M/049/009

Chief Gold Mines, Inc.

Post Office Box 51
15988 Silver Pass Road
Eureka, Utah 84628
Telephone (435) 433 6606: Fax (435) 433 6674

8/27/02

RECEIVED
AUG 28 2002
DIVISION OF
OIL, GAS AND MINING

D. Wayne Hedberg, Permit Supervisor
Division of Oil, Gas and Mining
Minerals Regulatory Program
P.O. Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Hedberg,

Earlier this year we received notification from you that the surety for Chief Gold Mines, Inc, Trixie Shaft, M/049/024, is to be escalated by $18,100 to $57,900. Due to unforeseen circumstances we have as of yet not been able to raise the funds for the increase. Currently our board of directors is pursuing several options to raise capital and/or obtain financing secured by thousands of acres of real estate in the area. While we are progressing towards securing funds, unfortunately it is a time consuming process, especially when dealing with real estate. Because of this we are requesting an additional extension until September 30, 2002 to post the additional bond. We are very appreciative of your cooperation and recognize that you have been very patient and hope that you will be able to accommodate us.

With regards to the remaining issues on the Dry Stack Tailing permit application (M/049/009), your department had asked if we needed to modify the application for operational changes. After discussing the issue with Ray Irwin, our geologist, and Tom Gast we do not believe there is a need for operational changes in the application. We also look forward to your response regarding our proposal on dealing with the tailings that your department originally requested be moved to the dry stack area.

Please feel free to contact me if you have any questions.

Sincerely,

John E. Henderson
CFO, Treasurer