to the service access road and under the main claim spur road (Figure 1, Photo A). Overburden and ore at this location were estimated at 60 cubic yards (120 tons) and 44 cubic yards (95 tons), respectively. 1996 Phase I activities were subsequently modified (via internal UMCC memo dated October 3, 1996) to allow for excavation of only a portion of the area during 1996 because of rapidly deteriorating weather conditions. The remainder of the work was to be performed after seasonal snow melt and runoff in mid-1997.

UMCC proposed a multi-phased test pit program to (a) verify depth and location of geologic strata and faulting identified during the drilling programs, (b) assess the accuracy of drill hole data interpolations for calculating hematite ore deposits/reserve, (c) determine the probable depth of overburden for future mining and (d) provide for small scale reclamation projects to measure and document the viability of proposed reclamation methods and to extrapolate results to larger operations.

WORK PERFORMED

In October 1996, an approximate 10-foot by 10-foot by 5-foot deep pit was excavated near the northwest end of the Phase 1 area, with approximately 10-12 tons of hematite ore removed for testing. Snowfall halted this work and further activities were to be postponed until the next season for both safety and natural resource concerns. Ore was excavate by an Allis Chalmers HD6G 1-1/2 cubic yard track-mounted front-end loader and was hauled off the site via 12-ton capacity, 10-wheel truck. Overburden was stockpiled adjacent to the pit for future use in reclamation work.

Pit excavation activities resumed on September 5, 1997, with pit shape and area modified in the field to minimize overburden removal and expedite work (material volumes were kept close to those originally planned for Phase 1). The revised Phase 1 pit was excavated 12-15 feet wide, 45 feet long and varied from 0 to 12 feet in depth along the face of the hillside (Figure 2), with approximately 133 cubic yards of subsurface material disturbed. 43 tons (31 cy) of medium to high-grade sample ore were stockpiled on a wide accessible section of the access road about 600 feet from the test pit and approximately 55 tons (40 cy) of medium to low grade ore intermixed