

MOUNTAIN ENVIRONMENTAL INITIATIVES AND MITIGATION

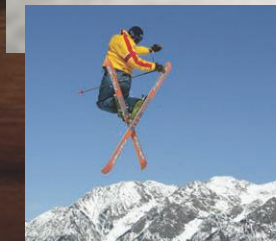
To offset any impacts from the proposed mountain improvements and to help correct the environmental impacts of historic logging, grazing and related practices that USFS has permitted within or near the ski permit area, DMR has committed to numerous mitigation and environmental improvement initiatives, including, but not necessarily limited to the following:

- All proposed improvements are within the existing permit area west of the highway or within areas of existing trails east of the highway. Thus the amount of new land disturbance is minimized
- Former logging, and grazing access roads will be closed and re-vegetated to native condition to repair historical damage from non-ski operations and improve watershed quality
- The cattle fence in Hermosa Park will be relocated out of the Hermosa Creek bed to keep grazing cattle away from the home of the sensitive Colorado River Cutthroat Trout. Riparian area that was damaged by grazing cows will be re-vegetated to restore the creek bed side-slopes.
- Preserving certain areas as uncompacted, portions of the permit area will be closed to offset for any new winter trails that will compact snow
- Restoration of the Purgatory Creek stream channel
- Green building and aesthetic criteria for all new on-mountain facilities and upgrades
- All trails and maintenance roads will have erosion and sediment controls installed (such as water bars) to minimize sediment from run-off
- Vegetation management prescriptions will be implemented to improve forest health and trail edges will be "feathered" to minimize visual impact
- Special operations (limited grooming and snow-making hours, etc) will be employed to protect the Canada Lynx
- A lynx mitigation fund with impact fees paid at each residential building permit will ultimately provide over \$800,000 for Lynx mitigation improvements in Southwest Colorado
- Special snow grooming techniques (such as mechanical removal in certain areas) will be used to minimize snow-making impact to wetland impact zones
- Numerous drainage improvements designed to correct the historic impacts of logging, maintenance and grazing access roads and improve overall watershed quality



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GELANDE & FRONT SIDE TERRAIN



Purgatory's legendary front-side terrain will be improved by widening Styx, Upper Hades and Mercy trails and adding a new advanced intermediate trail from Exodus to Tinker's Detour. The half-pipe and terrain park features will be integrated into the mountain so that the Paradise Terrain Park can be opened with the earliest snow. The bottom terminal of the Needles Lift (#6) will be relocated to the former mid-load location and will provide convenient cycling for the terrain park, race course and Paradise trail. As the Gelande Parking lot is expanded, a new lift will be added from Gelande to the top of Lift 1 and a new day lodge will be added to serve locals and allow day visitors quick and hassle-free access to the top of the mountain.

SNOWMAKING UPGRADES



Purgatory's snowmaking system will be expanded by roughly 116 acres (an increase of over 50%) which will allow the resort to open terrain served by Lifts 1, 2, 3, 4, 6, 7 and 9 even when Mother Nature doesn't cooperate. This expansion along with more energy efficient guns and upgraded pumps (assuming normal winter temperatures) will allow Purgatory to have a great early season ski experience every year. Purgatory's water source is sustainable and fosters renewable energy by drawing its water from an aqueduct system that feeds the Electra Lake hydro-power facility. We simply divert water from the aqueduct in the fall when the power demand is lowest, store it in the form of snow on the mountain, and then return it to the aqueduct in the summer months when power demand is at its highest. Snow power at its finest!

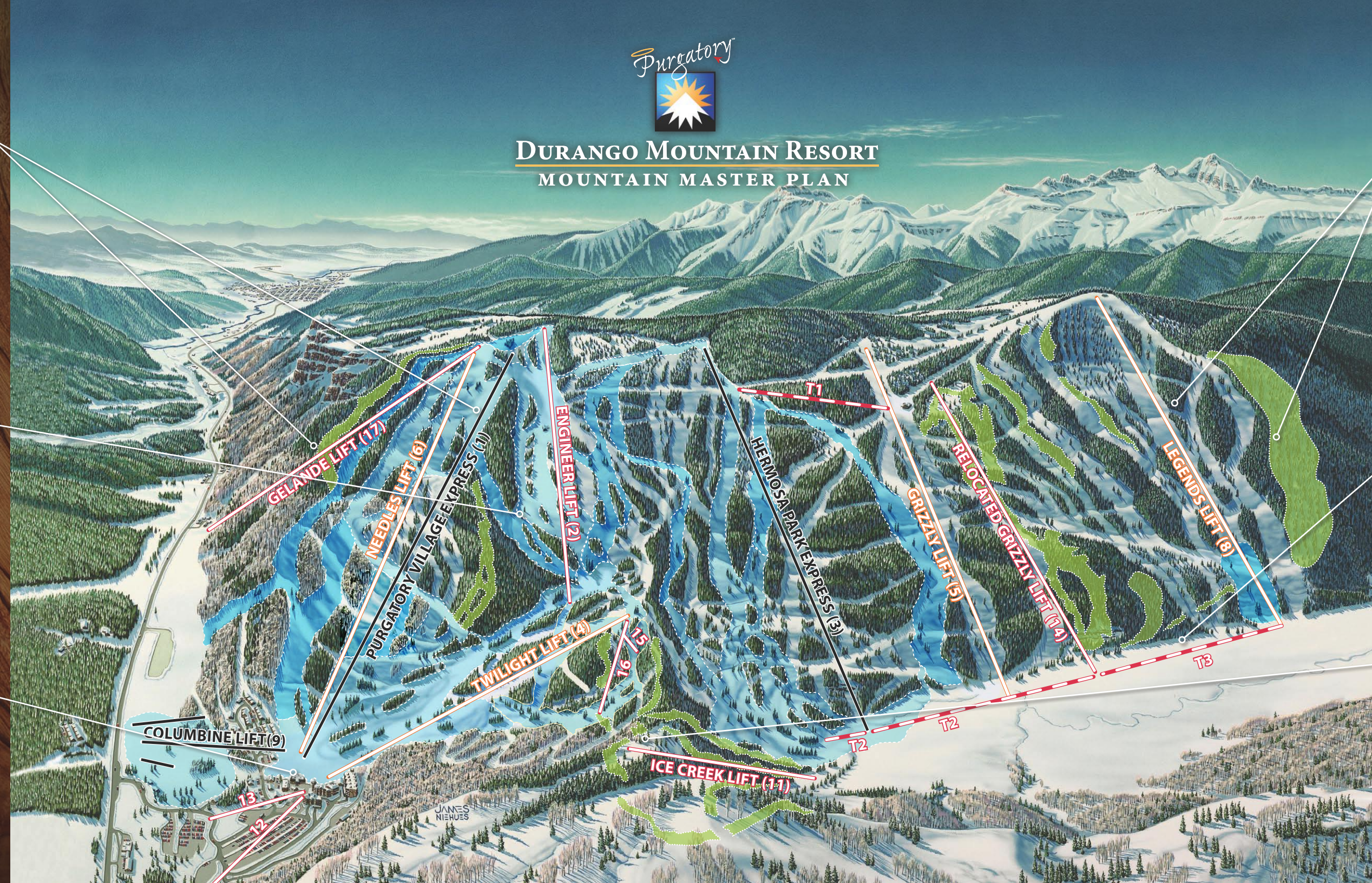
BASE VILLAGE UPGRADES



To support the mountain improvements envisioned by the Plan, the Purgatory Village base area will be upgraded to include expanded skier parking facilities, transfer lifts from parking areas to the plaza, new and improved skier services in an all new day lodge facility at Purgatory Lodge, plus an expanded village plaza and "beach" entertainment area. The east-side Nordic, hiking and equestrian trails will be expanded and improved with a new Purgatory Flats trailhead and handicap accessible sleigh trail offering spectacular views of the Needles and Twilight mountains. Plus, a new snowmobile embarkation trailhead and parking facility will be added off Hermosa Park Road that will allow snowmobiles to access Hermosa Park without conflicting with the ski terrain.



DURANGO MOUNTAIN RESORT
MOUNTAIN MASTER PLAN



LIFT 8 POD



Purgatory's popular Legends ski terrain will be expanded into one of the best advanced and upper intermediate ski experiences in the state. A high-speed detachable lift will replace the existing Legends Lift (#8) from top to bottom, plus snow-making and grooming will be added to the bottom pitch to allow access to the bottom terminal during the entire ski season. Seven new trails will be added between Lifts 5 and 8, while an entirely new gladed tree skiing area will be added west of Ray's Ridge, creating over 100 acres of new terrain. With all of these new improvements, a full day of fun can be had in the Legends area alone!

PURGATORY SUBWAY



One of the most unique aspects of the Plan is a series of surface lifts modeled after the those seen at many European resorts, that will address the flatter areas of the resort that make skiing from lift to lift challenging. These "Purgatory Subway" surface lifts will run between the bottoms of Lifts 3, 5 and 8 and the flats at the bottom of Peace and Boogie. This "Subway" will allow skiers skiing any of the trails on the lower tier of the mountain to grab a hold and head east or west to the lift of their choosing. In addition, a surface lift will be added from Dante's restaurant to the Lift 3 pod to provide a more convenient return to the front-side terrain from our popular backside restaurant.

LIFT 4 POD



Purgatory is known as a great place to learn to ski and the new Twilight (Lift 4) improvements will provide the best learn to ski and beginner experience in the Southwest. Lift 4 will be upgraded to a high speed detachable and over 50 acres of new beginner trails will be added to the Twilight terrain. A magic carpet, early beginner surface tow, middle beginner chairlift and a new Lift 4 mid-load will serve terrain that will allow learners to gradually increase their skiing and riding ability in an area of the mountain protected from faster skiers and riders. Plus the all-new Ice Creek area with four new beginner trails will provide a way for beginner skiers to access the backside and experience the beauty of the Hermosa Park meadow. An all new Twilight Lodge will provide day lodge facilities for learners and will also serve as another fantastic wedding venue for those that want to share their vows on the mountain in one of the most beautiful places on earth!