STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706 • (208) 373-0502

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

February 24, 2011

Mr. Jessie Medby
Premium Exploration
1709 Burrell Drive
Lewiston, ID 83501

RE: Site Assessment of the Knob Hill Pit Mine

Dear Mr. Medby:

The Idaho Department of Environmental Quality (DEQ) has completed a review of historical mining data and geological information of the above referenced mine and claim. Subsequent to that review, DEQ conducted a site visit of the Knob Hill Pit Mine. During the site visit, mining facilities were observed and mapped in order to complete the analysis necessary to complete an Abbreviated Preliminary Assessment.

Preliminary Assessments (PAs) are conducted according to the Federal Comprehensive Environmental Response, Compensation and Liabilities Act. The reasons to complete a Preliminary Assessment include:

1) To identify those sites which are not CERCLIS caliber because they do not pose a threat to public health or the environment (No Remedial Action Planned (NRAP));

2) To determine if there is a need for removal actions or other programmatic management of sites;

3) To determine if a Site Investigation, which is a more detailed site characterization, is needed; and/or

4) To gather data to facilitate later evaluation of the release of hazardous substances through the Hazard Ranking System (HRS).

DEQ has also completed PAs under contract with the U.S. Environmental Protection Agency in order to identify risks to human health and the environment, and make recommendations to land owners regarding how risks might be managed, if necessary.

No samples were collected during the site visit because no significant mine waste dumps or effluent discharges were observed. It appeared any mineralized material was removed and little or no waste remained. There was no evidence of acid mine drainage or impacted surface waters. Based on a number of factors discussed in the following report, DEQ has determined that No Remedial Action is Planned (NRAP) for this property.

Attached is an Abbreviated Preliminary Assessment Checklist. The checklist was used because it was relatively obvious this site would likely not score through the Hazard Ranking System. Also enclosed is a copy of the mine history, limited geologic information, and maps of the property and surrounding area, and a brief checklist of how DEQ came to its determination that the property status is a NRAP.

Previously DEQ coordinated these activities with Wilf Struck. You have our deepest sympathies for your loss. Wilf was an exceptional individual. DEQ very much appreciates Premium Gold's cooperation and approval for our site access, and looks forward to addressing any questions you may have regarding our findings. Please call me (208-373-0554) if you have any comments, questions, or if I may be of any other assistance.

Sincerely,

Bruce A. Schuld
Mine Waste Projects Coordinator
Waste Management and Remediation Division

Attachments

cc: Ken Marcy – U.S. Environmental Protection Agency
Del Steiner – 3555 Country Club Drive, Lewiston, ID 83501
Knob Hill Pit Mine File

ABBREVIATED PRELIMINARY ASSESSMENT CHECKLIST

This checklist is an Abbreviated Preliminary Assessment (APA). This checklist documents the rationale for the determination of No Remedial Action Planned (NRAP) for the Knob Hill Pit near Orogrande, Idaho. Additional sheets are added, including photo logs, historical data, and maps generated during site visits or desk top research.

Checklist Preparer: Daniel D. Stewart **Date**: 2/8/2011
Idaho Department of Environmental Quality
300 West Main, Room 203
Grangeville, ID 83530
(208) 983-0808
daniel.stewart@deq.idaho.gov

Site Name: Knob Hill Pit

Previous Names (aka): Friday Lode, Friday Fraction Lode, Alaska #3, Alaska #4

Site Owner/Address: Jessie Medby
Idaho Gold Corporation
Premium Exploration
1709 Burrell Drive
Lewiston, ID 83501

Site Location: Turn off Highway 14, enroute to Elk City, at the Crooked River Road, go approximately 11-½ miles to Orogrande. At Orogrande, cross Crooked River and follow Quartz Creek southeast approximately ¼ mile to the site.

Township 27 North, Range 7 East, Section 1

Latitude: N 45.70267^{o} Longitude: W -115.54122^{o}

Describe the release (or potential release) and its probable nature:

This site was investigated for potential releases of heavy metals and sediment from mine waste dumps and potential discharges of other deleterious materials, such as petroleum products and ore processing chemicals. No evidence or indications of these materials were located on site. See site photograph at the end of this report.

Part 1 - Superfund Eligibility Evaluation

If all answers are "no" go on to Part 2, otherwise proceed to Part 3.	**YES**	**NO**
1. Is the site currently in CERCLIS or an "alias" of another site?		**x**
2. Is the site being addressed by some other remedial program (Federal, State, or Tribal)?		**x**
3. Are the hazardous substances that may be released from the site regulated under a statutory exclusion (e.g., petroleum, natural gas, natural gas liquids, synthetic gas usable for fuel, normal application of fertilizer, release located in a workplace, naturally occurring, or regulated by the NRC, UMTRCA, or OSHA)?		**x**
4. Are the hazardous substances that may be released from the site excluded by policy considerations (i.e., deferred to RCRA corrective action)?		**x**
5. Is there sufficient documentation to demonstrate there is no potential for a release that constitutes risk to human or ecological receptors? (*e.g., comprehensive remedial investigation equivalent data showing no release above ARARs, completed removal action, documentation showing that no hazardous substance releases have occurred, or an EPA approved risk assessment completed)?*	**x**	

Please explain all "yes" answer(s).

A site inspection involving direct observations confirmed contaminants of concern do not exist in concentrations that present a threat to human health or environments. No contaminants, equipment, or mining related articles are on the site. No evidence of tailings piles or waste dumps remains. The pit at this site is a large excavation into the slope on the north side of Road 233A. The excavation forms a 100 foot high concave high wall. (See photograph at the end of this report.) The excavation material, extensively modified by the road, does not impinge on Quartz Creek. The road serves as a drainage/water barrier between the high wall and the creek.

Part 2 - Initial Site Evaluation

For Part 2, if information is not available to make a "yes" or "no" response, further investigation may be needed. In these cases, determine whether an APA is appropriate. Exhibit 1 parallels the questions in Part 2. Use Exhibit 1 to make decisions in Part 3.

If the answer is "no" to any of questions 1, 2, or 3, proceed directly to Part 3.	**YES**	**NO**
1. Does the site have a release or a potential to release?		**x**
2. Does the site have uncontained sources containing CERCLA eligible substances?		**x**
3. Does the site have documented on-site, adjacent, or nearby targets?		**x**

If the answers to questions 1, 2, and 3 above were all "yes" then answer the questions below before proceeding to Part 3.	**YES**	**NO**
4. Does documentation indicate that a target (e.g., drinking water wells, drinking surface water intakes, etc.) has been exposed to a hazardous substance released from the site?		**x**
5. Is there an apparent release at the site with no documentation of exposed targets, but there are targets on site or immediately adjacent to the site?		**x**
6. Is there an apparent release and no documented on-site targets or targets immediately adjacent to the site, but there are nearby targets (e.g., targets within one mile)?		**x**
7. Is there no indication of a hazardous substance release, and there are uncontained sources containing CERCLA hazardous substances, but there is a potential to release with targets present on site or in proximity to the site?		**x**

Notes:

As demonstrated by the picture at the end of this report, no mining related equipment or activities remain, with the exception of the high wall. A well established and long standing road is at the toe of the high wall effectively forming a barrier between the high wall and the creek. The high wall is composed of native material lacking any significant mineralization. It appears that if any ore was present it was transported elsewhere for milling.

A cabin and equipment area is approximately ¼ of a mile down slope from the site. No evidence was found during the site visit of contaminants entering Quartz Creek from the pit or residual tailings piles, and there are no direct contaminant pathways to the cabin.

During the site assessment, DEQ used references from several different documents including USGS maps, county tax rolls, and historical reports that have spelled numerous claim names, town sites, and/or geographic features differently from one and another. DEQ's use of the different spellings is to remain in context with the reference used for each given section of text or written in this report.

DEQ had permission to do a site visit on the property around Knob Hill Pit and Regina Mine. DEQ found the Regina Mine site to be inaccessible and, therefore, was unable to perform a site assessment on that part of the property.

Exhibit 1 – Site Assessment Decision Guidelines for a Site

Exhibit 1 identifies different types of site information and provides some possible recommendations for further site assessment activities based on that information. The assessor should use Exhibit 1 in determining the need for further action at the site, based on the answers to the questions in Part 2. Please use your professional judgment when evaluating a site. Your judgment may be different from the general recommendations for a site given below.

Suspected/Documented Site Conditions		APA	Full PA	PA/SI	SI
1. Releases or potential to release are not documented at the site.		Yes			
2. Uncontained sources with CERCLA-eligible substances have not been documented as being present on the site. (i.e. they do exist at site)		Yes			
3. On-site, adjacent, or nearby receptors are not present.		Yes			
4. There is no documentation or observations made leading to the conclusion that a sensitive receptor is present or may have been exposed (e.g., drinking water system user inside 4 mile TDL)	Option 1: APA	Yes			
5. There is documentation that a sensitive receptor has been exposed to a hazardous substance released from the site.	Option 2: Full PA or PA/SI	No			
6. There is an apparent release at the site with no documentation of targets, but there are targets on site or immediately adjacent to the site.	Option 1: APA SI	No			
	Option 2: PA/SI	No			
7. There is an apparent release and no documented on-site targets and no documented targets immediately adjacent to the site, but there are nearby targets. Nearby targets are those targets that are located within one mile of the site and have a relatively high likelihood of exposure to a hazardous substance migration from the site.		No			
8. There are no indications of a hazardous substance release; uncontained sources containing CERCLA hazardous substances; but there is a potential to release with targets present on site or in proximity to the site.		No			

Part 3 - EPA Site Assessment Decision

When completing Part 3, use Part 2 and Exhibit 1 to select the appropriate decision. For example, if the answer to question 1 in Part 2 was "no," then an APA may be performed and the "NRAP" box below should be checked. Additionally, if the answer to question 4 in Part 2 is "yes," then you have two options (as indicated in Exhibit 1): Option 1 -- conduct an APA and check the "Lower Priority SI" or "Higher Priority SI" box below; or Option 2 -- proceed with a combined PA/SI assessment.

Check the box that applies based on the conclusions of the APA:

x	NRAP		No Remedial Action Planned
	Higher Priority SI		Refer to Removal Program - NRAP
	Lower Priority SI		Site is being addressed as part of another CERCLIS site
	Defer to RCRA Subtitle C		Other: _____
	Defer to NRC		

DEQ Reviewer:

_____

Print Name/Signature Date

Please Explain the Rationale for Your Decision:

There were no direct airborne, surface water, or ground water pathways to any water sources or residences. What appears to be a seasonal cabin is approximately ¼ mile down slope and well away from the site. Any historic mining related material, such as tailings, have either been incorporated into the road or hauled off site long ago. The remaining high wall material is native material and country rock. No significant evidence of mineralization remains at the mine site.

As a result of our observations, DEQ is recommending this site be designated as No Remedial Action Planned (NRAP).

Attachments:

Historical Information
Site Photograph
Maps

Historical Information:

This information was taken and modified from an article by Mike Crooks, Northwest Gold Prospectors Association Newsletter. The following information provides the history and background of the eventual opening of the Knob Hill Friday claim in 1938. The last paragraph briefly describes the Knob Hill venture.

The mine was originally claimed and located by Ed Hanson as the Buffalo Queen. William Hogan came into possession of the property and began his longtime association with what every one called the Hogan Mine for the next 30 years. He organized the Crooked River Mining & Milling Company and set about to mine. By 1899 a 10 stamp mill was on the property. From 1901 to 1902 the mill was run and amalgamation, recovery by mercury, was used. Only 10-15 percent of the values could be saved on the plates, as the gold was too fine and was carried down the tail race.

Next, in 1902 a 20 stamp mill was built, and they tried thinning out the pulp over a large plate surface using double discharge mortars. For the 20 stamps they had 1200 feet of plate surface outside the batteries, and also riffled plates inside the mortars. This increased the gold savings to about 20 percent, but this was not considered a success. The gold left in the tailings led the management to experiment further. Next was a series of cyanide tests, from small laboratory tests to 4 ton test lots. The cyanide plant was partially completed in the spring of 1904 and an experimental run of 3000 tons was made. In 1905, the building for housing a cyanide plant was fully erected. In June 1905 the mill was handling 300 tons/day. In 1905 power was supplied by four Pelton wheels running on water ditched and flumed to the mill. A boiler fueled by wood provided heat in the winter and power during low water. The buildings were snugly enclosed and heated by steam. On the December 11, 1905, in the main glory hole, a new ledge was discovered after blasting. Specimens had been taken out that were literally covered with coarse gold. As this gold could not be recovered by the cyanide process, the mill was shut down and the whole crew placed to work installing amalgamation plates at the outlet of the sand tanks. Twelve mesh screens replaced the four mesh screens in the batteries. The plant had been handling 250 tons/day.

Through 1906 about $500,000 had been expended on the mine up to this time trying to develop the property. The stockholders fell to quarreling among themselves and the lode mine closed. During 1902-09, production was 29,487 tons, from which 2,530.40 oz of gold and 170 oz of silver were recovered. This was about $50,000 at that time. The Butte & Orogrande Milling Company Ltd was then incorporated in 1907.

In 1914 the mine operated for one month. In 1918 a new 300 ton cyanide mill was installed and 10,000 tons of ore was processed and 167 ounces of gold ($3400) recovered. The run demonstrated the need for mechanical and other changes in process. The Orogrande Gold Mining Company, William Hogan president, was organized in 1918 and incorporated in 1919. Roasting of concentrated sulphides was added in 1922. In 1930 a number of suits were filed asking the company be placed in receivership. Indebtedness was more than $75,000. The mine was acquired by Empire Metals Company, controlled again by William Hogan. Empire Metals went belly-up in turn and Orogrande Gold Mining Company leased the mine to the Frisco Gold Mines, which

promptly changed its name to the Orogrande-Frisco Gold Mines 1934. This ended Hogan's association with the mine.

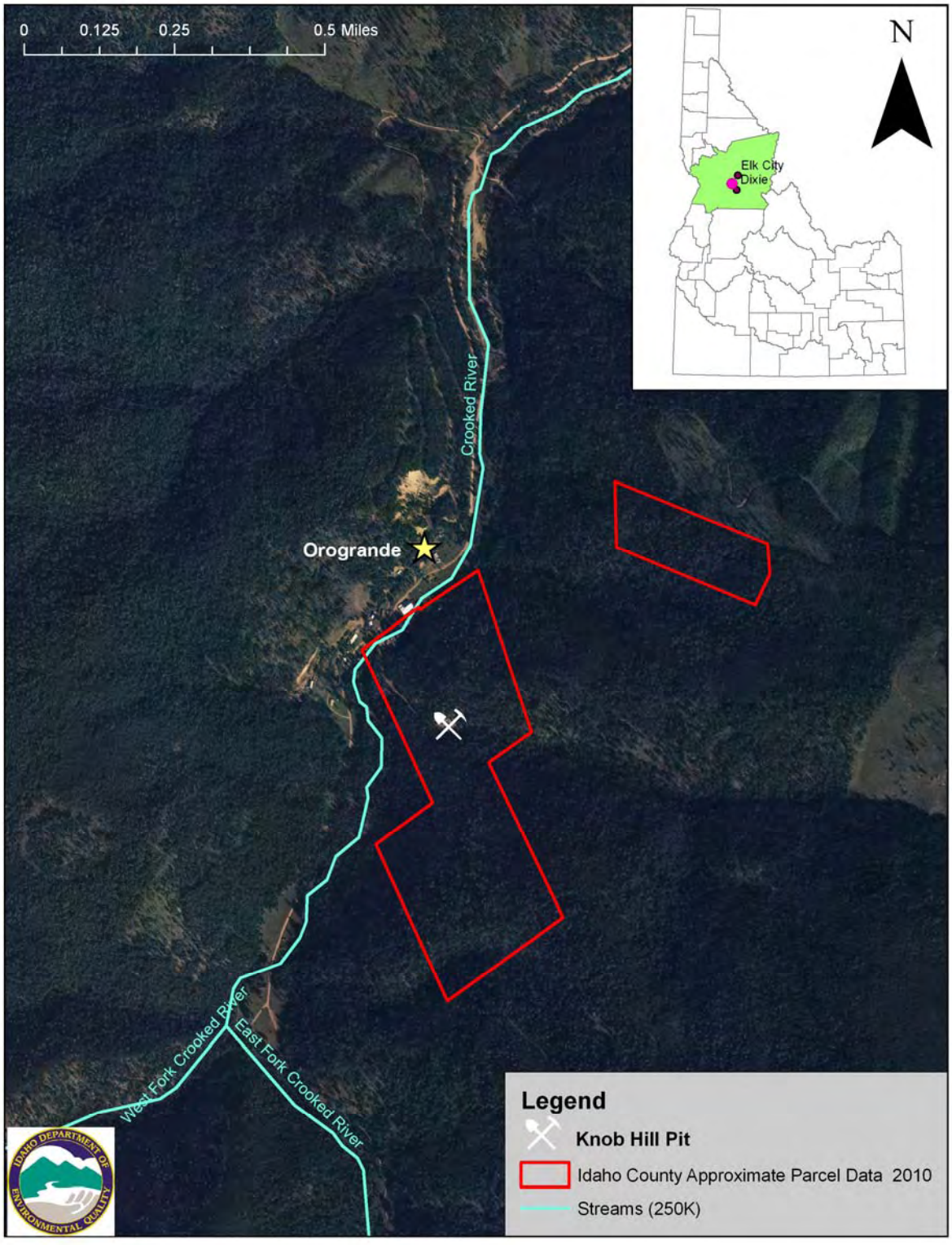
A 500-ton per day cyanide mill was promptly installed and placed in operation. Through 1937 the mine operated on mostly oxidized rock from the upper pit but by the end of the year the mine had nothing but sulphide ore to process. This ore had less value and, even worse, the proportion of gold recovered dropped.

In 1938 the mine opened a small second pit across the river and to the south on Knob Hill on the Friday claim. The mine pushed production to 700 tons a day in an attempt to be profitable but it was all in vain. The mine shut down for the last time on November 22, 1938. Production from 1934 to 1938 was about 6500 ounces. In 1969 the U.S. Bureau of Mines sampled a 105 foot section of bedrock in the main pit and found it averaged .04 ounces of gold and .02 ounces per ton of silver. Total recorded production of gold from 1902 to 1938 was just under 10,000 ounces of gold.

Site Photograph:

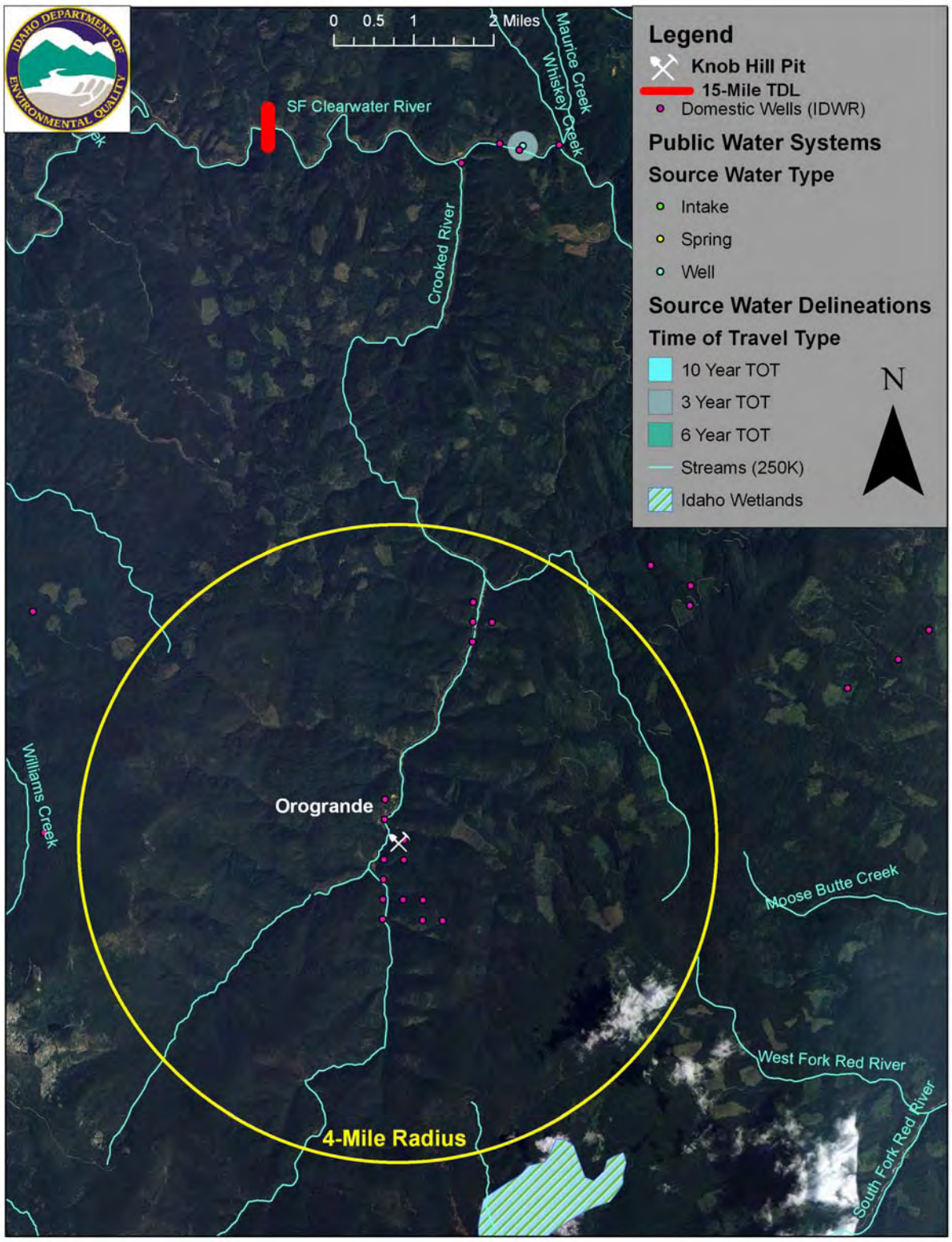
Knob Hill Pit. The remaining high wall material is native material and country rock.

Maps:

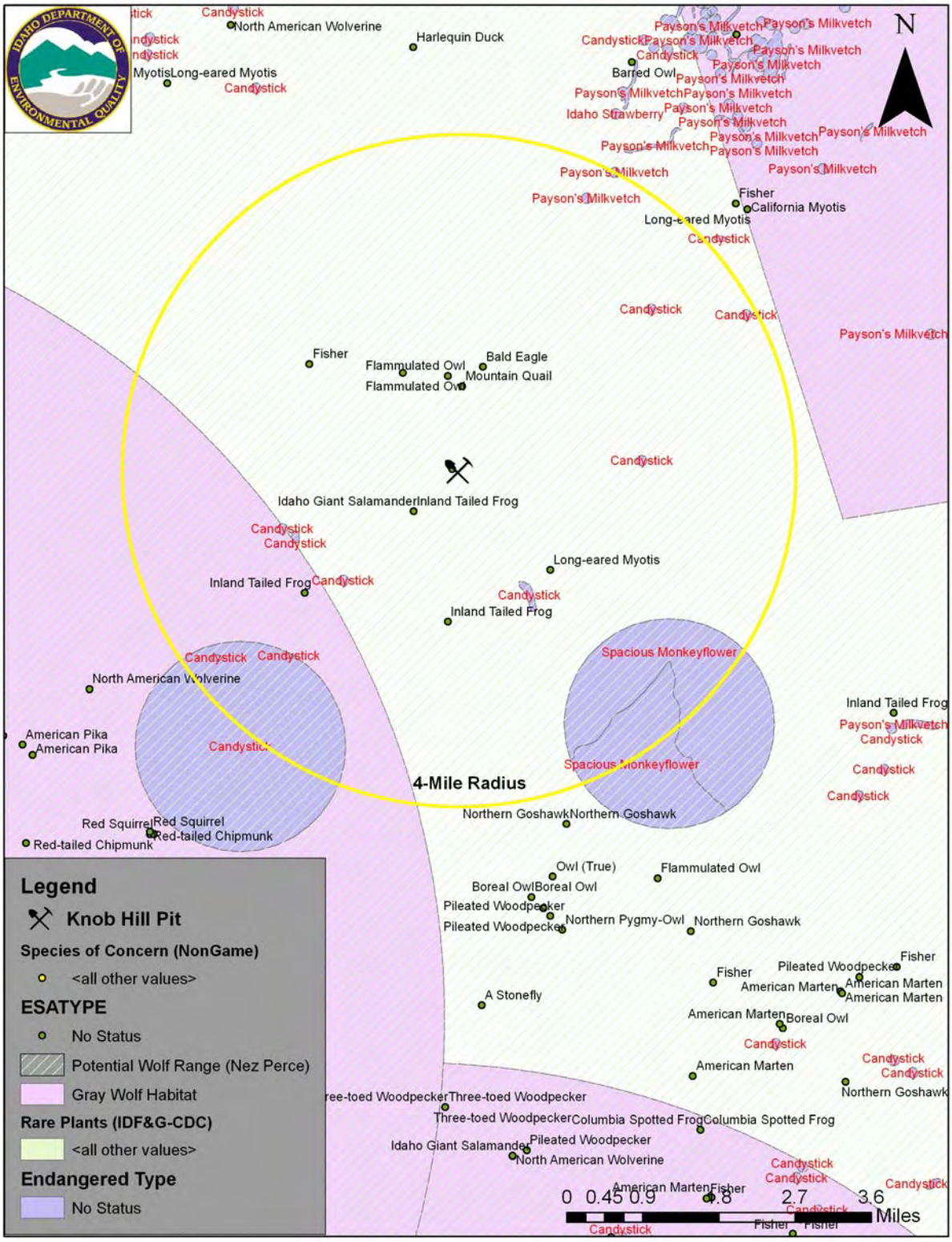


Map 1. Location of the Knob Hill Pit with Idaho County 2010 Parcel Data Overlay. (Map Source: 2004 National Agriculture Imagery Program **(**NAIP)).

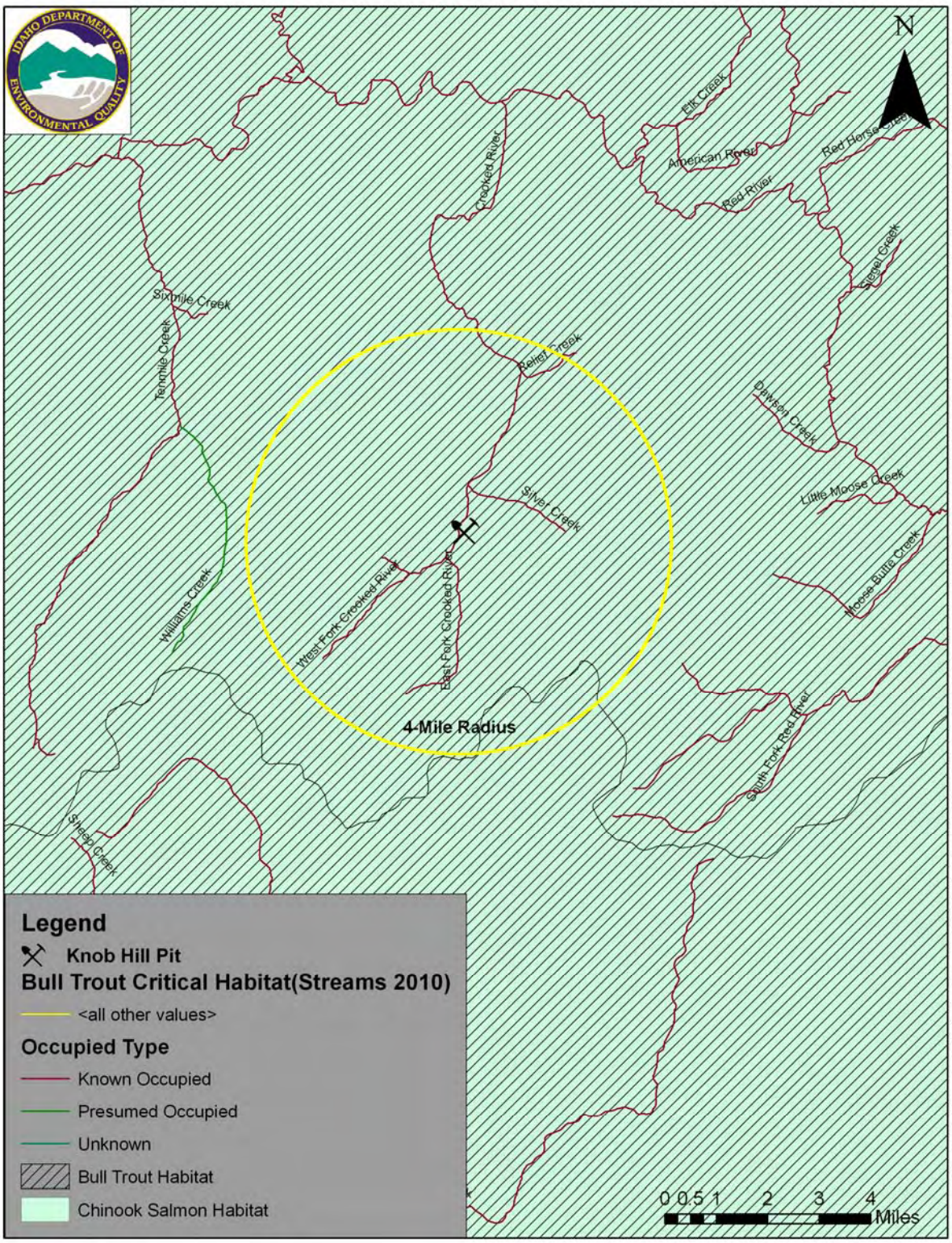
Map 2. Major Lithology of the Knob Hill Pit and Surrounding Area. (Map Source: SDE Feature Class, USGS 1995. Idaho DEQ GIS ArcSDE 9.2 Geodatabase)



Map 3. Domestic Well Locations. There were no public water systems within the four mile radius. 15 Mile Target Distance Limit (TDL). Wetlands run along Big Creek outside of the four mile radius. (Map source: 2004 NAIP).



Map 4. Sensitive Species Within Four Mile Radius and Surrounding Area. Species of Concern: non-game animals and plants. (Map Source: SDE Feature Dataset, Animal Conservation Database. Idaho DEQ GIS ArcSDE 9.2 Geodatabase)



Map 5. Fisheries Within Four Mile Radius and Surrounding Area. (Map Source: SDE Feature Dataset, Animal Conservation Database. Idaho DEQ GIS ArcSDE 9.2 Geodatabase)