

TASK: 5097



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 3, 2012

Rick Havenstrite
Desert Hawk Gold Corporation
7115 North Division Street, Suite B 351
Spokane, Washington 99208

Subject: Tentative Approval to Commence Large Mining Operations, Desert Hawk Gold Corporation, Kiewit Project, M/045/0078, Tooele County, Utah

Dear Mr. Havenstrite:

The Division of Oil, Gas and Mining tentatively approves the Notice of Intention to Commence Large Mining Operations (Notice) for the Kiewit project. The notice of tentative approval will be published in the appropriate Salt Lake City and Tooele County newspapers (copy attached). The public comment period will end thirty days after the last public notice is published. The Division will also notify the Resource Development Coordinating Committee (RDCC). If no substantive comments are received during the public comment period, the Division will then issue a conditional final approval for this project. The Division may require changes to the Notice if substantive comments are received or inconsistencies are found.

Because a portion of this project is on land managed by the Bureau of Land Management, the Division needs to receive their concurrence that the surety amount is adequate. Furthermore, Desert Hawk will need to receive the BLM's approval before operations commence on BLM land. Actions connected to those on BLM land may also require BLM approval. Please contact the BLM for further information and clarification.

The Division requires that you submit a reclamation surety and reclamation contract before final approval is given. The reclamation cost is tentatively estimated to be \$1,278,000.00, but the amount may change based on comments from the Bureau of Land Management or substantive public comment. Please contact Penny Berry at 801-538-5291 for information about submitting the surety and reclamation contract.

The following conditions apply and will be restated in the final approval letter:

1. The Air Quality Approval Order must be submitted 45 days prior to construction.
2. Mining at the Clifton Shears will not exceed 20 feet in depth until the operator completed additional rock characterization.



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3. No mining may be done at the Yellow Hammer until the operator has completed rock characterization.
4. Mining at the Kiewit will include rock characterization as committed to in the NOI.
5. Backfilling and grading reclamation bond monies will not be released until the heap leach draw down has been completed.

After the final changes have been made to the Notice the Division requests that you submit an electronic copy of the mine disturbed area in the original AutoCAD, shape, or other file format. Please include the projection in UTM 12 NAD 27 datum with this file. Contact Dan Smith at danielsmith@utah.gov or by telephone at 801-538-5292 for further information or questions.

Thank you for your cooperation and patience in completing this permitting process. Please contact me Leslie Heppler at 801-538-5257 or me at 801-538-5261 if you have any questions regarding this letter

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: eb

cc: Stephen Allen, BLM Salt Lake Office
Lennie Boteilho, Ames Construction

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