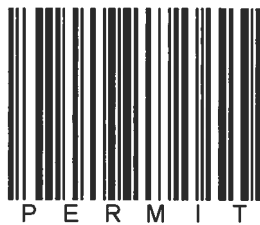


# Revision



QATESTOCR



**BATTLE MOUNTAIN RESOURCES, INC.**

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October 31, 2014

RECEIVED

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DIVISION OF RECLAMATION  
MINING AND SAFETY

Wallace H. Erickson  
✓ Colorado Divisions of Reclamation,  
Mining and Safety  
1313 Sherman Street, Room 215  
Denver, CO 80203

Re: Response to Comments on Request for Acreage Reduction (AR-02)  
San Luis Project, Permit No. M-1988-112

Dear Mr. Erickson:

On September 26, 2014, you forwarded to Battle Mountain Resources, Inc. (BMRI) two comment letters received by the Division of Reclamation, Mining and Safety (DRMS) from John C. McClure on behalf of the Costilla County Conservancy District and the Costilla County Board of County Commissioners. Those letters, which are dated September 26, 2014, provide identical comments on BMRI's August 14, 2014 Notice of Completion (AR-02). AR-02 is requesting that the Permit area for Permit M-1988-112 (the "Permit") be reduced by 35.14 acres. The public comment period for AR-02 closed on October 20, 2014. We understand that the only comments received by DRMS were the two McClure letters, and an October 2, 2014 letter from the San Luis Animal Welfare Society (the current owner of the subject property) supporting AR-02. This letter provides brief responses to the comments and questions raised in the McClure letters.

AR-02 seeks to reduce the permitted acreage under the Permit from 1,801 acres to 1,756.86 acres for a net reduction of 35.14 acres. The 35.14 acre parcel, which contains the prior San Luis Mine office, warehouse, laboratory and shop buildings, was conveyed by BMRI to the Costilla County Soil Conservation Service on October 31, 1997. The Costilla County Soil Conservation Service (CCSCS) subsequently conveyed that parcel to the San Luis Valley Animal Welfare Society, which is currently using the parcel for its administrative offices and operations.

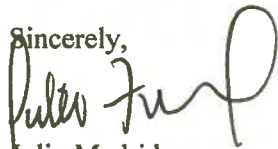
The McClure letters question whether the release of the 35.14 acres fits with the overall reclamation objectives for the San Luis Mine site. In July 1997, in connection with the anticipated transfer of the 35.14 acres to CCSCS, BMRI requested that the Permit be revised to change the post-mining land use for this parcel from rangeland/wildlife habitat to industrial/commercial, given that CCSCS anticipated using the existing structures for its administrative buildings and operations. On October 2, 1997, DRMS (then known as the Division of Minerals and Geology) approved TR-25, which changed the post-mining land use for this parcel to industrial/commercial use. The current use of this parcel by the San Luis Animal Welfare Society is consistent with that designated post-mining land-use.

The McClure letters also question whether the current acreage covered under the Permit is really 1,801 acres, when the original Permit documents in 1989 refer to 2,200 acres. In 1999, DRMS approved AR-01, which released from the Permit 398.79 acres of undisturbed lands owned by a third-party. That left approximately 1,801 acres remaining under the Permit. If AR-02 is approved, 1,756.86 acres would remain under the Permit.

Finally, the McClure letters question whether BMRI's Notice of Completion is seeking some determination as to the outstanding reclamation obligations for the acreage that would remain under the Permit following AR-02. BMRI's August 14, 2014 Notice of Completion is requesting only the release of the 35.14 acre parcel. BMRI's Notice of Completion provides a summary of permitted activities as background for this current request; however, BMRI is not requesting as part of AR-02 any reduction in the financial surety associated with the Permit or any DRMS determination with respect to the remainder of the permitted area. BMRI is continuing reclamation and post-reclamation monitoring activities on those remaining properties, and will coordinate with DRMS on future releases at the appropriate time.

We would be happy to provide any additional background information that may be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Julio Madrid", written over the printed name.

Julio Madrid

Sr. Supervisor Legacy Sites Reclamation and Closure