

MAC
WHE

DELIVERY RECEIPT

Hand-delivered

Patrick Maher
Venture Resources Inc.
PO Box 1974
Idaho Springs, CO 80452
239-537-1420
June 3, 2016

RECEIVED

JUN 03 2016

DIVISION OF RECLAMATION
MINING AND SAFETY

Michael Cunningham
Colorado DRMS
1313 Sherman St,
Denver, CO. 80203
303-832-8106

TR03
✓Complied!
1 Violation:
MV2016-007

Dear Michael Cunningham:

On June 3, 2016 Patricia L. Popp hand delivered from Venture Resource Inc. check # 611 for the amount of \$1006.00 and the Technical Revision No.3 – Composite Liner System Corrective Action and Recertification Plan Hukill Gulch Millsite Permit # M—2009-076 report to the Colorado DRMS.

The report and check was received by:

Name: *Glenn Papamichail*

Date Signed: *6/3/16*

Time Signed: *8:29 am*

RECEIVED

JUN 03 2016

DIVISION OF RECLAMATION
MINING AND SAFETY

**VENTURE RESOURCES INC.
P.O. Box 1974 2208 County Road 281
Idaho Springs, Colorado 80452**

May 20, 2016

Michael A. Cunningham
Colorado DRMS
1313 Sherman St., Room 215
Denver, Colorado 80203

**Technical Revision No. 3 – Composite Liner System Corrective Action and Recertification Plan -
Hukill Gulch Millsite Permit # M-2009-076**

Dear Mr. Cunningham,

Venture Resources Inc. hereby submits the following Technical Revision to the Hukill Gulch Millsite, Permit # M-2009-076 addressing the requirement for a Corrective Action and Recertification Plan for the facility's tailings impoundment liner system.

Background: Venture Resources constructed a composite liner system for the lined tailings impoundment at the Hukill Gulch Millsite area. The composite liner system incorporates a geocomposite drainage filter as the uppermost component, which is directly underlain by a 60-mil high-density polyethylene (HDPE) liner, which is in turn underlain by a geosynthetic clay liner as the system's lowest component. The composite liner system was installed in September 2011, and shortly thereafter (October 2011) Venture completed a limited (processing 138 tons of waste rock material) pilot-scale run of its gravity circuit mill before it was shut down for the winter. No additional processing has been carried out subsequent to October 2011.

Given that a significant portion of the liner was not covered by the small tonnage of gravity tailings and as such was exposed to the elements, Venture (in September 2015) applied a protective material overlay composed of adjacent material with some waste rock, sourced from the area immediately upgradient of the lined portion of the tailings storage facility (TSF).

Following a November 19, 2015 Division of Reclamation, Mining and Safety (DRMS) inspection, DRMS noticed Venture of a possible violation as pertaining to the placement of unapproved materials upon the liner system. Subsequent to this, on March 3, 2016, the Colorado Mined Land Reclamation Board (the Board) issued its Findings of Fact, Conclusions of Law, and Order relative to Notice of Violation No. MV-2016-007.

Therein, the Board (in part) mandating the following:

The Operator shall CEASE AND DESIST any further activity at the site and processing of ore on the affected land except those activities: (1) approved by the Division, in writing, as necessary to comply with the conditions of this order; (2) to prevent damage to off-site areas; or (3) to protect the public health and safety, until corrective actions have been resolved to the satisfaction of the Division, and

The Board imposes against the Operator the following CORRECTIVE ACTION:
The operator shall, within ninety (90) days of the effective date of this Order, file with the Division a permit revision addressing the process whereby the tailings impoundment may be recertified as an Environmental Protection Facility, in accordance with the conditions of the permit and the Acts and Rules.

Current Status and Proposed Action: In order to comply with the so-stated CEAST AND DESIST order and CORRECTIVE ACTION orders, Venture has implemented the following:

All site activities, with the exception of ongoing monitoring and reporting actions necessary to support permit conditions, have ceased;

In order to prevent damage to offsite areas and protect public health and safety, Venture has maintained all run-on diversion features in a fully functional manner, ensured that all contents within the TSF have remained within the TSF, and, continued routine monitoring at downgradient groundwater monitoring wells which has verified that, to date, there have been no observed or measurable releases from the TSF that might be attributable to liner system damage, if any;

In order to further protect public health and safety, Venture has continued to maintain the Hukill Millsite in a secure manner through use of locked gates at all controllable points of access and through regular site checks and observation by company personnel; and

With respect to the process whereby the tailings impoundment is to be "recertified" by DRMS as an Environmental Protection Facility, Venture proposes to implement the following course of action:

Retain a Colorado Registered Professional Engineer to oversee the efforts of a Venture-retained independent environmental contractor to carry out an increased frequency groundwater monitoring (and reporting) program, wherein monitoring frequency would be increased from the currently approved quarterly requirement to once a month. In addition, water levels within the leachate collection sump will be observed and recorded during each monitoring episode. This planned increase in monitoring frequency and extent is being undertaken in order to ensure that seasonal hydrologic balance influences are appropriately incorporated; and such that overall liner system integrity of the lower portion of the TSF can be demonstrated on an interim basis;

Engage an industry-recognized professional synthetic engineering design and/or installation firm to assist in defining an appropriate methodology and/or plan for removal of the unapproved material from atop the liner system in a manner that minimizes the potential for further damage (if currently present) to the liner system to occur.

With the defined methodology/plan for material removal established, Venture would next engage a qualified contractor to carry out the material removal action under the direct supervision of a Colorado Registered Professional Engineer, ensuring that all surface disturbance effects remain within the defined surface disturbance footprint area, in order to preclude offsite excursion potential via precipitation and/or run-off influence;

Once the material has been removed from the liner, Venture would engage a specialty liner inspection company to visually inspect the liner system for overall integrity to either:

- (1) Verify that liner damage is minor to non-existent, if there is minor damage the liner would be repaired to the satisfaction of the liner inspection company and the DRMS.

- (2) In the event damage is minor to moderate and/or limited to discrete areas, the liner company, in concert with a Venture-retained Colorado Registered Professional Engineer, can identify and specifically demarcate discrete liner system components and/or areas requiring removal/replacement or repair in order to make the liner system recertification. If the liner system is determined to be rather non-certifiable and/or non-repairable, all unapproved materials would be temporarily stabilized in a (to be determined) manner to facilitate replacement of the TSF liner system or other action, as may be determined appropriate.

Venture considers the foregoing proposed corrective action plan to be carried out in a sequential manner, to be both: (a) protective of human health and the environment; and (b) implementable in a manner that allows Venture the ability to consider how to best integrate liner system repair and/or replacement expenditures into its overall business plan, which includes recommencing milling activities in a timely manner. However, in the event commodity prices remain unfavorable for an extended period of time, we envision potentially applying for "Temporary Cessation" status once the Corrective Action and liner recertification have been completed to the satisfaction of DRMS.

Venture reiterates that the lowermost area of the TSF currently contains the gravity circuit tailings (plus a limited amount of residual process and meteoric water) derived from pilot scale operations on approximately 138 tons of waste rock feedstock, and that no process chemicals were used in the pilot scale mill run. Given the manner in which the unapproved materials were placed onto the highly sloped portion of the liner, it is probable that the liner damage (if any) is limited to the topmost component, that being the woven geofabric-wrapped HDPE drainage net; and given the composite liner system design objectives, including the self-sealing woven geosynthetic bentonite clay underliner (beneath the 60 mil HDPE liner), the short-term potential for a "release" of water is minimal. Further to this, as no process chemicals were employed in the milling circuit, any "release", if such were to occur, would be comprised of mixed residual process and meteoric waters which have had a transitory exposure to only waste rock materials. Such a "release" should be observable and quantifiable through the proposed interim, intensified ground water monitoring regimen, and if warranted, remedial options are readily available.

We trust that the foregoing demonstrates Venture's commitment to implement corrective action at the Hukill Millsite and we look forward to moving forward in the proposed manner. We have included Venture's check number 594, in the amount of \$1,006.00, to satisfy the Technical Revision application fee requirement. If you have any questions please do not hesitate to contact the undersigned at 239-537-1420.

Yours truly,



Patrick D. Maher, President
Venture Resources Inc.

cc: James M. Beck, P.E.

Division of Reclamation, Mining, and Safety

Fee Receipt for M2009076

Venture Resources, Inc.
Patrick Maher
P.O. Box 1974

Idaho Springs

CO 804520000

Receipt #: 21596

Date: 06/06/2016

Permit: M2009076

Payment Method	Revenue Code	Fee Description/Notes	Amount
Check #611	4300-MTR0	Minerals Technical Revision	\$1,006.00
Receipt Total:			\$1,006.00