

June 11, 2015

Via Email

JJ Goicoechea, Chair
Sagebrush Ecosystem Council
201 Roop Street
Carson City, Nevada 89701

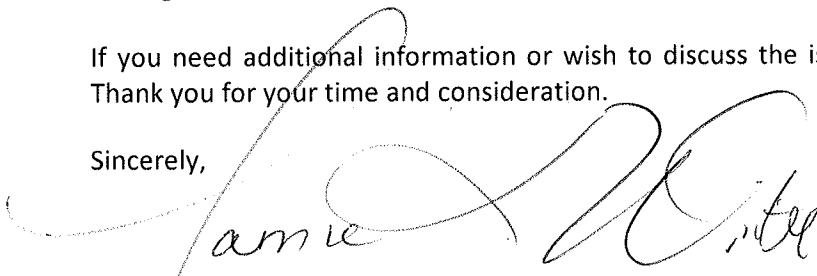
**Re: Quantum Minerals, LLC-Jarbidge Exploration Project*
Final Proposed Bi-State RMP/LUP Jeopardizes Project With No Prior Public Notice***

Dear JJ:

Attached please find a summary of how proposals in the Final Proposed Nevada and Northeastern California Land Use Plan Amendment and Final Environmental Impact Statement have blind-sided Quantum Minerals, LLC and how the proposals jeopardize Quantum's exploration project in the Jarbidge Mining District in northeastern Nevada.

If you need additional information or wish to discuss the issue, please do not hesitate to contact us. Thank you for your time and consideration.

Sincerely,



Laura K. Granier
Partner
Jamie L. Winter
Of Counsel
for
DAVIS GRAHAM & STUBBS LLP

LKG/JLW:js

cc: Sagebrush Ecosystem Council Members

Quantum Minerals, LLC – Jarbidge Exploration Project

FINAL PROPOSED BI-STATE RMP/LUP JEOPARDIZES PROJECT WITH NO PRIOR PUBLIC NOTICE

Quantum Minerals, LLC (“Quantum”) is conducting early-stage exploration project in the Jarbidge Mining District in northeastern Nevada (the “Project”). Our nation’s need for minerals relies heavily on companies like Quantum, to locate new mineral deposits and provide a pipeline of projects for future development. Quantum has been unjustly blind-sided by brand new proposals in the Final Proposed Nevada and Northeastern California Land Use Plan Amendment (“LUP”) and Final Environmental Impact Statement (“FEIS”) recently released by the U.S. Bureau of Land Management (“BLM”) and the U.S. Forest Service (“USFS”).

Project Background

- Exploration drilling and some surface trenching on USFS lands near the town of Jarbidge, Nevada.
- Gold was first discovered circa 1908 in the Jarbidge mining district --the largest historic producer of gold in Nevada in the early 1920s which may host significant untapped resources.
- Quantum Minerals submitted an exploration Plan of Operations (“PoO”) to the USFS on June 20th, 2014 which the USFS determined was complete on September 4, 2014.
- Since June 2014, the USFS has been engaged in an internal review process, requiring various studies. The Project is being evaluated by the USFS under a categorical exclusion from review under the National Environmental Policy Act, because its impacts, if any, would be both minor and temporary.

Environmental Studies and Due Diligence Show No Sage-Grouse Presence in Project Area

- The Project Area lies at an altitude from 6,400 to 9,700 feet above mean sea level (amsl).
- Since at least 2010, surveys have demonstrated that no greater sage-grouse (“GrSG”) have been observed in or near the Project Area. No greater sage-grouse scat, nests, eggshells, feathers, or tracks were found during Project-related surveys.
- No Sage Grouse have been identified within several miles of the Project Area.
- The Project has been subject to several environmental reviews over the past ten years including two exploration projects permitted under a categorical exclusion and one almost completed environmental assessment. GrSG has never been identified as a potential issue in any of these exercises nor have any areas within or adjacent to the Project been identified as GrSG habitat – priority, general or otherwise.
- Quantum and USFS together researched available data and the Draft LUP/EIS shapefiles over the course of the permit process and nothing indicated GrSG would be an issue for the Project or that anyone believed the area to be GrSG habitat.

- In the summer of 2014, as part of Quantum's due diligence and preparing its proposal for the Project, Quantum officials downloaded the GrSG Draft EIS ArcGIS shapefiles for the Project area.
 - There were two identified Habitat Classifications in the DEIS Alternative D (the preferred alternative) called PGMA and PPMA. Preliminary General and Preliminary Priority Management Areas. None covered the Project area.
 - For the entire Project area, and a much larger area, the Habitat Type was categorized as Low Value Habitat/Transitional Range.
 - The shapefiles for 75% Breeding Densities - a key factor in determining their "suitability index" show none over the Project Area.

See attached maps that depict the respective GrSG designations for each DEIS alternative from the Draft EIS shapefiles.

- Because Quantum diligently researched GrSG issues that could affect its Project and the Draft EIS reflected the Project and its surrounding area had not been identified as sage grouse habitat or for restrictions or withdrawal, Quantum did not file comments on the Draft EIS. Quantum did inquire from time to time of the USFS specialists reviewing the PoO and each time confirmed that there were no GrSG concerns with the Project or in the Project area.

Final Proposed Bi-State LUP and Final Environmental Impact Statement Include, for the First Time, the Project Area as Recommended for Withdrawal and SFAs

- On May 28th, 2015 the BLM released FEIS and LUP to the public. Shortly thereafter, Quantum compared the BLM's newly released FEIS shapefiles to its Jarbidge Project area using ArcGIS software, confirming that the Jarbidge area would in fact be impacted by the RMP.
- The FEIS ArcGIS shapefiles only became available for public download on May 28th, 2015.
 - They show that in FEIS Alternative D, a wide swath of categorization now called "unmapped" appears across the Project area.
 - This was achieved by adding a third category to Habitat Classifications called OHMA and where PGMA had become PHMA and PGMA had become GHMA for the final version.
 - In the Final Proposed Plan the "unmapped" category is arbitrarily upgraded to PHMA or Priority Habitat, although FEIS Alternative D still classifies this area as "unmapped."
 - **The effect is that suddenly, with no justification and contrary to site-specific data, Low Value Habitat was arbitrarily upgraded to Priority Habitat Management Area in the Proposed Plan.**
 - In addition, this only occurred in the Project area and the immediately surrounding Jarbidge area. Areas to the west of the town of Jarbidge that were also newly classified as "unmapped" in FEIS Alternative D remain as "unmapped" in the Proposed Plan, rather than transformed into PHMA.
 - The FEIS 75% Breeding Density shapefiles are not available for download, and thus cannot be compared with the DEIS shapefiles and evaluated at the Project level.

See the attached maps that depict the newly designated SFAs and PMHA from the FEIS shapefiles, along with the areas recommended for withdrawal. These depictions are an overlay on each of the GrSG designations from the Draft EIS alternatives.

Harm Resulting from the BLM/USFS Not Providing Appropriate Public Notice of the Proposed Restrictions/Withdrawal

- Quantum has committed significant resources to developing a mineral resource in the Jarbidge Mining District.
- If adopted, the proposed restrictions could impose significant unlawful and unjustified hurdles to development of the Project.
- That the BLM and USFS significantly changed the rules in the Project area without notice, warning or any opportunity for Quantum to participate violates NEPA, FLPMA, and may unlawfully take Quantum's property rights.
- Federal agencies have a tendency to treat areas that are "recommended" for withdrawal as if they were already withdrawn. If this happens, it will complicate current and future permitting for exploration and any mine development.
- Just the threat of withdrawal chills the investment atmosphere for Quantum to seek financing for exploration and mining activities.