



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Mount Lewis Field Office

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In Reply Refer To:

3809 (NV0100)

NVN-091891

NVN-089695

DOI-BLM-NV-B010-2015-0004-EA

JAN 23 2015

CERTIFIED MAIL NO.: 7013 1710 0000 3371 2420

Return Receipt Requested

DECISION

NuLegacy Gold Corporation NV	:	
Attn: Roger Steininger,	:	Surface Management
COO & Director, Acquisitions & Exploration	:	
4790 Caughlin Parkway, #765	:	
Reno, Nevada 89519	:	

**CMZ Exploration Project Plan of Operations Approval
Determination of Required Financial Guarantee
Notice NVN-089695 Vacated**

INTRODUCTION

The Bureau of Land Management (BLM) has prepared an Environmental Assessment (EA), DOI-BLM-NV-B010-2015-0004-EA that analyzes the affected environment, environmental impacts, and identifies environmental protection measures associated with NuLegacy Gold Corporation's (NUG) Plan of Operations (Plan) for the CMZ Exploration Project (Project). The final Plan was submitted in December 2014, in accordance with the BLM Surface Management Regulations 43 Code of Federal Regulations (CFR) 3809, as amended. It has been assigned BLM case file number NVN-091891. The Project Area includes approximately 1,760 acres of public land. The Project is located in all or portions of Township 25 North, Range 49 East (T25N, R49E), Sections 12, 13, 24, and 25; and, T25N, R50E, Sections 7, 18, 19, and 30, Mount Diablo Base and Meridian (MDB&M), Eureka County, Nevada.

BACKGROUND

NUG proposes to create up to 100 acres of surface disturbance, and the existing Notice-level activity will be completely subsumed in the Plan. Project-related activities associated with exploration would occur in phases. Under Phase I, approximately 36.9 acres of new surface disturbance on public lands would occur. The remaining surface disturbance (58.1 acres) would be utilized through exploration under subsequent phases over approximately ten years conducted

over an approximate ten year Project life. The phased surface disturbance would consist of the same type of activities as in the Plan but the locations would be submitted as work plans to the BLM. All phases of exploration activities would include exploration drilling, road, drill pad and sump construction, utilization of overland travel, and the maintenance of existing pre-1981 roads within the Project area. The specific locations of drill sites under subsequent phases would depend on the success of previous phases. By using a phased approach to drilling, NUG would assess the expansion needs of the Project based on current drill results and other pertinent data.

PUBLIC INVOLVEMENT

The BLM conducted Native American consultation on May 15, 2014, by contacting the Te Moak Tribe of the Western Shoshone (Battle Mountain Band Council, the Elko Band Council, and the South Fork Band Council) and the Duckwater Shoshone Tribe. A site visit was conducted on June 11, 2014, with members of the Elko Band Council. No concerns were identified during the visit.

The EA was made available for a 30-day public comment period ending on December 3, 2014. Notifications of the availability of the EA were sent to persons and agencies on the Project mailing list and the EA was posted on the Battle Mountain District ePlanning webpage. Additionally, the BLM issued a press release the same day providing a link to the EA and instructions on how to comment. Approximately 6,700 comment letters (6,697 form letters) were received from the public or other federal, state, or local agencies. Substantive comments were evaluated and considered by the BLM during the decision making process. Minor corrections or updates to the EA were made as a result of the substantive comment review. The BLM reviewed and considered these comments and determined that they did not identify or present any significant new information or changed circumstances that would warrant additional NEPA analysis.

All correspondence relative to this planning process is part of the public record and available for review at the Mount Lewis Field Office.

DECISION

1. As a result of the analysis presented in the EA and making a Finding of No Significant Impact (FONSI), and carefully considering the comments and input received from the public, it is my decision to approve the Plan with the financial guarantee requirements. The BLM approval of the Plan will be subject to operating, reclamation and monitoring measures by in the Plan, the performance standards set forth in 43 CFR 3809.420, and the Applicant-Committed Environmental Protection Measures as set forth in the EA and restated in this Decision under the Conditions of Approval.

Approval of the Plan by the BLM does not constitute a determination regarding the validity or ownership of any unpatented mining claims involved in the exploration operation. NUG is responsible for obtaining any use rights or local, state or federal permits, licenses or reviews that may be required before operations begin.

This Decision also constitutes concurrence with NUG's use and occupancy of public lands as described in the approved Plan. NUG must maintain compliance with the Use and Occupancy regulations at 43 CFR 3715.2, 43 CFR 3715.2-1, and 43 CFR 3715.5, throughout the duration of the approved Plan. Concurrence by BLM on NUG's proposed use and occupancy is not subject to State Director review, but may be appealed by adversely affected parties directly to the Interior Board of Land Appeals as outlined in enclosed BLM form 1842-1.

Financial Guarantee

Based on your reclamation cost estimate, BLM review of the cost estimate, and consideration of the conditions of approval, the required financial guarantee amount is hereby set at **\$143,458** for reclamation of Phase 1 of the Project. This amount is subject to change pending further review by the BLM or the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (NDEP-BMRR). You must provide a financial guarantee in this amount using one or more of the acceptable financial guarantee instruments listed in 43 CFR 3809.555.

A financial guarantee in the amount of **\$143,458** must be filed and accepted by the Bureau of Land Management, Nevada State Office, Branch of Minerals Adjudication, 1340 Financial Blvd, Reno, NV 89502-7147. That office will issue you a decision as to the acceptability of your financial guarantee. You must not begin surface disturbing activities under this Plan until you receive notification from the BLM State Office that the financial guarantee has been accepted.

2. Conditions of Approval

Water Quality

All drill holes will be plugged in accordance with Nevada Revised Statutes (NRS) 534, Nevada Administrative Code (NAC) 534.4369, and NAC 534.4371, with the exception of drill holes collared with a mud rotary or reverse circulation drill rig and completed with a core rig, which will be plugged prior to the core rig moving from the drill site. If any drill hole produces artesian flow, the drill hole will be contained pursuant to NRS 534.060 and NAC 534.378 and will be sealed by the method described in NAC 534.4371. If casings are set in a drill hole, either the drill hole must be completed as a well and plugged pursuant to NAC 534.420, or the casings will be completely removed from the drill hole and then plugged in accordance with NAC 534.4369 and NAC 534.4371.

Storm water BMPs (Nevada Division of Environmental Protection and Nevada Division of Conservation 1994) will be used at construction sites to minimize storm water erosion.

Drill cuttings will be contained on site and fluids managed utilizing appropriate control measures. Sediment traps will be used as necessary and filled at the end of the drill program. NUG will follow the Spill Contingency Plan in Appendix D of the Plan.

Only nontoxic fluids will be used in the drilling process.

Wildlife

In order to avoid potential impacts to breeding migratory birds, a nest survey will be conducted by a BLM-approved biologist prior to any surface disturbance associated with exploration activities during the avian breeding season (March 1 through July 31 for raptors, and April 1 through July 31 for other migratory birds and burrowing owls). Pre-disturbance surveys for migratory birds are only valid for 14 days. If the disturbance for the specific location does not occur within 14 days of the survey, another survey will be needed. If active nests are located, or if other evidence of nesting (i.e., mated pairs, territorial defense, carrying nest material, transporting food) is observed, a protective buffer (the size depending on the habitat requirements of the species) will be delineated after consultation with the BLM resource specialist, and the buffer area avoided to prevent destruction or disturbance to nests or birds until they are no longer actively breeding or rearing young. The site characteristics to be used to determine the size of the buffer area are as follows: 1) topographic screening; b) distance from disturbance to nest; c) the size and quality of foraging habitat surrounding the nest; d) sensitivity of the species to nest disturbances; and e) the protection status of the species.

All trenches, sumps, and other small excavations that pose a hazard or nuisance to the public, wildlife, or livestock will be adequately fenced to preclude access or constructed with a sloped end for easy egress.

In order to reduce impacts to greater sage-grouse preliminary priority habitat (PPH), NUG would provide the following EPM: Using hand-thinning methods (i.e., use of chainsaw, lop and scattering of slash, etc.) to remove piñon-juniper (P-J) trees in areas that are determined to be actively encroaching into PPH. P-J would be removed from three acres of habitat for every one acre disturbed within PPH in the Project Area. In order to minimize impacts to breeding and nesting greater sage-grouse, P-J thinning would not occur from March 1st through June 30th. To minimize impacts to migratory birds, site surveys would be conducted by a qualified biologist to determine the presence of nesting birds if thinning activities are proposed between July 1st and July 31st. Preferred locations for P-J removal include areas that have been identified by the BLM, Nevada Department of Wildlife, or research studies as important migration corridors, riparian areas, or nesting habitat. Preferred treatment locations include areas that would directly benefit greater sage grouse, such as areas adjacent to (but still located inside the Project Area boundary) the Tonkin Road and Buckhorn Road lek. NUG would consult with the BLM prior to implementing any P-J removal. In the event that exploration activities occur within areas previously treated with P-J removal, those areas would be considered as new disturbance and NUG would conduct similar P-J treatments with the removal of P-J from three acres of habitat for every one acre disturbed within previously-treated PPH.

- To minimize potential impacts to cultural resources as a result of these measures, several additional actions would be undertaken. As specific sites for P-J removal are identified, a BLM staff archaeologist will evaluate the potential of the area for cultural resources, and will undertake avoidance measures as needed. To reduce the risk of unauthorized collection, field crews will be instructed by an agency archaeologist regarding the importance of cultural resources and the possible penalties under the Archaeological Resources Protection Act of 1979 (ARPA) for the destruction of

archaeological resources. In order to decrease the risk of inadvertent damage to fragile remains, crews will also be instructed to recognize wood and brush cultural resources.

Exploration activities that are proposed under Phase I would be located greater than four miles from active sage grouse leks, so noise assessment determinations would not be necessary. However, depending on the actual location of subsequent phased exploration activities, noise assessments may be required by the BLM and would be conducted according to the draft statewide wildlife survey protocols. If it is determined that noise assessments would be required they would be conducted prior to any surface disturbance activities.

Cultural and Paleontological Resources

Pursuant to 43 CFR 10.4(g), NUG will notify the BLM-authorized officer, by telephone, and with written confirmation, immediately upon the discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony (as defined in 43 CFR 10.2). Further pursuant to 43 CFR 10.4, NUG will immediately stop all activities in the vicinity of the discovery and not commence again until a notice to proceed is issued by the BLM-authorized officer.

NUG will avoid all National Register of Historic Places (NRHP) eligible sites and/or contributing elements of eligible cultural Districts by a buffer zone of 100 feet. Prior to NUG initiating activities under each phase, the BLM will review the work plan for each phase to ensure the protection of all NRHP-eligible sites and/or contributing elements of eligible Districts. If deemed necessary by the BLM, NUG will place a qualified archaeologist on site during surface disturbing activities near known cultural resources to monitor Project implementation and ensure contributing elements of eligible cultural Districts/sites are avoided.

NUG will inform all field personnel of the ARPA and the Native American Graves Protection and Repatriation Act of 1990 (Public Law [P.L.] 101-601) (NAGPRA) responsibilities and their associated penalties.

NUG will not knowingly disturb, alter, injure, or destroy any scientifically important paleontological deposits. In the event that previously undiscovered paleontological resources are discovered by NUG in the performance of any surface disturbing activities, the item(s) or condition(s) will be left intact and immediately brought to the attention of the authorized officer of the BLM. If significant paleontological resources are found, avoidance, recordation, and/or data recovery will be required.

Any cultural resource discovered by NUG, or any person working on their behalf, during the course of activities on federal land will be immediately reported to the authorized officer by telephone, with written confirmation. The permit holder will suspend all operations in the immediate area of such discovery and protect it until an evaluation of the discovery can be made by the authorized officer. This evaluation will determine the significance of the discovery and what mitigation measures are necessary to allow activities to proceed. NUG will be responsible for the cost of evaluation and mitigation. Operations will resume only upon written authorization to proceed from the authorized officer.

Public Safety, Hazardous or Solid Waste, and Access

Public safety will be maintained throughout the life of the Project. All equipment and other facilities will be maintained in a safe and orderly manner.

Drill sites, sumps, and excavations will be reclaimed as soon as practicable after completion of sampling and logging.

Final reclamation of overland travel routes, sumps, and drill sites will consist of, if required, fully recontouring disturbances to their original grade, and reseeding in the fall season immediately following completion of exploration activities.

In the event that any existing roads are damaged as a result of NUG activities, NUG will return them to their original condition.

Any survey monuments, witness corners, and/or reference monuments will be protected to the extent economically and technically feasible.

All solid/regulated wastes will be removed from the Project Area and disposed of in a state, federal, or local designated area.

Pursuant to 43 CFR 8365.1-1(b)(3), no sewage, petroleum products, or refuse will be dumped from any trailer or vehicle.

If a spill of a petroleum constituent is considered to meet the reportable quantity per the NDEP's guidelines (greater than 25 gallons or greater than three cubic yards of impacted material or any quantity if a water body is impacted), or a reportable quantity for hazardous waste is released based on the Federal Environmental Protection Agency guidelines established under Title III List of Lists (40 CFR Part 302), the NDEP would be notified within 24 hours, and the appropriate remedial actions and confirmation sampling would be conducted under direction of the NDEP.

Air Quality

Emissions of fugitive dust from disturbed surfaces will be minimized by the application of water from a water truck as a method of dust control. A Surface Area Disturbance (SAD) Permit will be required, as necessary, for the Project when surface disturbance exceeds 20 acres. A Dust Control Plan will be included in the SAD Permit. All permits and permit requirements are subject to the State of Nevada requirements.

Noxious Weeds, Invasive and Non-native Species

Noxious weeds will be controlled through implementation of the following BMPs: concurrent reclamation efforts; operator control including washing of equipment; removal of invasive, non-native, and noxious weeds on reclaimed areas; and avoiding areas of known invasive, non-native, and noxious weeds during periods when the weeds could be spread by vehicles.

Vegetation

Reseeding will be consistent with all BLM recommendations for seed mix constituents, application rate, and seeding methods

Wildland Fire Protection

All applicable state and federal fire laws and regulations would be complied with and all reasonable measures would be taken to prevent and suppress fires in the Project Area.

In the event the proposed Project activities start or cause a wildfire, NUG would be responsible for all the costs associated with the suppression.

NUG will comply with all applicable state and federal fire laws and regulations and all reasonable measures (i.e. vehicle hand tools, extinguisher, contact BLM concerning fire controls on welding) will be taken to prevent and suppress fires in the Project Area.

All vehicles will carry fire extinguishers, and a minimum of ten gallons of water.

Adequate fire-fighting equipment, i.e., shovel, Pulaski, extinguisher(s), and a minimum ten gallons of water will be kept at the drill site(s).

Vehicle catalytic converters will be inspected often and cleaned of all brush and grass debris.

Welding operations will be conducted in an area free from or mostly free from vegetation. A minimum of ten gallons water and a shovel will be on hand to extinguish any fires created from the sparks. Extra personnel will be at the welding site to watch for fires created by welding sparks. Welding aprons will be used when conditions warrant (i.e., during red flag warnings).

Wildland fires will immediately be reported to the BLM Central Nevada Interagency Dispatch Center at (775) 623-3444. Information reported will include the location (latitude and longitude if possible), fuels involved, time started, who or what is near the fire, and the direction of fire spread.

When conducting operations during the months of May through September, the BLM Battle Mountain District Office, Division of Fire and Aviation will be contacted at (775) 635-4000 to determine if any fire restrictions are in place for the Project and to provide approximate beginning and ending dates for Project activities.

Wild Horses and Burros

In order to mitigate the loss of habitat or impacts to short term disruption to the distribution of wild horses as a result of the Proposed Action, NUG will provide the following mitigation measures:

- Development or enhancement of existing water sources(s) within or nearby the proposed Project Area boundary such as Cadet Trough Spring. The Cadet Trough Spring consist of an existing small spring, which includes existing spring enhancements (fences, pipes, and troughs) that are not currently functioning. Proposed improvements could include the installation of protective fences around the historic spring area, piping of water to appropriate location(s), and installation of suitable and durable troughs. Upon Project completion, improvements associated with the spring will remain in place for continued support of wild horses, wildlife, and livestock.
- No activities shall block access to water, and human presence near water sources will be minimized to the extent possible.
- If operations cause a water source to become unavailable to wild horses, the Authorized Officer may require another water development to be constructed in the general area to provide adequate water for the wild horses or burros. Additional measures for the protection of wild horses and burros may be required, such as timing/seasonal restrictions and access route restrictions during the peak foaling period within the concentrated use areas identified in the HMA.
- NUG will immediately report any conflicts with or concerns about wild horses in the Project Area to the Field Office Wild Horse and Burro Specialist.

3. BLM Notice NVN-089695 is hereby vacated with the approval of the Plan and acceptance of the financial guarantee.

Once the financial guarantee is adjudicated for the Plan (NVN-091891) by BLM Nevada State Office, Branch of Minerals Adjudication, the remaining reclamation and financial guarantee requirements under the Notice NVN 089695 will be incorporated into the reclamation requirements of the Plan and the Notice terminated.

RATIONALE

The Plan, in combination with the preceding Conditions of Approval, and the enclosed FONSI, show that all practicable means to avoid or minimize environmental harm have been adopted and that unnecessary or undue degradation of the public lands will not occur as a result of the exploration activities at the CMZ Exploration Project.

The Plan is in conformance with the Shoshone-Eureka Resource Management Plan Record of Decision (ROD) which states: 1) "Make available and encourage development of mineral resources to meet national, regional, and local needs consistent with national objectives for an adequate supply of minerals (page 29)," 2) "All public lands in the planning area will be open for mining and prospecting unless withdrawn from mineral entry (page 29)," and 3) final reclamation will ensure public safety and the return of the exploration disturbance to its pre-exploration land uses of grazing, wildlife habitat, and mineral exploration. Final reclamation will also reduce visual contrast created during the exploration operation.

The Plan is in conformance with the President's National Energy Policy Act of 2005 as per Instruction Memorandum (IM-2002-053), as put forth in Executive Order 13212 and will not have an adverse impact on energy development, production, supply, and/or distribution. The EA and FONSI support this decision.

AUTHORITY

This Decision is in conformance with the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190) as amended (72 USC 4321 et.seq.); General and Title V of the Federal Land Management and Policy Act of 1976 (FLPMA); 43 CFR Part 3800 Subpart 3809- Surface Management (16 USC et.seq.); and 43 CFR Part 3710 Subpart 3715 – Use and Occupancy Under the Mining Laws.

APPEAL OF THE DECISION

If you are adversely affected by this decision, you may request that the Nevada BLM State Director review this decision. If you request a State Director Review, the request must be received in the BLM Nevada State Office at:

BLM Nevada State Office
State Director
1340 Financial Blvd.
Reno, Nevada 89502-7147

no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a stay is granted by the State Director. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the BLM Nevada State Office to determine when the BLM received the request for State Director Review. You have 30 days from the end of the 21-day period in which to file your Notice of Appeal with this office at 50 Bastian Road, Battle Mountain, NV 89820, which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR 3809.801(a)(1). Your Notice of Appeal must be filed in this office at 50 Bastian Road, Battle Mountain, NV 89820, within 30 days from receipt of this decision. As the appellant, you have the burden of showing that the decision appealed from is in error. Enclosed is BLM Form 1842-1 that contains information on taking appeals to the IBLA.

This decision will remain in effect while the IBLA reviews the case, unless a stay is granted by the IBLA. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

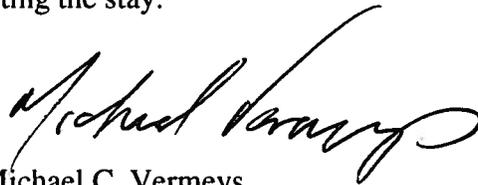
Request for a Stay

If you wish to file a petition pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by IBLA, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of this notice of appeal and petition for a stay must also be submitted to each party named in the decision and to the IBLA and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal must show sufficient justification based on the following standards:

1. The relative harm to parties if the stay is granted or denied.
2. The likelihood of the appellant's success on the merits.
3. The likelihood of immediate and irreparable harm if the stay is not granted.
4. Whether the public interest favors granting the stay.



Michael C. Vermeys
Acting Field Manager
Mount Lewis Field Office

Enclosures

cc: Nevada State Office, Branch of Minerals Adjudication (NV-923)

Bruce Holmgren
Nevada Division of Environmental Protection
Bureau of Mining Regulation & Reclamation
901 S. Stewart Street, Suite 4001
Carson City, Nevada 89701