

Zephyr Minerals' Dawson Gold Mine permitting process extended a year

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PUBLISHED: April 15, 2022 at 4:51 p.m. | UPDATED: April 15, 2022 at 4:57 p.m.



Will Felderhof, the executive chairman and director for Zephyr Minerals, a Canadian-based gold exploration and development company, points to Dawson Ranch from Windy Gulch during a tour of the area Sept. 13, 2018.

Zephyr Minerals' Dawson Gold Mine permitting process has been extended by at least a year after they've been told by the Colorado Division of Reclamation Mining and Safety that they need to drill five groundwater monitoring wells and monitor them for five quarters, as well as one compliance well.

This pushes out the potential approval of the mining permit to late 2023.

Under current regulations, DRMS must respond, by approving or denying the mining permit application, within one year from the date on which DRMS considered the application to be complete, July 15, 2021.

"Clearly, it is impossible timewise to do five quarters of monitoring between now and the 15th of July 2022," said Will Felderhof, who is the executive chairman for Zephyr Minerals. "That's why we withdraw the application, do our monitoring and then resubmit the application to address these questions regarding the information they are requesting with the water wells."

Additionally, the decision to ask for a two-month extension will allow for more time to get more exact locations for the additional water monitoring wells.

“We know where they have to be, we just want to make sure that we have them exactly located on a map that we can present to DRMS and have them sign back and say yes, those are the correct locations,” Felderhof said. “Then also tell them what our plan will be for the water monitoring program once the wells are drilled so they can sign off on those, as well.”

Once those are approved, he said, Zephyr will withdraw the application in order to move forward with the five quarters of water monitoring.

[Zephyr announced in late March](#) that it had received a response from the DRMS to the company’s response on Feb. 9 to the DRMS preliminary adequacy review received on Oct. 14 for the mining permit application, which was filed with DRMS on June 30.

The DRMS response has listed approximately 35 items out of 102 to which Zephyr had responded on Feb. 9 that required additional information and clarification, according to a statement released by Zephyr.

“The principal issues required to be further addressed by Zephyr pertain to water monitoring wells and related sampling methodology, mine pool water, reagent storage, Grape Creek potential impacts, environmental protection facilities and technical matters pertaining to certain design details.” the release states.

Felderhof said those issues easily will be addressed.

“We don’t see any impact to Grape Creek whatsoever,” he said. “We are confident we can convince them of that with the information that we will provide them.”

Loren Komperdo, President and CEO, stated in a press release that it is “unfortunate that the current Colorado mine permitting regulations not only do not provide guidelines for water monitoring well locations but also do not allow an applicant to query DRMS as to water monitoring well requirements until after a mine permit application has been submitted.”

“Whilst Zephyr and its environmental consultants, EAI and Bishop-Brogden Associates, were of the view Zephyr’s water well monitoring program was adequate, unfortunately, DRMS did not concur,” he said. “Zephyr has spent considerable time and effort on the permitting process to this point and will continue to forge ahead in its effort to gain this mining permit on a project that can be described as essentially environmentally benign. Understandably, this delay is disappointing for our

shareholders, however, we remain optimistic the remaining issues can be addressed to the satisfaction of DRMS.”

Felderhof said about \$12 million already has been spent on the project, and he and Komperdo also are significant shareholders in the company. They want the project to succeed.

“Overall, it’s an environmentally, benign project that is underground,” Felderhof said. “We wouldn’t have gone into this thing unless we thought we could adequately address all of the questions regarding noise and dust and all of those kinds of things. Don’t forget, Dawson Ranch is a mile and a half away from the Dawson Mine and we are underground.”

Felderhof hopes to convince local residents that this is a stable operation that will employ about 90 people with high-paying jobs once it’s up and running.

“If we are successful with our plan to produce 25,000 ounces of gold per year — the financial analysis in 2017 showed \$700 per ounce, but if you increase to \$800 per ounce today, you’re looking at \$20 million per year being spent on salaries, fuel, electricity and industrial services,” Felderhof said. “That’s not a huge amount of money, but I would say that it would have a very positive impact on Cañon City and Fremont County.”

While the data is being gathered for the resubmission of the application, Zephyr will continue to build a portfolio of projects in Zimbabwe.

“The shareholders want to see a company grow,” Felderhof said. “They don’t want to see it sit there and languish.”

The next steps for Zephyr, once the mining permit is approved, will be to go before the Colorado Mined Land Reclamation Board and then to the Fremont County Board of Commissioners. The public will have the opportunity to weigh in during both of those processes.