



COLORADO

**Division of Reclamation,
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

September 8, 2014

Mr. Lance Barker
Mineral Mountain Gold, LLC
P.O. Box 247
Cripple Creek, CO 80813

**RE: Mineral Mountain Gold, LLC., Mineral Mountain Project, File No. M-2014-045;
Preliminary Adequacy Review**

Dear Mr. Barker:

The Division of Reclamation, Mining and Safety (Division) has completed its preliminary adequacy review of your 110(2) Hard Rock Limited Impact Operation reclamation permit application. The application was received on August 4, 2014 and called complete for review on August 18, 2014. The decision date for this application is September 17, 2014. Please be advised that if you are unable to satisfactorily address any concerns identified in this review before the decision date, it will be your responsibility to request an extension of the review period. If there are outstanding issues that have not been adequately addressed prior to the end of the review period, and no extension has been requested, the Division will deny this application.

DETERMINATION OF DESIGNATED MINING OPERATION (DMO) STATUS

At this time, subject to verification, the Division accepts the Applicant's assertion on page 4 of the Application that "No acid mine drainage exists nor is any anticipated to occur". However, pursuant to C.R.S. 34-32-112.5(2), "If an operator demonstrates to the board at the time of applying for a permit or at a subsequent hearing that toxic or acidic chemicals are not stored or used on-site and that acid- or toxic-producing materials will not be used, stored, or disturbed in quantities sufficient to adversely affect any person, any property, or the environment, the board shall exempt such operations whether conducted pursuant to section 34-32-110 or otherwise". Please refer to Comment 3 below for instructions on how to address this issue.

The review consisted of comparing the application content with specific requirements of Rules 3, 6.1, 6.2, 6.3 and 6.5 of the Minerals Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations (Rule). Any inadequacies are identified under the respective exhibit heading along with suggested actions to correct them.

During the review, the Division noted some items that should be presented in a particular exhibit were discussed in another exhibit. As such, some comments below might be addressed in other areas of the submitted application's exhibits, but possibly overlooked due to being discussed in unexpected exhibits. If this is the case, please provide a location in the alternate exhibit where the comment is addressed.



APPLICATION

1. Item 3, Permitted Acreage – It appears a “3” was hand written between the decimal point and the “5” to make the permitted area “9.35” acres which would be consistent with Exhibit Maps E and E-1. However, Exhibit A, Legal Description and the Mine Plan paragraph 1(f) indicate the area is 9.3 acres. Please clarify which is the correct permitted area and correct the other exhibits as necessary.
2. Item 10, Location Information – “RANGE” is listed as “701” West. Please confirm the range should be 70 West.
3. Item 14, toxic materials/acid mine drainage – The response states “No acid mine drainage exists nor is any anticipated to occur”. Paragraphs 1(e) and 1(k-l) in Exhibit C – Mining Plan indicate “The rocks found on the property to date, have been tested and found to be non-acid generating...”. No statement is provided to indicate whether or not toxic materials may be present in the rock. Please provide the rock test results and geologic mapping indicating which strata the “rock” came from and which strata may potentially to be mined so as to demonstrate a consistent material which may not be have acid generation or toxic material potential.

6.3 SPECIFIC EXHIBIT REQUIREMENTS – 110(2) LIMITED IMPACT OPERATIONS

The following items must be addressed by the applicant in order to satisfy the requirements of C.R.S. 34-32-101 et seq. and the Mineral Rules and Regulations of the Mined Land Reclamation Board:

6.3.1 EXHIBIT A – Legal Description

4. Please see Comment 1 above.

6.3.2 EXHIBIT B – Site Description

The information provided for this Exhibit is adequate.

6.3.3 EXHIBIT C – Mining Plan

5. Temporary Structures – Please be aware that the Mined Land Reclamation Board (February 10, 2014 Board Order, PV-2014-001 for NOI file P-1986-001) determined that the structure with the concrete pad and wood framing built around the conex containers (shop area/office) are considered permanent structures due to the fact that some demolition will be required to remove them at reclamation. Bond will be factored into the financial warranty for demolition of this structure. No response is necessary.
6. Paragraph 1(f) – A reference is made to “the shaft shown near the south corner of the Moose claim (MS 9572), and the tunnel portal shown near the north center of the permit area.” The Exhibit E map lists several names along with the Moose claim (Blacktail, Moose, Deer, Elk, “77”) and a claim no MS9672, but no distinctive boundary. There is a shaft labeled on the map in the vicinity of the partially completed Little Hope Mine (M-2004-064) shaft. There is no “tunnel portal” labeled on the Exhibit E map, but there is an “adit” labeled on the existing mine bench near the

reduction-doghouse. Furthermore, paragraph 2 of Exhibit D indicates only 4.4 acres of the 9.3+ acre permit area will be seeded and finished. Neither the mine plan, nor the reclamation plan provides enough detail to justify the 4.4-acre limit to seeding and finishing. Please provide clarification as to:

- a. The Moose claim number,
 - b. Shaft location, and
 - c. Tunnel portal vs. adit.
 - d. Justification for the 4.4-acre limit on seeding and finishing
7. Paragraph 1(k-l) – With respect to the crushing operations discussed in paragraph 1(m), and the statements that “no discharge of low pH water is possible at this site. This finding is typical of the district overall.”: the Division has information that gold-bearing ore outside the diatreme in the district can have significant sulfides. If water is used for dust control or washing in the rock size reduction process, there is a potential for acid generation or toxic materials to become a problem.
- a. Please confirm whether or not water will be used in the rock size reduction process.
 - b. How are crusher fines handled?

6.3.4 EXHIBIT D – Reclamation Plan

8. Paragraph (b) – The Division acknowledges the natural slopes in the vicinity can be steeper than 3:1. A quick check using USGS quadrangle maps indicates the slopes in the vicinity vary between about 2:1 and slightly steeper than 3:1. Please commit to a maximum slope for the purposes of reclamation grading.
9. Paragraph (e) – The reclamation treatment for adits, shafts and buildings has been addressed, but not the waste rock dump(s). The size of the existing waste rock dump has increased from at least 2001. Please describe how the waste rock dump(s) will be reclaimed.
10. Paragraph 2, Reclamation Cost Estimate – Please note the existing shop/office structure was determined by the MLRB to be a permanent structure. As such it is included in the Division’s preliminary cost estimate for the financial warranty (attached is the cost summary sheet). This existing 1,156 sq. ft. structure is the only structure to be demolished in the preliminary bond estimate. If additional structures are added in the future, the Division will require a technical revision at that time to adjust the financial warranty. Depending on responses to the comments in this adequacy review, the bond estimate may be revised. If you would like the detailed preliminary bond estimate worksheets, please request them. No response is necessary.

6.3.5 EXHIBIT E - Map

11. Maps E and E-1 – There are five “Mapped Pits” shown within the proposed permit boundary. Please address reclamation plans for these pits.

6.3.6 EXHIBIT F - List of Other Permits and Licenses Required

The information provided for this Exhibit is adequate.

6.3.7 EXHIBIT G - Source of Legal Right to Enter

The information provided for this Exhibit is adequate.

6.3.8 EXHIBIT H - Municipalities Within a Two Mile Radius

The information provided for this Exhibit is adequate.

6.3.9 EXHIBIT I - Proof of Filing with County Clerk

The information provided for this Exhibit is adequate.

6.3.10 EXHIBIT J – Proof of Mailing of Notices to Board of County Commissioners and Soil Conservation District

The information provided for this Exhibit is adequate.

6.3.12 EXHIBIT L - Permanent Man-Made Structures

The information provided for this Exhibit is adequate.

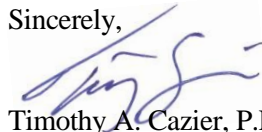
6.5 EXHIBIT S – Geotechnical Stability Exhibit

The information provided for this Exhibit is adequate.

Please be advised the Mineral Mountain Project Application may be deemed inadequate and the application may be denied on **September 17, 2014** unless the abovementioned adequacy review items are addressed to the satisfaction of the Division. If you feel more time is needed to complete your reply, the Division can grant an extension to the decision date. This will be done upon receipt of a written waiver of your right to a decision by **September 17, 2014** and request for additional time. This must be received no later than the deadline date.

Comments from the Division of Water Resources and the State Historical Preservation Office are enclosed. If you have any questions, please contact me (303-866-3567 ext. 8169).

Sincerely,



Timothy A. Cazier, P.E.
Environmental Protection Specialist

Enclosures

ec: Tom Kaldenbach, DRMS
Art Braun, Braun Environmental, Inc.
DRMS file

COST SUMMARY WORK

Task description: Cost summary

Site: Mineral Mountain Project

Permit Action: PAR

Permit/Job#: M2014045

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 9/8/2014

County: Teller

Filename: M045-000

User: TC1

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Permanent Structure Demolition	DEMOLISH	1	0.00	\$3,099.56
002	Closure of Portal	MINESEAL	1	6.00	\$2,752.63
003	Refuse Removal	NA	1	8.00	\$200.00
004	Remove MSHA Road Berms	GRADER	1	1.45	\$145.00
005	Closure of Air Raise	MINESEAL	1	6.00	\$4,817.00
006	Finish 4.4 Acres (Truck & Loader)	TRUCK1	1	22.34	\$6,317.00
007	Reveg 4.4 acres	REVEGE	1	12.00	\$2,118.00
008	Mob/Demob	MOBILIZE	1	1.40	\$1,970.00
<u>SUBTOTALS:</u>				57.19	\$21,420

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$432.68

Performance bond: 1.05%

Total = \$224.91

Job superintendent: 28.59 hrs

Total = \$2,148.82

Profit: 10.00%

Total = \$2,142.00

TOTAL O & P = \$4,948.41

CONTRACT AMOUNT (direct + O & P) = \$26,368.41

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 2.50%

Total = \$659.21

Reclamation management and/or administration: 5.00%

\$1,318.42

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$6,926.04

TOTAL BOND AMOUNT (direct + indirect) = \$28,346.04