

TIME TO REFLECT ON DESIRABILITY OF ACCEPTING MINING PLAN

On April 16, 2022, the Canon City Daily Record wrote a comprehensive and balanced headline article entitled “Permitting Process Extended”, outlining Canadian exploratory/mining company Zephyr Minerals’ efforts to open a gold mine in Fremont County. The article further focused on a mandate by the Colorado Division of Reclamation Mining and Safety (DRMS) requiring that Zephyr drill five groundwater monitoring wells and one compliance well, then monitor them for five quarters. Since this requirement exceeded Zephyr’s permit application deadline, they were required to withdraw their mining permit application and resubmit when the monitoring requirement has been completed. Since Zephyr has yet to drill the wells, their eligibility to reapply for a permit has yet to be determined.

This reprieve from exploratory activity provides our community with time to reflect on the desirability of accepting a mining plan that will permanently deface and endanger Fremont County. Zephyr is currently directing their efforts to satisfy DRMS requirements. If successful, Zephyr will next need to seek approval from the Colorado Mined Land Reclamation Board. If successful in that effort, the matter will be put before the Fremont County Board of Commissioners. The Commissioners would then make the final determination as to whether Zephyr could continue with their exploration/mining plans.

The Fremont County Commissioners do not operate under a clear mission statement. Research has resulted in an approximation indicating that they are responsible to the ‘will of the people’. Simply stated, that means that

absent a community voice, the commissioners will be left to their own considerations regarding the matter. The presumption is that they will make a judgement in the county’s best interest. Hopefully! The Royal Gorge Preservation Project (RGPP) believes that this is not a matter best left to chance. Zephyr Minerals Ltd. was formed in 2010 and made their presence known in Fremont County in about 2012. Our commissioners subsequently granted Zephyr a Conditional Use Permit (CUP) to explore 603 acres. Over time, they have allowed permitting to expand to 3,574 acres, engulfing an exploratory zone of seven and a half miles, extending from a point east of Copper Gulch Road to a point just southwest of Dawson Ranch. Short version, the Commissioners have, to date, complied with every request made by Zephyr. We have no reason to believe that they will do anything to interrupt Zephyr’s future progress.

Zephyr held an open meeting on Main Street in Canon City in May 2017. The Abby wine and hors d’oeuvres they made available to attendees were ‘killer’ good. At that meeting, the two principal owners of Zephyr (Komperdo and Felderhof) alleged that their effort to mine in Fremont County was their last endeavor prior to their retirement. Zephyr has recently initiated new involvement in a gold mine development project in Zimbabwe. During that same meeting, the Zephyr representatives stated that their permitting challenge was “community acceptance” and that “community support for the project is very important.” The degree to which city/county residents subsequently invested in Zephyr stock would appear to support one aspect of “community acceptance.”

The Fremont Economic Development Corporation (FEDC), in a memo to our county commissioners dated April 20, 2018, fully endorsed Zephyr Minerals as a transparent partner and as being a good corporate citizen and neighbor. We believe that the FEDC may well have been bedazzled by Zephyr and presumptive in their assessment. Absent an overwhelming citizen input denying a mining permit, two of three commissioners could approve a mining permit with consequences that we would have to live with for generations.

Let’s look at this a little more closely. Our commissioners have no responsibility, whatsoever, to support investors. Canadian gold exploration companies are among the riskiest of all investments, to be made with the advisory “caveat emptor”, let the buyer beware. To date, Zephyr has lost over half of its original value, paid no dividends, and shows no indications of a turn-around. Financial institutions such as Barron’s reflect recommendations of “sell” and “strong sell”, while investor conversations in investor websites (e.g., Yahoo) are nearly non-existent. As of August 18, 2022, Zephyr shares closed at \$.09 cents per share. As of March 31, 2022, Zephyr possessed cash and equivalents of \$510,231.00. On December 31, 2021, their cash holdings were \$712,863.00. They are ‘bleeding’ cash with no obvious revenue sources.

Zephyr Executive Chairman Will Felderhof continues to express his optimism for developing a stable, operational mine that will employ about 90 people with high paying jobs once the mine is up and running (see referenced Daily Record article). Of all people, he must be aware that an operational mine of the type he has described

has astronomical start-up costs, amounting from tens to hundreds of millions of dollars to become fully operational. A half million dollars, in rapid decline, will not get the job done.

Zephyr is currently advertising that their mining efforts would have a small footprint. That is a deceptive position. They possess 3,574 acres of permitted exploratory area. They are an exploratory/mining company fully committed to profiting from all gains from their exploratory efforts. Their primary aim is not to serve or otherwise contribute to the welfare of our community. They are here to mine (or sell) for gold or other precious metals, and thereby disrupt the environmental beauty of Fremont County for a period of three to five years, the consequences of which would last for generations.

Zephyr Minerals Ltd. is tenacious, to say the least, and are working in their self-interest as can be expected. Now is the time for our county (and city) leadership to plan for their exit from Fremont County. Please make your voices heard!

The RGPP website:
www.royalgorgepreservationproject.org

Gary Peterson, Board Chairman
Royal Gorge Preservation Project

Gary Peterson is a Michigan State University graduate who served as a Marine Platoon and Company Commander with service in combat in Vietnam. He subsequently served an additional thirty years working as a law enforcement officer for the Departments of Justice, Treasury and Homeland Security. He and his wife, Linda, retired to Canon City in 2006 to enjoy its ambient beauty.